



Fourth quarter 2006

BW Offshore Limited

Interim combined and consolidated Financial Information

BW OFFSHORE LIMITED
INTERIM COMBINED AND CONSOLIDATED FINANCIAL INFORMATION
FOURTH QUARTER 2006



Income statement

(Figures in brackets refer to corresponding figures for 2005)

The Group's EBITDA was USD 12.2 million (USD -0.5 million) in the fourth quarter. Total revenue amounted to USD 125.2 million (USD 12.5 million), of which construction contract revenue related to the conversion of YUUM K'AK'NÁAB amounted to USD 91.7 million (USD 0.0 million). The increase in EBITDA and revenue was primarily attributable to increased activity with additional units operating.

The YUUM K'AK'NÁAB conversion is on schedule and the cost is within budget. Capital expenditures (presented as Construction contract expenses) in the fourth quarter were USD 91.7 million (USD 0.0 million). The FPSO left the conversion yard in Singapore in January 2007 and is now sailing towards Mexico with an estimated date of arrival in the middle of March 2007 with expected first oil by the end of April 2007.

Berge Okoloba Toru operates in the Bonny River delta in Nigeria. She receives a gas stream from the onshore Shell terminal for further processing. The Shell terminal has been shut down temporarily due to terrorist acts by local militant groups. Global, the charterer of the Berge Okoloba Toru, has served a notice of force majeure, which came into effect on 15 September 2006. At the present time, work is ongoing in order to start up the Shell terminal again and we expect operations of the Berge Okoloba Toru to start up in the near future.

Operating expenses were USD 16.4 million (USD 10.6 million) in the fourth quarter. The increase in operating expenses is attributable to increased activity with additional units operating.

Administrative expenses were USD 4.9 million (USD 2.4 million) in the fourth quarter. The increase was primarily attributable to higher manning, increased activity and moving of the Group's offices in Norway to a new location.

Net financial costs for the fourth quarter amounted to USD -1.1 million (USD -1.4 million), of which a net change in fair value of derivatives of USD -1.0 million (USD 0.0 million) is included.

The net profit amounted to USD 3.5 million (USD -6.3 million), resulting in a net profit for the year to date of USD 4.5 million (USD 2.9 million).

Balance sheet

(Figures in brackets refer to corresponding figures for 2005)

Total assets amounted to USD 879.0 million (USD 486.8 million). The increase in total assets is a result of the ongoing conversions of YUUM K'AK'NÁAB (presented as Construction contract receivable) and BW Endeavour, an increase in trade receivables due to increased activity with additional units operating and insurance receivables from Berge Helene and Berge Okoloba Toru operations.

Board of Directors, 26 February 2007

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Income Statement

(In USD million)	Unaudited 4Q 2006	Unaudited 3Q 2006	Unaudited 4Q 2005	Unaudited 2006	Audited 2005
OPERATING INCOME AND OPERATING COSTS					
Charter hire	31,7	30,9	11,6	106,6	46,2
Construction contract revenue	91,7	70,8	0,0	338,9	0,0
Lease interest	1,8	1,2	0,9	5,3	4,9
Revenues	125,2	102,9	12,5	450,8	51,1
Administrative expenses	(4,9)	(5,1)	(2,4)	(20,3)	(7,5)
Operating expenses	(16,4)	(8,0)	(10,6)	(48,1)	(28,8)
Construction contract expenses	(91,7)	(70,8)	0,0	(338,9)	0,0
Operating expenses	(113,0)	(83,9)	(13,0)	(407,3)	(36,3)
Operating profit before depreciation	12,2	19,0	(0,5)	43,5	14,7
Depreciation and amortization	(5,4)	(8,3)	(3,3)	(26,5)	(8,4)
Gain (loss) on sale of tangible fixed assets	(0,1)	0,0	0,0	0,0	0,0
Operating profit	6,7	10,7	(3,8)	17,0	6,3
FINANCIAL INCOME AND FINANCIAL COSTS					
Currency exchange gain (loss) – net	0,0	0,0	0,5	(1,0)	4,8
Interest income	0,9	1,7	0,0	4,1	1,4
Fair value gain (loss) on financial instruments	(1,0)	3,3	0,0	2,3	0,0
Interest expense	(1,0)	(3,1)	(1,9)	(11,0)	(6,8)
Profit before tax	5,6	12,6	(5,2)	11,4	5,8
Income tax expense	(2,1)	(1,5)	(1,1)	(6,9)	(2,9)
Net Profit (loss)	3,5	11,1	(6,3)	4,5	2,9
Basic earnings/(loss) per share (USD)	0,02	0,05	(5,30)	0,02	2,41
Diluted earnings/(loss) per share (USD)	0,02	0,05	(5,30)	0,02	2,41

