

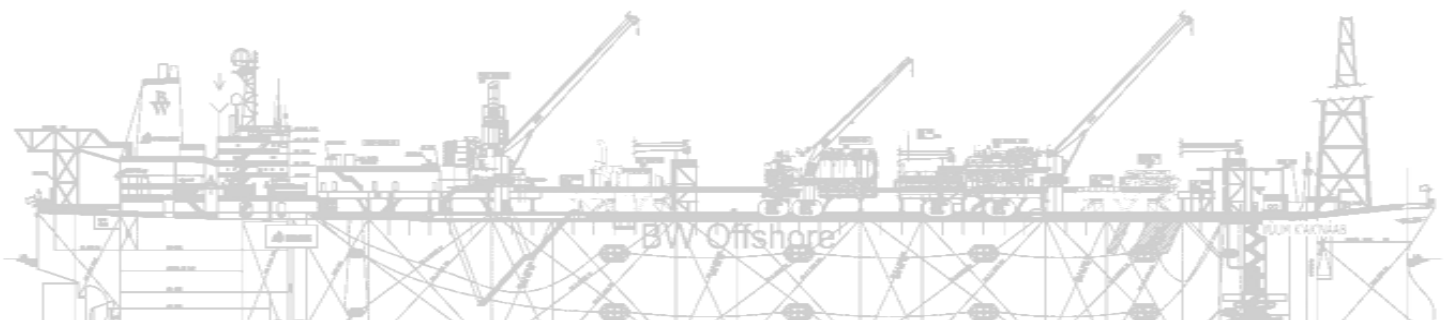


# BW Offshore Limited

First quarter 2009

## KEY EVENTS

- EBITDA of USD 28.5 million in first quarter before transactions relating to associates
- Share of loss of Nexus Floating Production Ltd of USD 39.5 million
- BW Cidade de São Vicente is delivered according to schedule in March and received first oil the 25 April 2009 on the Tupi field in Brazil



BW Offshore Limited  
Interim Consolidated Financial Information  
First quarter 2009

## FINANCIAL SUMMARY

(Figures in brackets refer to corresponding figures for 2008)

### FIRST QUARTER

Operating revenue amounted to USD 99.3 million (USD 108.3 million). The decrease in revenue on a consolidated level is a result of increased inter-company activity related to FPSO-projects and a decrease in revenue against external customers.

Operating expenses in the first quarter amounted to USD 70.8 million (USD 101.7 million), a decrease resulting mainly from lower operating expenses for the operating fleet together with increased inter-company activity related to FPSO-projects.

EBITDA was USD -10.7 million (USD 15.8 million) in the first quarter. Adjusted EBITDA (EBITDA before share of profit related to associates) was USD 28.5 million (USD 6.6 million). Changes in market values of currency derivative instruments related to operating cash flows are included in EBITDA. For the first quarter this amounted to a gain of USD 7.3 million (USD 0.0 million).

Share of profit/ loss (-) of associates was USD -39.2 million (USD 9.2 million) in the first quarter and relates to the investments in Prosafe Production Public Limited (PROD) and Nexus Floating Production Ltd (Nexus). Share of profit of PROD amounted to USD 0.3 million (USD 0.0 million) while share of loss of Nexus amounted to USD -39.5 million (USD 0.0 million). At 31 March 2009, the Company owned 23.9% of the shares in PROD and 49.7% of the shares in Nexus. After the share of loss of USD 39.5 million in Nexus, the book value of the shares in Nexus is USD 0.0 million.

Net financial items for the first quarter were USD -7.0 million (USD -37.1 million). Interest expense was USD 6.7 million (USD 20.5 million) in the first quarter. The decrease in interest expenses is mainly a result of reduced interest rates and reduced interest bearing debt. Interest income was USD 2.7 million (USD 3.5 million). Net financial items include a reduction in fair value of USD 3.3 million (USD 6.5 million) on interest derivative contracts.

Result before tax was USD -28.2 million in the first quarter (USD -32.3 million). Income tax expenses amounted to USD 1.6 million (USD 0.9 million) in the first quarter.

