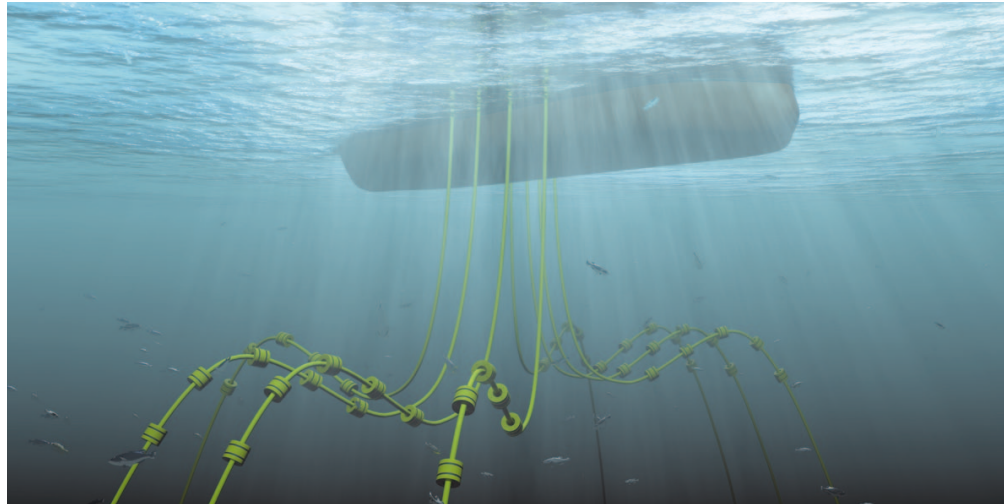


The quest for quality

Delivery on time, according to the agreed specifications and within budget is a key essential focal point for us at NKT Flexibles. We are acutely aware of the implications and ramifications that may impact our Clients if we fail to deliver on any of these key performance indicators, and we constantly challenge ourselves to improve on our capabilities and systems in this respect.

A pivotal element in this is to operate a balanced and value creating quality system. In line with industry standards NKT Flexibles' quality system consists of a quality assurance (QA) element and a quality control (QC) element. In addition to this we introduced an electronic quality improvement system – QualityFlex – some 2½ years ago, with the purpose of ensuring systematic gathering of quality related data and associated suggestions for improvement. This initiative has been a remarkable success with more than 1,000 improvements implemented since its inauguration. This is in its essence a formidable continuous improvement tool.

Equally important in the QA/QC process is that all members of the




organization share a sense of pride in providing a quality service or product. In large organizations this is a complicated and challenging task to achieve. And it is a quest that never ends. Yet it is so critical to everything we do in our line of business, in meeting the required level of quality by the Client, that we regularly initiate awareness campaigns around the subject.

At the doorstep of Y2011 we are just about to launch such an awareness campaign again. What makes this campaign special is that this time we have enrolled some of our Clients, who have expressed a

sincere interest in participating and contributing to this process. We take this as a sign of commitment and support with the aim of further enhancing the quality level of the flexible pipe systems that are indeed a key essential component in safe and regular performance offshore.

We trust You will welcome this initiative which is testament to the fact that we will not compromise on quality.


Chief Executive Officer



Season's greetings and the best wishes for 2011

On behalf of NKT Flexibles management and staff, I would like to wrap up a memorable year, full of mutual achievements, by wishing our valued business partners around the globe, a warm season's

greetings. We all look forward to a new year, that clearly presents new opportunities for fruitful cooperation between us.

/Christian S. Dyhr - Sales Director

Innovative riser configuration for the TGT project in Vietnam

Effective as of February 2010, NKT Flexibles signed a Contract with Bumi Armada Berhad in Kuala Lumpur for the supply of a complete flexible riser system for the Te Giac Trang Field (TGT), located in the northern part of block 16-1 in the Cu Long Basin in Vietnam. This field is (among others) characterized by harsh environmental conditions - but first, it is a shallow water project in only 42 meters of water.

The TGT Field is operated by the Hoang Long Joint Operating Company, which comprises PetroVietnam E&P (41%), UK Company SOCO (28.5%), Thai PTTEP (28.5%), and OPECO Vietnam (2%).

Bumi Armada has been awarded the FPSO Contract which also includes the supply of the associated flexible riser system. For this development project, Bumi Armada and VietSovPetro (VSP) have formed a Joint Venture Company, with SOFEC being chosen as the turret and mooring contractor.

NKT's Supply Scope comprises a total of five 9.1" ID production and water injection risers & two 7.4" ID gas lift and export risers - each about 150m in lengths. All dynamic flexibles are designed with NKT's latest Cross Linked PolyEthylene Grade (XLPE) - which has highly constant thermal resistance. Furthermore, NKT shall supply the associated management and engineering applicable to the overall dynamic system configuration, including detailed design of the mid water arch jacket structure - with gutters and piles - and the associated seabed guidance structure. All components are to be with third party certification, and FAS delivery of the risers is agreed to take place by April 2011.

