

Quarterly report 2009

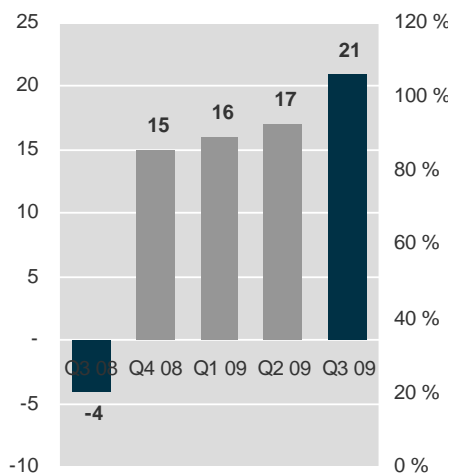


Highlights

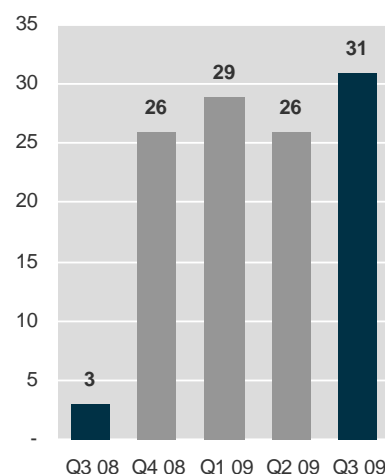
- Higher than 99% Uptime achieved since Final Acceptance
- Uptime performance corresponds to 105% day rate entitlement
- Cost reduction initiatives implemented
- Renegotiation of Aker ASA loans ongoing

Market leading uptime from Dhirubhai-1 FPSO and solid EBITDA progress

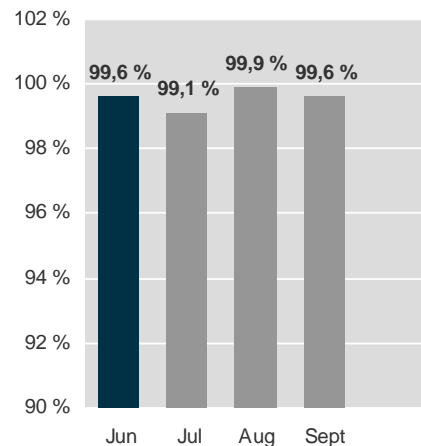
EBITDA value and margin
(USD million and per cent)



Operating revenues
(USD million)



Dhirubhai-1 FPSO Uptime since Final Acceptance
(% Day rates)



Cost management focus to meet short-term market challenges

Oslo, 5th November 2009: Aker Floating Production reports solid progress in the third quarter of 2009 with revenues up 19% to USD 31 million and EBITDA up 24% to USD 21 million, from the previous quarter. Significant cost reduction programmes have been implemented which will deliver USD 7 million in annual savings from 2010.

Operational review

The FPSO Dhirubhai-1 continues to show market leading performance in uptime and safety. The Operations centre will be centralised in Oslo during the fourth quarter of 2009. All core resources and activities are maintained.

Financial review

PROFIT AND LOSS <i>(Amounts in USD million)</i>	Q3 2009	Q3 2008	1.1-30.9 2009	1.1-30.9 2008	Full 2008
Operating revenues	31	3	87	3	30
EBITDA	21	(4)	53	(20)	(5)
Operating profit/(loss)	4	(12)	(1)	(30)	(51)
Net profit/(loss)	(26)	(6)	(55)	(26)	(59)

EBITDA in the quarter shows progress from the same quarter last year and reflects a full period of hire and entitlement to contractual day rates. USD 1.3 million of write-downs have also been included within EBITDA in the quarter. Operating profit for the quarter includes depreciation primarily related to Dhirubhai-1. Net loss includes the negative aggregate impacts of foreign exchange and derivatives of USD 9 million (non-cash), paid interest of USD 11 million and accrued interest charges of USD 10 million. Corresponding figures for the third quarter of 2008 benefitted from favourable foreign exchange movements and a lower realised interest cost as interest was mainly capitalised. Net operating loss year to date of MUSD 1 is stated after negative impacts directly related to the incident causing the shutdown in the first quarter of MUSD 12, however is still an improvement of MUSD 29 from the previous year. Net losses year to date are in excess of the previous year due primarily to adverse foreign exchange movements and realised interest (non-capitalised) as the FPSO Dhirubhai-1 is now operational in 2009.