At 31 March 2009, total assets amounted to USD 2,266.3 million (USD 3,072.1 million). The reduction in total assets resulted mainly from impairment charges, the sale of the shares in Prosafe

SE during 2008 offset by increased book value of the ongoing conversion projects. At 31 March 2009, total equity amounted to USD 894.0 million (USD 1,473.5 million).

Net cash inflow from operating activities was USD 11.5 million (USD 41.6 million). Net cash outflow from investing activities was USD 92.8 million (USD 81.0 million). Cash flow from investing activities relates to the conversion projects in the Floating Production segment. Net cash inflow from financing activities was USD 73.8 million (USD 60.2 million), arising from a net drawdown of USD 80.0 million (USD 73.8 million) on the loan facility offset by interest payments.

At 31 March 2009, the Company held USD 60.2 million (USD 57.3 million) in cash and deposits. Currently the Company has drawn down USD 771.8 million on the USD 1,500 million credit facility. Net debt amounted to USD 709.1 million at 31 March 2009 (USD 968.4 million).

## OPERATING SEGMENTS

### Floating Production

Revenues in the first quarter were USD 44.6 million (USD 43.7 million). EBITDA was USD 17.1 million (USD 12.6 million). Cash flow from operating activities in the first quarter was USD 21.6 million (USD 23.3 million).

The operating expenses for the existing fleet in operation has come down compared to previous quarters. The oil process uptime was 100% in first quarter 2009.

The FPSO BW Carmen was laid up in the first quarter and is being marketed for new contracts.

The FPSO BW Cidade de São Vicente arrived in Brazil on schedule 24 March 2009 and was hooked-up 1 April 2009. First oil was received 25 April 2009. The FPSO is operating for Petrobras at the Tupi field.

The ongoing conversion of the BW Pioneer for the Petrobras Chinook & Cascade field is continuing in line with our expectations.

### Technology & Installation

The revenues (from external customers) in the first quarter were USD 54.7 million (USD 64.6 million) and EBITDA USD -27.8 million (USD 3.2 million). Adjusting for the negative share of profit of the investment in Nexus, the EBITDA was USD 11.7 million, representing a margin of 15.5% (4.8%). Cash flow from operating activities in the first quarter was USD -10.1 million (USD 18.3 million). The negative operating cash flow derives from a negative change in the working capital.

BW Offshore Limited  
Interim Consolidated Financial Information  
First quarter 2009

All major projects, such as Chinook & Cascade, Pazflor for Total, Peregrino for Maersk and Neptune for Suez, are progressing according to plan.

## OUTLOOK

The turmoil in the financial markets and the lower oil price has impacted negatively on the development of oil and gas fields internationally. In the short term this has resulted in cancellations and postponements. It has also resulted in significant changes to the competitive landscape with fewer competitors being able to pursue new projects. We believe the impact of these cancellations as well as postponements and the competitive situation in our business is correctly reflected in the assessments of our assets.

BWO is fully funded for all ongoing projects. Our cash flow from existing units is secure and with reputable clients. Additional financial capacity is available for new projects if they should meet our targeted returns. Beyond this immediate horizon, we are of the opinion that the long-term fundamentals of our business are sound. Underlying growth in energy demand combined

with accelerating depletion of existing fields, will necessitate the development of new oil and gas fields. The investments in new facilities by international and national oil companies will lead to continuing demand for the services provided by BW Offshore.

BW Offshore's FPSO BW Pioneer is in the process of being converted and will commence operation in 2010. This vessel and the newly delivered FPSO Cidade de São Vicente, will together with the improved performance from YÛUM K`AK`NÀAB, contribute to an increased EBITDA for the Floating Production segment in 2009 and onwards.

The Technology and Installation segment although affected by the short term reduction in E& P activity will continue to see good activity in the short term due to the order backlog. It is expected that longer term activity will pick up again with the anticipated increase in new developments.

