BW Offshore Limited

Third quarter 2010

KEY EVENTS

- Successfully completed the voluntary exchange offer to acquire all issued and outstanding shares in Prosafe Production Limited
- Signed agreement for the sale of the APL division
- BW Offshore strengthened position as a market leader focusing on the global FPSO sector
- EBITDA of USD 79.3 million in Q3 2010, before results from associates
- Signed contract for the FPSO BW Athena (former BW Carmen) for the Athena project (UK)
- Extended the contract for the FPSO Sendje Berge (BW Offshore) for additional 24 months and the FPSO ABO (Prosafe Production) for additional 12 months

FINANCIAL SUMMARY

THIRD QUARTER

Continuing operations

Operating revenues increased by USD 73.8 million to USD 139.0 million compared to USD 65.2 million in Q3 2009.

Increase in revenues is mainly a result of revenue recognised on the Papa Terra contract, improved operation of the BW Offshore fleet and a cash settlement of USD 32.5 million related to the Basker Manta Gummy (BMG) project.

Operating expenses increased by USD 33.5 million to USD 59.7 million compared to USD 26.2 million in Q3 2009. The increase in operating expenses is mainly a result of expenses recognised on the Papa Terra project offset by positive changes in fair market values of currency hedges of USD 6.8 million compared to USD 4.8 million in Q3 2009.

The EBITDA for the quarter increased by USD 21.6 million to USD 62.9 million compared to USD 41.3 million in Q3 2009. The BMG settlement had a positive EBITDA effect of USD 32.5 million. The EBITDA before transactions related to associates was USD 79.3 million compared to USD 39.0 million in Q3 2009.

The share of profit of associates was negative USD 16.4 million (positive USD 2.3 million) in the quarter and relates to the investments in Prosafe Production Limited (PROD). At 30 September 2010, the Company held 23.9% of the shares in PROD. Following the voluntary offer and the subsequent squeeze-out process the company now controls 100% of the shares in PROD.

The net financial result increased by USD 20.2 million to a positive USD 3.1 million compared to a net loss of USD 17.1 million in Q3 2009. The Company has hedging policies in place with the objective of reducing exposure to currency and interest rate fluctuations. The positive development in the financial items was mainly due to changes in fair market value on financial instruments of USD 6.8 million compared to a loss of USD 5.5 million in Q3 2009.

The result before tax increased by USD 43.7 to a profit of USD 52.0 million compared to a profit of USD 8.3 million in Q3 2009. The development in interest rates and foreign currency movements during the quarter had a positive impact on results of USD 13.6 million. The income tax expense increased by USD 0.5 million to USD 2.4 million compared to USD 1.9 million in Q3 2009.

Net profit was USD 49.6 million compared to USD 6.4 million in Q3 2009.

At 30 September 2010, total assets amounted to USD 2,480.2 compared to USD 2,338.0 million at 30 September 2009. The net increase of USD 142.2 million mainly relates to increased book values of vessels undergoing conversion and increased cash and deposits, offset by reduced receivables and deposits. Goodwill and intangibles mainly relate to the discontinued operations and are therefore included in “Asset of disposal group held for sale”.

Total equity increased by USD 20.7 million to USD 948.6 million at 30 September 2010 compared to USD 927.9 million at 30 September 2009. The increase reflects the total comprehensive profit for the period.

Net cash flow from continuing operating activities was USD 54.2 million compared to USD 57.9 million in Q3 2009. Net cash flow from operating activities, including discontinued operations was USD 61.2 million compared to USD 72.5 million in Q3 2009. Net cash outflow from investing activities was USD 81.2 million compared to USD 84.6 million in Q3 2009. Cash flow from investing activities relates mainly to the conversion projects. Net cash inflow from financing activities was USD 42.9 million compared to USD 10.8 million in Q3 2009, mainly arising from a net drawdown of USD 50.0 million on the loan facility.

At 30 September 2010, the Company had USD 76.9 million (USD 42.4 million) in cash and deposits. Currently, the Company has drawn USD 888.8 million on the USD 1,500 million credit facility. Net debt amounted to USD 811.9 million at 30 September 2010 (USD 870.0 million).

