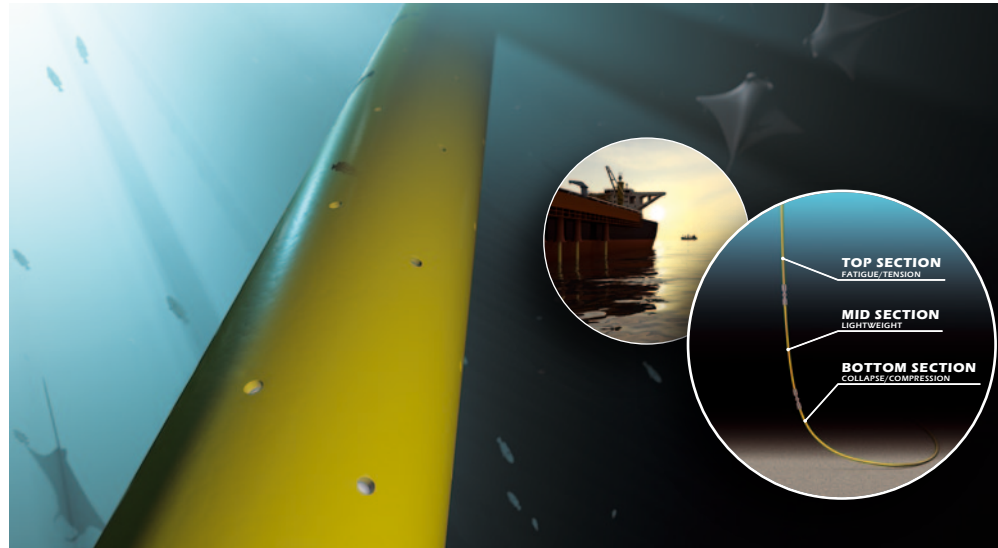


NKT Flexibles sticks to the plans

Throughout Y2009 NKT Flexibles was challenged by a difficult market situation caused by fluctuating oil prices and caution amongst the oil companies and the contracting industry in terms of progressing new field developments as well as major maintenance projects. The year was characterized by solid performance on project execution allowing the company to deliver financial results largely within the expected range. Activity wise a number of projects for the Norwegian continental shelf were successfully completed and delivered. Other regions such as Brazil, Persian Gulf and India also saw deliveries from NKT Flexibles successfully accomplished. We are proud of the results achieved in Y2009 and look forward to attempting to improve even further during this year.

Y2009 also saw a significant improvement in our safety statistics with only two DAWFC incidents recorded. During the last three years we have invested heavily in safety awareness amongst our employees and I wish to take this opportunity to thank Statoil for playing a very active role in supporting this initiative through participation in their "Kollega-



program". Our safety vision is an incident free workplace every day and through our continued efforts we will eventually achieve this.

By the end of Y2009 a new development project was launched – the HAFNIA project. This particular initiative is directed towards developing a reliable and cost efficient solution for a flexible riser system capable of operating in water depths down to 2,500m. The project is targeting the use of the simple catenary configuration using individually optimized sections. Time to bring

this solution to the market is critical, hence the basis for the HAFNIA project is, to combine the use of existing, well proven materials and process technologies with new and innovative approaches to areas that have historically been challenging for flexible pipe technology in such water depths. We look forward to keeping you updated on the progress of this exciting project in the months to come.


Chief Executive Officer



Acergy award

By January 2010 NKT Flexibles received an award from Acergy in recognition of the operational performance and quality of service provided as a flexible pipe system partner.

We are excited to have been considered for this prestigious award and look forward to continuing our efforts in the future to confirm that it was indeed well deserved.



40% factory capacity expansion

Soon NKT Flexibles will inaugurate its new large expansion of production facilities in Kalundborg.

The expansion consists primarily of a second tensile armour line and a second pressure armour line. In connection with the design of both machines special attention is given to creating a safe and comfortable working environment.

Particular focus has been placed on improving the safety of staff, reduced installation time and minimal machinery maintenance requirements with the aim to achieve a highly reliable production process.

The expansion project brought several challenges, Approximately 500 concrete piles were hammered into the soil before foundation work could begin. This proved challenging mainly due to the strong wind, the cold weather conditions at site, and the complex soil composition. Despite these challenges, progress is on schedule and the future 5000 m2 production facilities will be ready for production mid-2010.

Extraordinary focus on safety, design as well as on the construction phase, have been crucial elements in ensuring that no accidents or injuries have occurred.

The factory expansion will lead to a more balanced production flow as well as providing redundancy for critical processes. Furthermore the expansion will improve NKT Flexibles competitive situation in respect of ultra deep water flexible pipe technology.