Bermuda, 18 May 2009

Dr. Helmut Sohmen  
Chairman

Christophe Pettenati-Auzière  
Vice Chairman

Andreas Sohmen-Pao

David Gairns

Renè Huck

Kathie Child-Villiers

BW Offshore Limited  
Interim Consolidated Financial Information  
First quarter 2009

**INCOME STATEMENT**

(Unaudited figures in USD million)

	Notes	1Q 09	4Q 08	1Q 08
<b>Operating revenue</b>		<b>99.3</b>	<b>126.4</b>	<b>108.3</b>
<b>Operating expenses</b>		<b>(70.8)</b>	<b>(111.7)</b>	<b>(101.7)</b>
Share of profit / (loss) of associates	5	(39.2)	(45.4)	9.2
Impairment charge of associates		0.0	(12.5)	0.0
<b>Operating profit / (loss) before depreciation/amortisation</b>		<b>(10.7)</b>	<b>(43.2)</b>	<b>15.8</b>
Depreciation		(5.9)	(11.7)	(6.0)
Amortisation		(5.4)	(6.3)	(5.0)
Impairment charges and write-offs		0.0	(166.9)	0.0
Gain (loss) on sale of assets		0.8	0.0	0.0
<b>Operating profit / (loss)</b>		<b>(21.2)</b>	<b>(228.1)</b>	<b>4.8</b>
Net currency exchange gain / (loss)		0.6	1.4	(12.1)
Interest income		2.7	5.0	3.5
Gain / (loss) on financial instruments	6	(3.3)	(40.0)	(6.5)
Interest expense		(6.7)	(11.2)	(20.5)
Other financial items		(0.3)	(0.1)	(1.5)
<b>Net financial items</b>		<b>(7.0)</b>	<b>(44.9)</b>	<b>(37.1)</b>
<b>Profit / (loss) before tax</b>		<b>(28.2)</b>	<b>(273.0)</b>	<b>(32.3)</b>
Income tax expense		(1.6)	(6.0)	(0.9)
<b>Net profit / (loss)</b>		<b>(29.8)</b>	<b>(279.0)</b>	<b>(33.2)</b>
Profit / (loss) attributable to equity shareholders		(29.8)	(279.0)	(33.2)
Basic and diluted earnings / (loss) per share (USD)		(0.06)	(0.61)	(0.07)

The notes in pages 7-10 are an integral part of these consolidated interim financial statements

BW Offshore Limited  
Interim Consolidated Financial Information  
First quarter 2009

**BALANCE SHEET**

(Unaudited figures in USD million)

<b>ASSETS</b>	<b>Notes</b>	<b>31/03/2009</b>	<b>31/12/2008</b>	<b>31/03/2008</b>
Vessels	2	945.0	851.8	684.3
Property and other equipment		18.6	18.3	18.8
Goodwill and intangibles		349.9	354.3	535.0
Finance lease receivables		222.4	225.1	237.9
Investments in associates	5	187.9	225.6	979.5
Non-current deposits		217.1	283.5	289.4
Other non-current assets		2.5	4.1	12.0
<b>Total non-current assets</b>		<b>1,943.4</b>	<b>1,962.7</b>	<b>2,756.9</b>
Inventory		11.7	11.6	17.3
Trade and other current assets		165.4	183.4	149.6
Trade receivables not invoiced	8	85.6	76.0	91.0
Cash and deposits		60.2	67.7	57.3
<b>Total current assets</b>		<b>322.9</b>	<b>338.7</b>	<b>315.2</b>
<b>TOTAL ASSETS</b>		<b>2,266.3</b>	<b>2,301.4</b>	<b>3,072.1</b>
<b>EQUITY AND LIABILITIES</b>				
Total equity attributable to equity shareholders	3	894.0	923.4	1,473.5
<b>Total equity</b>		<b>894.0</b>	<b>923.4</b>	<b>1,473.5</b>
Interest-bearing long term debt	4	986.0	936.0	1,252.8
Pension obligations		9.4	9.6	11.0
Other long-term liabilities		31.4	33.5	36.8
<b>Total non-current liabilities</b>		<b>1,026.8</b>	<b>979.1</b>	<b>1,300.6</b>
Trade and other payables		325.1	378.7	221.1
Interest-bearing short term debt	4	0.4	0.4	62.3
Income tax liabilities		20.0	19.8	14.6
<b>Total current liabilities</b>		<b>345.5</b>	<b>398.9</b>	<b>298.0</b>
<b>Total liabilities</b>		<b>1,372.3</b>	<b>1,378.0</b>	<b>1,598.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,266.3</b>	<b>2,301.4</b>	<b>3,072.1</b>