Discontinued operations

On 13 September 2010, BW Offshore signed an agreement to sell all of its shares in APL (Advanced Production & Loading) PLC to National Oilwell Varco Norway AS for USD 500 million in cash. Completion of the sale is expected to take place before the end of the fourth quarter 2010. As a result of the agreement, the APL business has been classified as a disposal group held for sale and a discontinued operation. The sale of the APL business is not expected to result in any impairment or extraordinary costs and as such the result from the discontinued operations is presented net in one line in the Income Statement. The net result from the discontinued business in Q3 was USD 8.0 million (USD 0.1 million). At 30 September 2010, the total assets classified as held for sale amounted to USD 498.4 million.

SEGMENTS

Floating Production

Revenues in the quarter were USD 139.0 million (USD 65.2 million). EBITDA was USD 62.9 million (USD 41.3 million). The difference compared to Q3 2009 is mainly due to the USD 32.5 million BMG settlement, the EBITDA included from the Papa Terra project and generally improved operation of the BW Offshore fleet. The EBITDA was negatively affected by the share of loss of USD 16.4 million from the investment in PROD. Included in the Q3 2009 EBITDA was a settlement related to a terminated FPSO contract in 2007.

The FPSOs YÙUM K`AK`NÀAB, BW Cidade de São Vicente, Berge Helene and Sendje Berge experienced stable performance during the second quarter resulting in an oil process uptime of 99.8% during the period.

Cash flow from operating activities in the third quarter was USD 54.2 million (USD 57.9 million).

The FPSO BW Pioneer has now been hooked up to the buoy and should be receiving stand by day rate subject to final approval by Petrobras.

The ongoing conversion of the FPSO P-63 (the Papa Terra project) for Petrobras is continuing in line with expectations. BW Offshore's main scope relates to the marine conversion of the vessel BW Nisa. The project is accounted for as a fixed-price construction contract, causing the revenue from this project to be recognised in accordance with the "percentage of completion" (POC) accounting method. The Company is receiving milestone payments from Petrobras throughout the project period.

During the third quarter, BW Offshore signed a contract with Kangean Energy Indonesia ("KEI") for a gas FPSO to operate on the Terang Sirasun Batur ("TSB") fields in Indonesia. BW Offshore's scope includes the delivery of an FPSO, risers, umbilicals and mooring system. BW Offshore will also be responsible for the installation and operation of the unit. The charter contract is for a fixed period of 10 years, plus additional options of up to 4 years. First gas is planned for early 2012. The unit to be converted for this project is the BW Genie.

During the quarter, BW Offshore signed a contract for the FPSO BW Athena (former FPSO BW Carmen) with Ithaca Energy (UK) Ltd and partners. The FPSO will be employed on the Athena oil field in the UK sector and is expected to commence production during 2H 2011. The contract includes a fixed charter period of three years, plus options for additional five years. The FPSO will be upgraded with field specific equipment.

Discontinued operations (APL)

Revenues in the quarter were USD 54.5 million (USD 68.6 million) with an EBITDA of USD 14.9 million (USD 6.4 million). The cash flow from operating activities in the quarter was USD 7.0 million (USD 14.6 million).

Combination with Prosafe Production Public Limited (PROD)

On 13 September 2010, it was announced that PROD and BW Offshore had agreed to combine in order to create the world's second largest FPSO contractor. The combination was carried out through a voluntary offer from BW Offshore for all outstanding shares in PROD. BW Offshore currently owns 100% of PROD.

PROD is one of the world`s leading FPSO contractor with a fleet that consists of eight FPSOs, two FSOs and one VLCC candidate. The combined company will be the second largest FPSO provider in the world, having a fleet of 19 units in operation, whereof 16 are FPSOs. PROD will be consolidated and consequently the fourth quarter 2010 figures will reflect the combined company.

OUTLOOK

The combined company is believed to have the diversification, presence, financial scale and competence to play an even more significant role in the FPSO space than BW Offshore and PROD were able to do on their own. The Company expects a continued increase in the activity level during the course of 2011.

BW Offshore is fully funded for all ongoing projects. The operating cash flow from existing vessels is secure and long term, and comes from large national oil companies. Additional financial capacity is available for new projects if these should meet BW Offshore's targeted returns.

The consolidation of the PROD fleet will contribute to a significant growth in the fourth quarter 2010 EBITDA. The two new FPSO contracts for the TSB and Athena fields will further contribute to the growth in EBITDA in 2012 and beyond.