FINANCIAL POSITION <i>(Amounts in USD million)</i>	30.9.2009	30.9.2008	31.12.2008
Property, plant and equipment	874	835	900
Goodwill	106	126	106
Interest-bearing, long term receivables	20	5	25
Inventory, trade and other receivables	38	74	31
Derivative financial assets	2	-	1
Cash and bank deposits	9	29	30
Total assets	1 049	1 069	1 093
Total equity and sub-ordinated loan	233	326	271
Other non-current interest-bearing loans	619	134	540
Other non-current liabilities	77	-	56
Other current interest-bearing debt	43	520	158
Derivative financial liabilities	30	20	36
Tax payable and trade and other payables	47	69	32
Total equity and liabilities	1 049	1 069	1 093

Net interest-bearing debt (excluding financial derivatives) at 30th September is USD 763 million, up from USD 729 million at the end of the second quarter, primarily due to the classification of accrued interest on loans to Aker ASA, including adverse non-cash currency impacts in the quarter of MUSD 10. The debt due to Aker ASA, including accrued interest of USD 30 million, totals USD 246 million versus USD 224 million in total at the end of the previous quarter including the currency impacts above.

Other non-current liabilities of USD 77 million is deferred income from the reimbursement from the Customer of mobilisation fees and change orders which are realised into the P&L over the 10 year contract of the FPSO Dhirubhai-1.

Interest bearing long-term receivables of MUSD 20 are restricted deposits associated with the minimum liquidity requirements of the FPSO Loan, whilst other current interest bearing debt of MUSD 43 is the FPSO loan repayment principal due within 1 year. The External loans on the hulls Aker SMART 2 and 3 have been extended by 1 year.

Net cashflow generation from operating activities in the quarter has been USD 12,6 million. Total cashflow was negative at USD 5,7 million after investing and financing outgoings. The final installment of project conversion change orders of USD 10 million is expected to be received within the fourth quarter of 2009.

The Summary Accounts for 30th September 2009, prepared according to IAS 34, are attached.

Subsequent events

No material events have occurred subsequent to the reporting date.

Market considerations and short to medium-term actions

Whilst the long term market fundamentals are still positive for the FPSO industry, optimising Aker Floating Production's existing contract on Dhirubhai-1 and short-term cashflow management remain the key priorities.

Discussions with Aker ASA, in tandem with external banks, are progressing on formalising acceptance of a restructured financing package for the Aker ASA loans which allows Aker Floating Production to optimise financing repayments, and rebuild liquidity reserves that were drained following the impacts of the incident on Dhirubhai-1 in 2008.

Cost reduction programmes have now been implemented. These programmes will secure a reduction of onshore overhead costs by USD 7 million per annum. The cost reduction activities primarily involve further reduction in staff and consultants, bringing together the operations and head-office support functions into one organisation as well as other cost reducing measures. The impacts of this initiative will take effect from 2010.

Aker Floating Production continues to review the retention of the Aker SMART 3 unit currently mothballed in Indonesia versus potential future contracts. A potential sale of this unit would de-lever the company and reduce ongoing operational and financing costs. This would also, however, trigger significant non-cash adjustments to the carrying value of the unit both in terms of asset value and attached Goodwill. No decisions have yet been made in absence of a sound alternative business case to lay-up awaiting contract.

The Company shares the positive long term view on the FPSO market. We already note an improvement since last quarter where several Oil Companies are showing interest in our Smart FPSOs. However, the short term view with relatively few contracts combined with too many FPSO companies is maintained.

The Smart FPSO concept has shown to be an attractive concept for several growing offshore areas in the world, where India is one of these. As a pioneer FPSO operator in India, the company will maintain its active focus in this market in order to participate in the future growth in this area.