The notes in pages 7-10 are an integral part of these consolidated interim financial statements

BW Offshore Limited  
Interim Consolidated Financial Information  
First quarter 2009

**STATEMENT OF CHANGES IN EQUITY**

(Unaudited figures in USD million)

	1Q 09	4Q 08	1Q 08
<b>Equity at beginning of period</b>	<b>923.4</b>	<b>1,233.2</b>	<b>1,508.2</b>
<i>Changes in equity</i>			
Profit/ (loss) attributable to equity shareholders	(29.8)	(279.0)	(33.2)
Total other comprehensive income for the period	0.4	(30.8)	(1.5)
<b>Equity at end of period</b>	<b>894.0</b>	<b>923.4</b>	<b>1,473.5</b>

**CASH FLOW STATEMENT**

(Unaudited figures in USD million)

	1Q 09	4Q 08	1Q 08
Profit/ (loss) before taxes	(28.2)	(273.0)	(32.3)
Unrealised currency loss	0.0	(8.9)	12.7
Depreciation and amortisation	11.3	18.0	11.0
Taxes paid	(3.2)	(1.0)	(3.7)
Impairment charges and write-offs	0.0	179.4	0.0
Share of loss/ (profit) of associated companies	39.2	45.4	(9.2)
Loss/ (gain) on sale of shares and fixed assets	(0.8)	0.0	(0.0)
Change in fair value of derivatives	(7.3)	40.2	6.3
Change in working capital	(5.2)	6.9	49.6
Other items	5.7	8.0	7.2
<b>Net cash flow from operating activities</b>	<b>11.5</b>	<b>15.0</b>	<b>41.6</b>
Investment in fixed assets	(134.0)	(144.8)	(81.5)
Investment in non-current bank deposit	35.4	0.0	0.0
Proceeds from sale of assets	5.3	0.6	0.0
Interest received	0.5	2.6	0.8
Other items	0.0	(1.5)	(0.3)
<b>Net cash flow from investing activities</b>	<b>(92.8)</b>	<b>(143.1)</b>	<b>(81.0)</b>
Proceeds from new interest bearing debt	130.0	50.0	73.8
Repayment of interest-bearing debt	(50.0)	(12.6)	(0.1)
Interest paid	(6.2)	(11.0)	(13.5)
<b>Net cash flow from financing activities</b>	<b>73.8</b>	<b>26.4</b>	<b>60.2</b>
<b>Net change in cash and cash equivalents</b>	<b>(7.5)</b>	<b>(101.8)</b>	<b>20.8</b>
Cash and cash equivalents at beginning of period	67.7	169.5	36.5
<b>Cash and cash equivalents at end of period</b>	<b>60.2</b>	<b>67.7</b>	<b>57.3</b>

**COMPREHENSIVE INCOME STATEMENT**

(Unaudited figures in USD million)

	1Q 09	4Q 08	1Q 08
<b>COMPREHENSIVE INCOME STATEMENT</b>			
Net profit (loss) for the period	(29.8)	(279.0)	(33.2)
<b>Other comprehensive income</b>			
Currency translation differences	(0.3)	(15.7)	6.4
Share of other comprehensive income of associates	0.7	(15.1)	(7.9)
<b>Total other comprehensive income for the period, net of tax</b>	<b>0.4</b>	<b>(30.8)</b>	<b>(1.5)</b>
<b>Total comprehensive income</b>	<b>(29.4)</b>	<b>(309.8)</b>	<b>(34.7)</b>

The notes in pages 7-10 are an integral part of these consolidated interim financial statements

## NOTES TO THE ACCOUNTS (UNAUDITED)

### Note 1 - Accounting principles

This condensed consolidated interim financial information for the year's first three months, ended 31 March 2009, have been prepared in accordance with 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 2008, which have been prepared in accordance with IFRS.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in the annual financial statements for 2008.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009:

- IAS 1 (revised). The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owners changes in equity presented in a separate line. In addition, the standard introduces a statement for comprehensive income presenting income and expenses of non-owner transactions either as an addition to the income statement or as a separate statement for comprehensive income. The Group has elected to present two statements.
- IFRS 8, "Operating segments". IFRS 8 replaces IAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as used for internal reporting purposes. The adoption of IFRS 8 did not lead to any changes in the reportable segments.