Bermuda, 29 November 2010

Dr. Helmut Sohmen Chairman	Ronny Johan Langeland Vice Chairman	Carine Smith Ihenacho
Christophe Pettenati-Auzière	Maarten Scholten	Andreas Sohmen-Pao

INCOME STATEMENT

(Unaudited figures in USD million)

Continuing operations	Notes	Q3 10	Q2 10	Q3 09	YTD 10	YTD 09
Operating revenue	7	**139.0**	**74.6**	**65.2**	**293.5**	**162.2**
Operating expenses	7	**(59.7)**	**(55.4)**	**(26.2)**	**(165.3)**	**(86.1)**
Share of profit/(loss) of associates	5	(16.4)	0.1	2.3	(14.8)	4.6
Operating profit before depreciation/amortisation		**62.9**	**19.3**	**41.3**	**113.4**	**80.7**
Depreciation		(13.1)	(13.2)	(12.9)	(38.8)	(27.2)
Amortisation		(0.9)	(1.0)	(0.8)	(2.9)	(2.4)
Gain/(loss) on sale of assets		0.0	0.0	(2.2)	0.0	(1.4)
Operating profit		**48.9**	**5.1**	**25.4**	**71.7**	**49.7**
Net currency exchange gain/(loss)		0.0	(4.4)	0.0	(4.5)	0.0
Interest income		1.2	1.5	2.4	4.1	7.1
Gain/(loss) on financial instruments	6	6.8	(19.3)	(13.9)	(22.0)	(6.5)
Interest expense		(6.8)	(6.5)	(5.5)	(17.6)	(17.8)
Other financial items		1.9	(1.3)	(0.1)	0.3	(1.0)
Net financial items		**3.1**	**(30.0)**	**(17.1)**	**(39.7)**	**(18.2)**
Profit/(loss) before tax		**52.0**	**(24.9)**	**8.3**	**32.0**	**31.5**
Income tax expense		(2.4)	(4.1)	(1.9)	(9.2)	(4.9)
Net profit/(loss) from continuing operations		**49.6**	**(29.0)**	**6.4**	**22.8**	**26.6**
Discontinued operations						
Net profit/(loss) from discontinued operations		8.0	1.2	0.1	7.2	(28.1)
Net profit/(loss) for the period		**57.6**	**(27.8)**	**6.5**	**30.0**	**(1.5)**
Net profit/(loss) attributable to owners of the Company		57.6	(27.8)	6.5	30.0	(1.5)
Basic and diluted earnings/(loss) per share (USD) from continuing operations		0.11	(0.1)	0.0	0.05	(0.0)
Basic and diluted earnings/(loss) per share (USD) from discontinued operations		0.02	0.0	0.0	0.02	(0.1)

COMPREHENSIVE INCOME STATEMENT

(Unaudited figures in USD million)

	Q3 10	Q2 10	Q3 09	YTD 10	YTD 09
Net profit (loss) for the period	57.6	(27.8)	6.5	30.0	(1.5)
Other comprehensive income					
Currency translation differences	0.9	(0.9)	0.0	(0.2)	0.0
Net losses on cash flow hedges	0.8	3.9	0.7	4.6	3.0
Share of other comprehensive income of associates	(2.0)	(3.1)	(2.8)	(6.7)	3.0
Total other comprehensive income for the period net of tax	**(0.3)**	**(0.1)**	(2.1)	**(2.3)**	6.0
Total comprehensive income	**57.3**	**(27.9)**	**4.4**	**27.7**	**4.5**

The notes in pages 8-11 are an integral part of these consolidated interim financial statements

STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	30/09/2010	30/09/2009	31/12/2009
Vessels	2	1,312.9	1,127.8	1,205.9
Property and other equipment		4.7	21.5	21.9
Goodwill and intangibles		5.6	344.0	344.2
Finance lease receivables		205.0	216.9	214.0
Investments in associates	5	163.6	194.5	185.0
Non-current deposits		99.2	162.9	163.3
Other non-current assets		0.0	1.5	0.5
Total non-current assets		**1,791.0**	**2,069.1**	**2,134.8**
Inventory		4.4	14.9	10.7
Trade receivables and other current assets		109.5	144.1	128.4
Due from customer for contract work	8	0.0	67.5	51.6
Cash and deposits		76.9	42.4	68.0
Assets of disposal group held for sale		**498.4**	**0.0**	**0.0**
Total current assets		**689.2**	**268.9**	**258.7**
TOTAL ASSETS		**2,480.2**	**2,338.0**	**2,393.5**
EQUITY AND LIABILITIES				
Total equity attributable to owners of the Company	3	948.6	927.9	920.9
Total equity		**948.6**	**927.9**	**920.9**
Interest-bearing long term debt	4	988.0	1,075.0	1,080.3
Pension obligations		5.2	14.1	14.0
Other long-term liabilities	9	111.3	38.2	143.2
Total non-current liabilities		**1,104.5**	**1,127.3**	**1,237.5**
Trade and other payables		282.9	271.2	219.4
Interest-bearing short term debt	4	0.0	0.3	0.3
Income tax liabilities		10.0	11.3	15.4
Liabilities of disposal group held for sale		**134.2**	**0.0**	**0.0**
Total current liabilities		**427.1**	**282.8**	**235.1**
Total liabilities		**1,531.6**	**1,410.1**	**1,472.6**
TOTAL EQUITY AND LIABILITIES		**2,480.2**	**2,338.0**	**2,393.5**

The notes in pages 8-11 are an integral part of these consolidated interim financial statements

STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

YTD 2010	Share capital	Share premium	Other equity	Total
Equity at 1 January 2010	4.6	918.8	(2.5)	920.9
Total comprehensive income for the period	0.0	0.0	27.7	27.7
Total equity at 30 September 2010	**4.6**	**918.8**	**25.2**	**948.6**

YTD 2009	Share capital	Share premium	Other equity	Total
Equity at 1 January 2009	4.6	1,444.6	(525.8)	923.4
Reduction of share premium against other equity	0.0	(525.8)	525.8	0.0
Total comprehensive income for the period	0.0	0.0	4.5	4.5
Total equity at 30 September 2009	**4.6**	**918.8**	**4.5**	**927.9**

2009	Share capital	Share premium	Other equity	Total
Equity at 1 January 2009	4.6	1,444.6	(525.8)	923.4
Reduction of share premium against other equity	0.0	(525.8)	525.8	0.0
Total other comprehensive income for the year	0.0	0.0	9.3	0.4
Total equity 31 December 2009	**4.6**	**918.8**	**(2.5)**	**920.9**

CASH FLOW STATEMENT

(Unaudited figures in USD million)

	Q3 10	Q2 10	Q3 09	YTD 10	YTD 09
Profit/ (loss) before taxes	52.0	(24.9)	8.3	32.0	31.5
Unrealised currency exchange losses	(1.1)	7.8	0.0	3.3	0.0
Depreciation and amortisation	14.0	14.2	13.7	41.7	29.5
Taxes paid	(1.6)	(3.0)	(2.1)	(6.9)	(4.5)
Share of loss/ (profit) of associated companies	16.4	(0.1)	(2.3)	14.8	(4.6)
Loss/ (gain) on sale of shares and fixed assets	0.0	0.0	2.2	0.0	1.4
Change in fair value of derivatives	(24.4)	17.3	4.8	(1.2)	(18.3)
Change in w orking capital	(9.9)	19.5	26.6	136.6	34.9
Add back of net interest expense	5.6	5.0	3.0	0.0	12.1
Other items	3.2	3.1	3.7	7.4	12.2
Cash flow s from operating acitivites discontinued operations	7.0	(6.8)	14.6	(10.3)	(28.4)
Net cash flow from operating activities	**61.2**	**32.1**	**72.5**	**217.4**	**65.8**
Investment in fixed assets	(90.3)	(45.8)	(110.9)	(178.7)	(360.0)
Investment in non-current bank deposit	0.0	0.0	25.0	0.0	60.4
Investment in non-current assets	10.0	10.5	0.0	5.0	0.0
Investments in subsidiaries	(1.5)	(14.0)	0.0	(14.0)	(25.0)
Proceeds from sale of shares and fixed assets	0.0	0.0	2.5	0.1	8.0
Interest received	1.2	1.5	0.5	4.1	0.8
Cash flow s form investing activities discontinued operations	(0.6)	9.0	(1.7)	21.0	44.6
Net cash flow from investing activities	**(81.2)**	**(38.8)**	**(84.6)**	**(162.5)**	**(271.2)**
Proceeds from new interest bearing debt	50.0	0.0	15.0	250.0	270.0
Repayment of interest-bearing debt	0.0	(100.1)	0.0	(250.0)	(50.0)
Interest paid	(6.8)	(6.5)	(3.5)	(17.6)	(12.9)
Cash flow s from financing activities discontinued operations	(0.3)	(0.4)	(0.7)	(1.1)	(27.0)
Net cash flow from financing activities	**42.9**	**(107.0)**	**10.8**	**(18.7)**	**180.1**
Net change in cash and cash equivalents	22.9	**(113.7)**	**(1.3)**	36.2	**(25.3)**
Cash and cash equivalents discontiued operations	(27.3)	0.0	0.0	(27.3)	0.0
Cash and cash equivalents at beginning of period	81.3	195.0	43.7	68.0	67.7
Cash and cash equivalents at end of period	**76.9**	**81.3**	**42.4**	**76.9**	**42.4**