In choosing the existing Kalundborg facility for this capacity expansion, NKT Flexibles will harvest advantages from higher flexibility in operations without jeopardizing our high focus on safety and quality. This will ensure continuous improvement in our growing organization and not least allow NKT Flexibles to take on multiple large volume orders simultaneously.

/PSM

Draugen water injection flowlines

NKT Flexibles has been contracted by Acergy to supply flexible flowlines for Norske Shell's Draugen PWRI Subsea Facilities project.

The Draugen field is located in PL093 (Block 6407/9) in the Haltenbanken area some 140 km north of Kristiansund, Norway in WD ranging from 220m to 295m.

The supply from NKT Flexibles entails two smooth bore flexible flowlines for produced / sea water re-injection, a 12"ID flowline/static riser 5963m long connecting the Northern template (NWIT) with the Draugen platform, and a 10"ID flowline/static riser 6316m connecting the southern template (SWIT) to the platform.

Both lines are static applications with tie-in through a J-tube at the platform end, and connection to the subsea template by integration into a ROV installable connection head. Both flexible flowlines will be supplied in continuous lengths

with no intermediate connections, made possible by utilising NKT Flexibles' 6000t storage turntable. Installation is currently scheduled for Q2/Q3 2011 with Skandi Acergy.

We are pleased to continue our long standing successful relationship

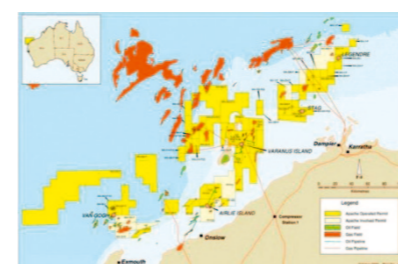
with Shell made possible on this project through the successful combination of Acergy's installation capability and NKT Flexibles' product quality.

/HET



Photo: Shell, Heine Schjølberg.

Flowlines for the Halyard field



NKT Flexibles recently received an order from Apache Energy Ltd with a delivery scope consisting of 16km 8"ID Gas Flowlines and 16km 10"ID Gas Flowlines for the North West Shelf of Western Australia.

Delivery is set for September 2010 requiring a integrated and focused partner relation between the two companies in order to make the project design, production and handover achievable within approximately 6 month. This is a great challenge for such a voluminous project.

Further to the scope is also included Bend Restrictors. A special "hot type" Bend Restrictor design is required to accommodate for the temperature profile at the Well Head end.

The main pipe design is with XLPE liner (14 out of 16 sections) and is chosen to accommodate for the field fluid composition. The last two sections flowline (1 off 8" and 1 off 10") are designed with PVDF liner to accommodate for the temperature profile at the Well Head End. The combination between PVDF and XLPE liner is thoroughly adjusted between Apache Energy Ltd and NKT design departments.

NKT Flexibles is very enthusiastic about delivering nearly the full field development with flexible flowlines based on XLPE liner.

The XLPE grade is the newest polymer material that NKT Flexibles can offer, and the introduction of this material to the market has been driven by the obvious need for a qualified and more cost efficient solution suitable for a wider temperature range, bridging the low temperature features of an HDPE liner with the higher temperature capabilities of a PVDF liner. NKT Flexibles' XLPE is extremely tough and resistant, thus making it an obvious alternative for PA-11 and PVDF within its approved design limits confirming the versatility of the flexible pipe system.

NKT Flexibles is excited to have been nominated by Apache Energy Ltd for this prestigious project.

/RBH



Integrity management

NKT Flexibles continues to strive towards an optimum support of our customers throughout the product life cycle.

Services available from NKT Flexibles, range from early engineering studies, through continuous integrity monitoring and laboratory testing, to offshore monitoring, service and maintenance.

Services have now been presented in a set of data sheets covering:

- » Offshore Services
- » Engineering Services
- » Integrity Monitoring
- » Laboratory Testing



These data sheets will be continuously supplemented and updated and can be downloaded from www.nktflexibles.com "Products and Solutions".

We look forward to assisting you in all aspects associated with integrity management of your flexible pipe systems.

/JOC



SM

Meet us at the
OTC Conference
Houston 3-6 May 2010
Stand 2500

We will be presenting a technical paper on Monday morning 3 May 2010 at the special session "Advances in Flexible Riser Technology", entitled:

Qualification and use of IR-cured XLPE for Flexible Pipes, I.-M. Procida and N.-J. Rishøj Nielsen, NKT Flexibles I/S, OTC Paper No. 21067.

Exhibitions in 2010

NKT Flexibles look forward to welcoming you at the following exhibitions:

OTC 2010
Houston, Texas, USA
3-6 May 2010

Rio Oil & Gas
Rio de Janeiro, Brazil
13-16 September 2010

World Water Congress 2010
Montreal, Canada
19-24. September 2010

Adipec
Aby Dhabi, UAE
1-4. November 2010

OSEA
Suntec, Singapore
30. November - 3. December 2010