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Balance Sheet

ASSETS (In USD million)	Notes	Unaudited 31.12.06	Unaudited 30.09.06	Audited 31.12.05
Vessels and vessels under conversion	2	400,3	400,5	409,8
Vehicles and other fixed assets		4,3	2,5	1,2
Finance lease receivables		31,0	22,5	22,8
Other long-term receivables		4,1	2,9	0,0
Deferred tax asset		0,9	0,9	0,7
Total non-current assets		440,6	429,3	434,5
Inventory		1,8	4,4	1,0
Trade and other receivables	3	55,8	38,3	14,7
Construction contract receivable	2	338,9	247,2	0,0
Derivatives		2,3	3,3	0,0
Pre-payment on vessel		1,6	1,6	0,0
Cash and cash equivalents		38,0	116,6	36,7
Total current assets		438,4	411,4	52,3
TOTAL ASSETS		879,0	840,7	486,8
EQUITY AND LIABILITIES (in USD million)				
Share capital	4	2,1	2,1	0,0
Share premium reserve		462,3	465,9	0,0
Retained earnings		(81,0)	(84,6)	(85,5)
Total equity		383,4	383,4	(85,5)
Long-term loan facility	5	421,6	396,4	0,0
Pension obligations		4,0	4,1	4,3
Other long-term liabilities		6,6	0,0	0,0
Total non-current liabilities		432,2	400,5	4,3
Trade and other payables		62,5	56,3	52,3
Income tax liabilities		0,4	0,5	0,7
Amount due to ultimate parent company (non-trade)		0,5	0,0	508,3
Amount due to other related companies		0,0	0,0	6,5
Total current liabilities		63,4	56,8	567,9
Total liabilities		495,6	457,3	572,2
TOTAL EQUITY AND LIABILITIES		879,0	840,7	486,8



Statement of Changes in Equity

Unaudited figures in USD million	4Q 06	3Q 06	4Q 05	2006	2005
Equity opening balance	383,4	368,7	(61,9)	(85,5)	70,5
Distribution to owner	0,0	0,0	(17,2)	0,0	(158,9)
New equity *)	(3,5)	3,5	0,0	464,4	0,0
Profit (loss) for the period	3,5	11,2	(6,4)	4,5	2,9
Equity as at period end	383,4	383,4	(85,5)	383,4	(85,5)

*) New equity in 4Q 2006 is negative due to reversal of equity arising from the issuing of ESOP-shares. This equity is recorded as short term debt as at 31 December 2006 since the shares were not fully registered until 4 January 2007.

Cash Flow Statement

Unaudited figures in USD million	4Q 06	3Q 06	4Q 05	2006	2005
Net cash flow from operating activities	5,7	(10,5)	24,6	(4,8)	45,0
Net cash flow from investing activities	(112,4)	(259,1)	(151,1)	(371,5)	(242,2)
Net cash flow from financing activities	28,1	349,5	130,6	377,6	201,5
Net change in cash and cash equivalents	(78,6)	79,9	4,1	1,3	4,3
Cash and cash equivalents at beginning of period	116,6	36,7	32,6	36,7	32,4
Cash and cash equivalents end of period	38,0	116,6	36,7	38,0	36,7

Notes to the accounts

Note 1 - Accounting principles

The condensed combined and consolidated interim financial information (hereafter "the Interim Financial Information") of BW Offshore Ltd have been prepared in accordance with the International Accounting Standard IAS 34. The Interim Financial Information should be read in conjunction with Combined and Consolidated Financial Statements for the year ended 2005 ("The Annual Financial Statements") as they provide an update of previously reported information. The accounting policies applied in this Interim Financial Information and the presentation of the Interim Financial Information are consistent with those as applied in the Annual Financial Statements.

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Note 2 - Vessels and vessels under construction

Vessels under construction amount to USD 417.4 million as at 31 December 2006, of which USD 338.9 million related to the conversion of YÜUM K'AK'NÁAB is presented at "Construction contract receivable" in accordance with IAS 11.

Note 3 – Trade and other receivables

Trade and other receivables include a receivable from Global related to the operation of Berge Okoloba Toru amounting to USD 18.8 million as at 31 December 2006. There is some uncertainty to this receivable, thus USD 2.0 million was offset in 4Q 2006.

Note 4 - Equity

In connection with the listing of BW Offshore Limited (BWO) on the Oslo Stock Exchange, BWO resolved to offer the employees shares in BWO. The Employee Stock Owning Programme (ESOP) was established in September 2006, resulting in an increase in equity of USD 4.9 million and the issue of 1.329.195 new shares (registered and included in equity as from 4 January 2007).

	Number of shares (in thousands)	Share capital USD'000	Share premium USD'000	Total
At 1 January 2006	1.200	12	0	12
Debt conversion April 2006	118.800	1.188	148.812	150.000
Issue of share capital April 2006	78.947	789	299.211	300.000
Expenses of issue April 2006	0	0	(8.879)	(8.879)
Issue of share capital May 2006	6.118	61	23.189	23.250
At 31 December 2006	205.066	2.051	462.332	464.383

No were no changes in issued share capital in the fourth quarter of 2006.