The notes in pages 8-11 are an integral part of these consolidated interim financial statements

NOTES TO THE ACCOUNTS (UNAUDITED)

(Figures in brackets refer to corresponding figures for 2009)

Note 1 - Accounting principles

This condensed consolidated interim financial information for the third quarter, ended 30 September 2010, has been prepared pursuant to IAS 34, “interim financial reporting”. The condensed consolidated interim financial reporting should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRS, as adopted by the European Union.

The accounting policies implemented are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in the annual financial statements for 2009. None of the new accounting standards or amendments that came into effect from 1 January 2010 had a significant impact on the interim consolidated financial information of BW Offshore for the three first quarters of 2010.

Note 2 – Vessels, vessels under conversion and conversion candidates

The book value of operating vessels and vessels under conversion amounted to USD 1,301.3 million (USD 1,035.8 million) at 30 September 2010. The book value of conversion candidates and the uncommitted FPSOs at 30 September 2010 amounted to USD 11.6 million (USD 92.0 million).

The capital expenditure related to vessels, vessels under conversion and conversion candidates in the third quarter 2010, amounted to USD 78.8 million (USD 123.1 million).

Note 3 - Equity

The number of issued shares was 456,213,515 at 30 September 2010. There were no changes in shares issued in the third quarter 2010. There were 500,000,000 authorised shares at 30 September 2010.

The Company held a total of 2,798,159 (2,797,731) own shares at 30 September 2010.

Note 4 - Interest-bearing debt

Long-term debt

The Company had the following long-term debts at 30 September:

	2010	2009
USD 1.5 billion loan facility	888.8	887.8
NOK APL bond loan	0.0	20.9
NOK Mortgage loan	0.0	5.1
USD CIRR financing schemes	99.2	161.2
Total	988.0	1,075.0

The USD 1.5 billion loan facility is a five year unsecured revolving credit facility, maturing on 13 May 2013, with BW Group Limited which contains financial covenants related to equity, equity ratio and debt to borrowing base. Pursuant to the terms of the agreement, interest is charged on amounts drawn at floating interest rate of LIBOR + 1.25%.

During the third quarter BW Offshore established a new bridging credit facility of USD 1.1 billion with BW Group Limited on competitive terms, with expiry in November 2011. The key financial covenants are similar to the key financial covenants under the USD 1.5 billion facility. Interest on drawn amounts will be payable at a rate of 195 basis points over the applicable LIBOR. Furthermore, a commitment fee of 0.95% is paid on available, undrawn amounts under this facility.

Short-term debt

The Company had USD 0.0 million in interest bearing debt at 30 September (USD 0.3 million)

Note 5 – Investments in associates

The carrying value of the investments in shares in Nexus Floating Production Ltd (Nexus) is USD 0.0 million. Any further potentially negative results from Nexus will therefore not have any impact on the financial statements.

Share of profit/ (loss)

	Q3 10	Q2 10	Q3 09	YTD 10	YTD 09
Nexus Floating Production Ltd	0.0	0.0	0.0	0.0	(39.5)
Prosafe Production Plc	(16.4)	0.1	2.0	(14.8)	4.6
Share of profit/ (loss) of associates	(16.4)	0.1	2.0	(14.8)	(34.9)

Note 6 – Gain/ (loss) on financial instruments

	Q3 10	Q2 10	Q3 09	YTD 10	YTD 09
Change in fair value of interest swaps and currency hedges	6.8	(19.3)	(13.9)	(22.0)	(6.5)
Net gain/ (loss) on financial instruments	6.8	(19.3)	(13.9)	(22.0)	(6.5)

Note 7 – Segment information

The activities of the Company are within two reportable segments; a floating production segment in which recognised revenue and expenses derive from the ownership and operations of FPSOs and FSOs, and an APL segment. The Company’s Management group monitors the performance of the Company’s operating segments as measured by operating revenues and operating profit. Pursuant to IFRS 8, the operating segments can be amalgamated and presented as the two reportable segments below. The Company`s business is not considered seasonal or cyclical.
As a result of the agreement to sell APL to National Oilwell Varco for USD 500 million, the APL business has been classified as a disposal group held for sale and a discontinued business.