NKT Flexibles has already established itself as the leading supplier of dynamic shallow water riser systems; especially in Malaysian/Vietnamese waters, e.g.: Su Tu Vang (WD 52m), Rang Dong (WD 60m), Ruby (WD 49m) - all Vietnam; & Orkid Pakma (WD

55m), Penara Lukut (WD 62m), PM3 (WD 55m) - all Malaysia; but the TGT Project is NKT's first project involving our newly patented Restricted-S configuration - intended for ultra shallow water projects.

The Restricted-S System is a newly developed system by NKT Flexibles that comprises a well known (fixed or dynamic) mid water arch in a restricted position, always in front of the vessel bow. This allows the gutter-system to be positioned higher in the water, thereby adding flexibility to the riser system. This also enables the riser system to handle large vessel offsets and pitch from high waves.

The Restricted-S System, together with the NKT patent relating to the adding of an additional stiffness-cover for dynamic flexible risers, provides highly versatile systems for Extreme shallow water projects, enabling very high wave height to depth ratios.

/SBP



More than 100 km of deepwater flexible pipes for Petrobras

For the past two years NKT Flexibles has been working on developing a close relationship with Petrobras regarding the Frame Agreement established in 2008.

Since signing the Frame Agreement NKT Flexibles has worked determinedly to obtain a type approval on the product range covered in the Frame Agreement. Further to the qualification scope Petrobras has ordered flexible pipe systems for the P-56 platform and P-57 FPSO in the Marlim Sul and Jubarte oil fields off the coast of Brazil.

The supply comprises a mix of highly insulated, high temperature production pipes, based on unplasticized, single layer PVDF liners. The current projects cover a total of

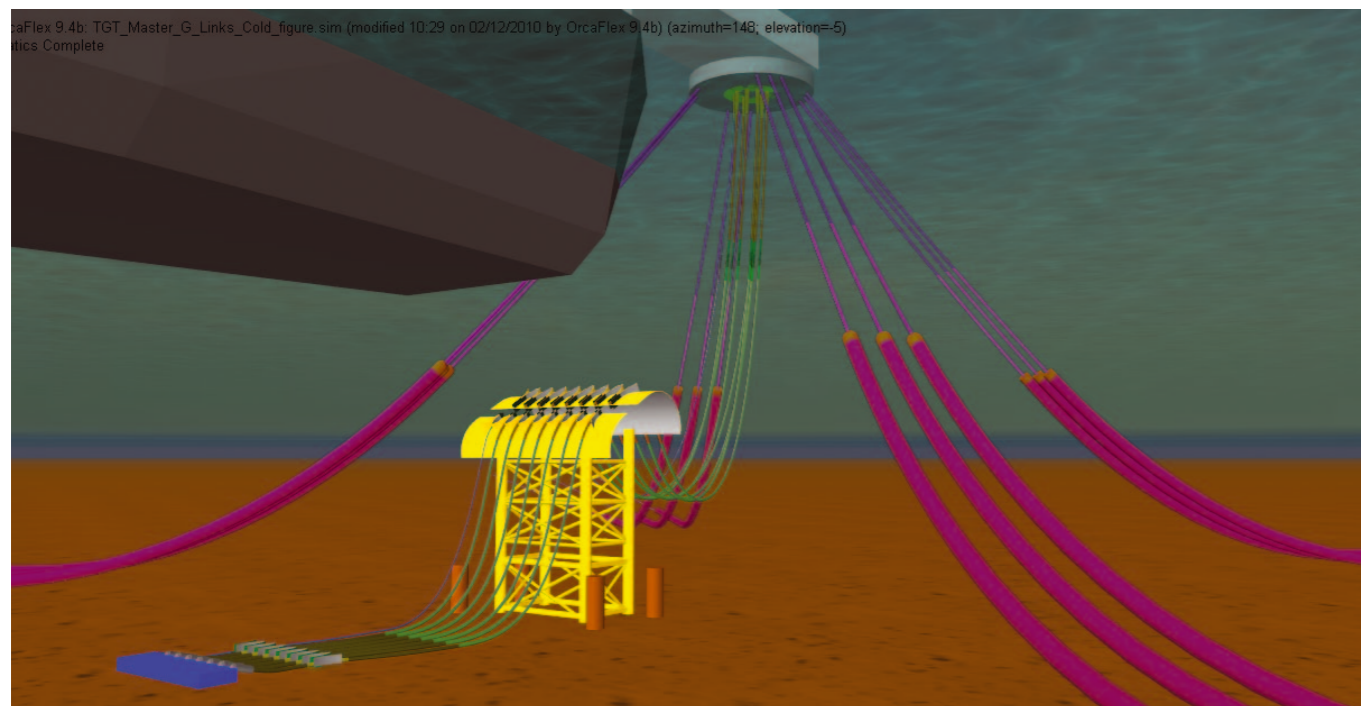
more than 100 km of flexible pipe systems, including accessories, designed for 2,000 m water depth to be delivered during 2010 and 2011. The first of eight deliveries was completed on time this summer and the flexible pipes are being installed this fall and are expected to be put into production in November 2010.