Note 5 - Long-term liabilities

In May 2006 the Company accepted a fully committed underwritten offer for a USD 600 million unsecured reducing revolving loan facility. USD 400 million was drawn from this facility in July 2006 to refinance the outstanding debt to Bergesen Worldwide Limited (BWW). An additional USD 25 million was drawn down in December 2006. The facility has a grace period until 2011 when the facility will be reduced by USD 200 million.

Note 6 - Subsequent events

On 15 January 2007 the Company acquired 12,257,085 shares in Prosafe SE, equal to 5.3% of the shares and votes of Prosafe SE. To finance the acquisition, BW Offshore conducted a Private Placement resulting in an issue of 43,605,016 new shares with a par value of USD 0.01 at a subscription price of NOK 26 per New Share.

On 18 January 2007 BW Offshore entered into an option agreement with BW Euroholdings Limited, a wholly owned company of BWW, to acquire 39,675,905 shares in Prosafe SE. No consideration was paid for this option. Since BWO has the right to exercise the option in its sole discretion, BWO has potential control of a total of 22.6 % of the shares in Prosafe SE and has as such significant influence in Prosafe SE.

On 5 February 2007 BW Offshore acquired 4,415,000 shares in APL ASA, equal to 10.1% of the shares and votes of APL ASA. As consideration BW Offshore issued 10,566,148 new shares, resulting in an exchange ratio of approximately 2.39 BW Offshore shares for each APL ASA share.

On 21 February 2007 the Board of Directors of APL ASA and BW Offshore Limited agreed to recommend to their shareholders a combination of the two companies.

On 22 February 2007 BW Offshore purchased the FPSO Crystal Sea. The purchase price is USD 80 million. As settlement the seller has received USD 60 million in cash and USD 20 million in

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BWO shares at NOK 27.90 per share. The FPSO has been delivered to BWO and is expected to be employed on an undisclosed intended FPSO contract with commencement within 12 months.

Key figures

	Notes	4Q 06	3Q 06	4Q 05	2006	2005
Operating margin	1	20,5 %	33,3 %	-30,4 %	15,2 %	12,3 %
Equity ratio	2	43,6 %	45,6 %	-17,6 %	43,6 %	-17,6 %
Return on equity	3	0,9 %	3,0 %	8,7 %	1,2 %	-38,7 %
Return on capital employed	4	2,4 %	3,7 %	-16,1 %	10,4 %	33,6 %
Net interest bearing debt (USD million)	5	383,6	279,8	471,6	383,6	471,6
Cash flow (USD million)	6	5,7	-10,5	24,6	-4,8	45,0
Cash flow per share	7	0,03	(0,05)	20,50	(0,02)	37,50
Earnings per share - fully diluted	8	0,02	0,05	(5,30)	0,02	2,41
Number of shares (1 000 shares)		205.066	205.066	1.200	205.066	1.200
Share price (NOK)		26,2	24,2	-	26,2	-
Market capitalisation (MNOK)		5.373	4.963	-	5.373	-

Notes to key figures

1 Operating profit/Operating revenues (adjusted for Construction contract revenue)

2 Equity/Total assets

3 Net profit/Average book equity

4 EBIT/(Average total assets (in operation) - interest-free debt)

5 Interest-bearing debt - Cash and cash equivalents

6 Net cash flow from operating activities

7 Cash flow/ Average no of outstanding shares

8 Net profit/Average outstanding shares



Fleet and Contracts

Name of unit	Country of operation	Contract period
<u>FPSOs</u>		
Berge Okoloba Toru	Nigeria	2005-2009 with options
Sendje Berge	Nigeria	2005-2009 with options
Berge Helene	Mauritania	2006-2013 with options
YÛUM K'AK'NÁAB	Mexico	2007-2022
BW Endeavour	Nigeria	2007-2010 with options *)
BW Carmen ***)	-	-
<u>Arctic FSO</u>		
Belokamenka	Russia	2004-2019
<u>Conversion candidates</u>		
BW Nisa (323,000 dwt)	Malaysia	2006 – temporary FSO
BW LPG FPSO I (70,938 cub.m)	-	Uncommitted
BW Pioneer (150,000 dwt) **)	-	Uncommitted

*) The Company signed a firm contract on 16 October 2006 with Peak Petroleum Industries and Equator Exploration for the conversion and operation of FPSO BW Endeavour (to be named BW Peace) at the Bilabri Field, Nigeria. The terms of the contract are a firm period of 3 years with an additional option to extend the contract up to a total of 10 years. The hire rate will consist of a fixed day rate plus a production incentive rate. The contract will be accounted for as an operational lease.

***) Delivered 30 January 2007

***) Delivered 22 February 2007