The segmentation is in line with the Company's internal management and reporting structure.

Floating Production

	Q3 10	Q2 10	Q3 09	YTD 10	YTD 09
Operating revenues	139.0	74.6	65.2	293.5	162.2
Operating expenses	(59.7)	(55.4)	(26.2)	(165.3)	(86.1)
Share of profit of associates	(16.4)	0.1	2.3	(14.8)	4.6
Operating profit (loss) before depreciation	**62.9**	**19.3**	**41.3**	**113.4**	**80.7**
Gain on sale of vessel	0.0	0.0	(2.2)	0.0	(1.4)
Depreciation, amortisation and write-down	(14.0)	(14.2)	(13.7)	(41.7)	(29.6)
Operating profit (loss)	**48.9**	**5.1**	**25.4**	**71.7**	**49.7**
Segment assets	1,981.8	1,919.0	1,820.3	1,981.8	1,820.3

Discontinued business - APL

	Q3 10	Q2 10	Q3 09	YTD 10	YTD 09
Operating revenue	54.5	29.6	68.6	84.1	221.5
Operating expenses	(39.3)	(26.4)	(62.4)	(65.7)	(194.0)
Share of profit of associates	0.0	0.0	0.0	0.0	(39.5)
Impairment charge of associates	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) before depreciation	**15.2**	**3.2**	**6.2**	**18.4**	**(12.0)**
Depreciation, amortisation and write-down	(3.2)	(3.1)	(4.9)	(6.3)	(14.8)
Operating profit (loss)	**12.0**	**0.1**	**1.3**	**12.1**	**(26.8)**
Segment assets*	498.4	483.6	517.7	483.6	517.7

**Segment assets as of Q3 amounting to USD 498.4 million consists of the following; property and other equipment USD 16.9 million, Goodwill and intangibles USD 329.6 million, Other non-current assets USD 1.4 million, Inventory USD 11.3 million, trade receivables USD 47.2 million, due from customer for contract work USD 64.7 million and Cash and cash equivalents USD 27.3 million.*

Eliminations

	Q3 10	Q2 10	Q3 09	YTD 10	YTD 09
Inter-company revenue	*(9.8)*	*(5.4)*	*(17.2)*	*(17.8)*	*(52.9)*
Inter-company expenses	*9.5*	*5.4*	*17.4*	*17.1*	*53.0*
Share of profit of associates	0.0	0.0	0.0	0.0	0.0
Impairment charge of associates	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) before depreciation	**(0.3)**	**(5.4)**	**0.2**	**(0.7)**	**0.1**
Depreciation, amortisation and write-down	0.0	0.0	0.0	0.0	0.0
Operating profit (loss)	**(0.3)**	**(5.4)**	**0.2**	**(0.7)**	**0.1**

Note 8 – Due from customer for contract work

Trade receivables not invoiced relate to ongoing projects accounted for pursuant to IAS 11.

Note 9 – Other long term liabilities

Other long term liabilities have increased compared to 2009 due to the accounting of upfront payments received from the counterparty related to the Cascade and Chinook contract. The upfront payments will be accounted for as operating revenue during the course of the firm contract as these amounts are earned.

Note 10 – Related party transactions

BW Offshore entered into a USD 1.5 billion loan facility agreement with BW Group Limited (note 4) in May 2008 and entered into an USD 1.1 billion loan facility agreement with BW Group Limited in July 2010. Interest and other fees expensed pursuant to these facilities in the third quarter amounted to USD 5.4 million (USD 5.3 million).

No other related party transactions considered to be material to the BW Offshore group occurred in the third quarter 2010.

Note 11 – Capital commitments

Total capital committed at 30 September 2010 amounted to USD 284.9 million (USD 87.2 million).