During next year the remaining products will be shipped to Brazil in multiple deliveries. Considering the tight delivery schedule NKT

Flexibles benefits from the flexible production facilities in Kalundborg as well as our close cooperation with Petrobras. We are looking forward to completing the projects with Petrobras and have no doubt the deliveries will be completed according to Petrobras' expectations and on time.

NKT Flexibles is enthusiastic about the opportunity to contribute to Petrobras development plans.

/MIO



P-56 Marlim Sul

Pipe ID 6"
Total length, Risers - 14.040m
Total length, Flowlines - 19.401m

P-57 Jubarte Phase II

Pipe ID 6"
Total length, Risers - 24.700m
Total length, Flowlines - 36.630m

Flexible pipes for super critical CO2

In the oil and gas industry there is a growing demand for riser solutions capable of handling high partial pressures of CO2. Part of this demand is driven by deep water high pressure reservoirs with high CO2 content. However, the main incentive is governed by an increasing interest to reinject CO2 into the reservoir. The reinjection can be driven solely by a wish to reduce CO2 emission as in Carbon Capture and Storage (CCS) projects, but also as a way of Enhanced Oil Recovery.

For all cases it is likely that CO2 will be present in its supercritical phase. Supercritical CO2 has a high solubility in some polymers and a strong extraction power, which may result in rapid de-plasticization of otherwise plasticized polymers. In addition, the high CO2 content

together with water forms a corrosive environment which could have an unfavorable impact on the metallic layers.

NKT Flexibles has started a three-year documentation and

Supercritical CO2

The supercritical phase is a phase of matter like solid, liquid or gas. The supercritical phase is a mixture between liquid and gas. CO2 becomes supercritical above 31°C and 73 atm.

qualification program with the aim to have a broad range of type approved flexible pipe solutions for supercritical CO2 applications. The program will focus on material test and qualification, mid scale testing as well as review of design rules to ensure that all aspects from the

influence of supercritical CO2 are taken into account. As part of this project NKT Flexibles has joined the TWI hosted Joint Industry Project Material Assessment for Supercritical CO2 Transport.

Results so far indicate that XLPE liners and liners of non plasticized PVDF have superior properties towards supercritical CO2 and they are expected to be well suited as liner materials for supercritical CO2 applications. With the current knowledge from the program NKT Flexibles is already in a position where technical sound solutions can be offered for supercritical CO2 projects.

If you are interested in this aspect or have a need for flexible pipe solutions applicable for super critical CO2 please do not hesitate to contact us. /ARU

1000 closed queries

In 2007, NKT Flexibles implemented an electronic system for registration and handling of Improvement Queries (IQ corresponds to Corrective and Preventive Actions in API Q1).

Today NKT counts 1400 minor or major IQs raised during the 33 months the system has been running and in W35-2010, IQ no. 1000 was implemented and closed out. The success of the system is due only to the employees finding, raising and solving the issues and the number of IQs raised is a clear indication that NKT Flexibles can be seen as an innovative company based on its employees' willingness to change.

/TSH

The Marulk Project

Statoil has recently contracted NKT Flexibles I/S to deliver three pipelines to the Marulk field. The deliverables include one gas riser with PA-11 liner, one static jumper, and one dynamic spare riser with PVDF liner to accommodate high temperatures. The pipelines will transport gas and condensate, and will operate at water depths of up to 380 meters.

The Marulk field is placed in the Norwegian part of the North Sea, and is approximately 30 km South West of the Norne FPSO, and 200 kilometers from the central part of Norway's coastline.

In August 2010 Statoil, moreover, decided to expand the Marulk contract with one additional replacement production riser to the Urd field. The Urd field is, like

the Marulk field, tied back to the Norne FPSO.

NKT Flexibles is extremely pleased to continue our long standing relationship with Statoil, and looks forward to future projects.

The total contract scope to be delivered Q2, 2011 is as follows:

- 10,5" Gas Riser - 800m
- 10,5" Gas Jumper - 150m
- 10,5" Spare Gas Riser - 858m
- 11,5" Production Riser - 765m

/HHR