Note 12 – Subsequent events

On 1 October 2010, BW Offshore received acceptances for approximately 178.8 million shares (70.1%) to the Offer to buy all outstanding shares in Prosafe Production Public Limited not currently owned by BW Offshore (the ”Offer”). Together with the 60.9 million shares (23.9%) in Prosafe Production that BW Offshore directly and indirectly held prior to the Offer, BW Offshore controls from this date approx. 241.5 million shares, corresponding to 94.0% of the total number of issued shares in Prosafe Production upon completion of the Offer.

On 8 October 2010, a special General Meeting of BW Offshore Limited was held which resolved in the authorized share capital of the Company to be increased by USD 2,000,000, to USD 7,000,000 by the creation of an additional 200,000,000 shares of USD 0.01 par value per share.

On 8 October 2010, BW Offshore Limited issued 216,684,280 new shares, and delivered these shares as consideration shares to the accepting Prosafe Production shareholders pursuant to the Offer. The new number of issued and outstanding shares in BW Offshore Limited is 672,897,795.

On 8 October 2010, following the issuance of new shares, the direct and indirect shareholding of BW Group Limited corresponds to approximately 48.1% of the total number of issued shares in BW Offshore Limited.

On 10 October 2010, Addax Petroleum Exploration, part of the Sinopec group, exercised the option over the remaining two years for the FPSO Sendje Berge. The firm period has therefore been extended until March 2013. The FPSO is operating on the Okwori field offshore Nigeria.

On 5 November 2010, a Special General Meeting of BW Offshore Limited was held which amongst others resolved to appoint the new Directors of BW Offshore Limited.

KEY FIGURES

(Unaudited)

	Note	Q3 10*	Q2 10*	Q3 09**	YTD 10*	YTD 09**
EBITDA-margin	1	45.3 %	25.9 %	40.9 %	38.6 %	20.7 %
Equity ratio	2	47.9 %	46.7 %	39.7 %	47.9 %	39.7 %
Return on equity	3	18.8 %	-3.2 %	3.7 %	2.1 %	0.7 %
Return on capital employed	4	12.3 %	2.1 %	7.7 %	17.4 %	6.6 %
Net interest bearing debt (USD million)	5	811.9	783.2	870.0	811.9	870.0
Cash flow per share (USD)	6	0.12	0.09	0.16	0.50	0.14
EPS - basic and diluted (USD)	7	0.11	(0.06)	0.01	0.05	(0.00)
Shares - end of period (million)		456.2	456.2	456.2	456.2	456.2
Share price (NOK)		10.40	7.60	6.62	10.40	6.62
Market cap (NOKm)		4,745.0	3,467.0	3,020.1	4,745.0	3,020.1
Market cap (USDm)		810.0	534.0	522.7	810.0	522.7

**Continuing operations. Q2 10 and YTD 10 adjusted to reflect continuing operations.*
***unadjusted*

Notes to key figures

1 Earnings before interest, taxes, depreciation and amortisation / Operating revenues
2 Equity / Total assets
3 Annualised net profit / Average equity
4 Adjusted EBIT (annualised) / Average (Total assets - vessels under conversion - investments without contributions to EBIT - interest free debt and equivalents)
5 Interest bearing debt - cash and cash equivalents
6 Net cash flow from operating activities / Weighted average number of shares
7 Net profit / Weighted average number of shares

FLEET AND CONTRACTS

Name of unit	Location	Counterparty	Converted	Contract period
FPSOs				
Sendje Berge	Nigeria	Sinopec	2000	2005-2011 + options until 2013
Berge Helene	Mauritania	Petronas	2005	2006-2013 + options until 2021
YÙUM K'AK'NÁAB	Mexico	Pemex	2006	2007-2022
BW Cidade de São Vicente	Brazil	Petrobras	2009	2009-2019 + options until 2024
BW Pioneer	USA	Petrobras	2010	2010-2015 + options until 2018
BW Athena (Athena proj)	UK	Ithaca Energy and partners	Ongoing	2011-2014 + options
BW Nisa (Papa Terra proj)	Brazil	Petrobras	Ongoing	EPC contract
BW Genie (TSB proj)	Indonesia	Kangean Energy Indonesia	Ongoing	2012-2021 + options until 2025
FSO				
Belokamenka	Russia	Sovkomflot	2003	2004-2018
Conversion candidate				
BW Ara (294,739 dwt)	Malaysia			