### Note 2 – Vessels, vessels under conversion and conversion candidates

The book value of vessels in operation amounted to USD 257.2 million (USD 342.3 million) at 31 March 2009. The book value of vessels under conversion amounted to USD 611.3 million (USD 93.5 million) at 31 March 2009. The book value of conversion candidates and uncommitted FPSOs at 31 March 2009 amounted to USD 76.5 million (USD 248.5 million).

Capital expenditure related to vessels, vessels under conversion and conversion candidates in the first quarter 2009, amounted to USD 103.0 million (USD 79.0 million).

On 2 February 2009, the vessel BW Endeavour was sold with a gain of USD 0.8 million, included in the first quarter 2009 figures.

### Note 3 - Equity

The number of issued shares was 456,213,515 at 31 March 2009. There were no changes in shares issued in the first quarter 2009. There were 500,000,000 authorised shares at 31 March 2009.

The Company held a total of 2,797,731 (39,505) own shares at 31 March 2009.

BW Offshore Limited  
Interim Consolidated Financial Information  
First quarter 2009

## Note 4 - Interest-bearing debt

### Long-term debt

The Group had the following long-term debts at 31 March:

	<b>2009</b>	<b>2008</b>
BW Group Limited	771.8	0.0
APL bond loan	17.8	97.5
Mortgage loan	4.3	6.3
Other credit facilities	0.0	895.0
CIRR financing schemes	192.1	254.0
<b>Total</b>	<b>986.0</b>	<b>1,252.8</b>

The USD 1,500 billion loan facility is a five year unsecured revolving credit facility with BW Group Limited with 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%.

### Short-term debt

The Company had the following short-term interest bearing debt at 31 March:

	<b>2009</b>	<b>2008</b>
USD 400 million credit facility	0.0	61.8
Installments due within one year	0.4	0.5
<b>Total</b>	<b>0.4</b>	<b>62.3</b>

## Note 5 – Investments in associates

Subsequent to the negative share of profit included in the first quarter 2009, the carrying value of the shares in Nexus is USD 0.0 million. Potentially further negative results from Nexus will therefore not have any impact on the financial statements.

### Share of profit/ (loss)

	<b>1Q 09*</b>	<b>4Q 08</b>	<b>1Q 08</b>
Prosafe SE	n/a	n/a	9.2
Nexus Floating Production Ltd	(39.5)	0.0	0.0
Prosafe Production Plc	0.3	(45.4)	n/a
<b>Share of profit/ (loss) of associates</b>	<b>(39.2)</b>	<b>(45.4)</b>	<b>9.2</b>

\*Share of profit from Nexus is based on most recent available financial result which is the annual report 2008.

## Note 6 – Gain/ (loss) on financial instruments

	<b>1Q 09</b>	<b>4Q 08</b>	<b>1Q 08</b>
Change in fair value of interest swaps	(3.3)	(44.9)	(6.6)
Other financial derivatives	0.0	4.9	0.1
<b>Net gain/ (loss) on financial instruments</b>	<b>(3.3)</b>	<b>(40.0)</b>	<b>(6.5)</b>

## 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 ownership and operations of FPSOs and FSOs, and a technology and installation services segment. The Company's Chief Operating Decision Maker monitors the performance of the Company's operating segments as measured by operating revenues and operating profit. In accordance with IFRS 8, the operating segments can be amalgamated and presented as the two reportable segments above.

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



BW Offshore Limited  
Interim Consolidated Financial Information  
First quarter 2009

### Floating Production

	<b>1Q 09</b>	<b>4Q 08</b>	<b>1Q 08</b>
Operating revenues	44.6	55.8	43.7
Operating expenses	(27.8)	(52.4)	(40.3)
Share of profit of associates	0.3	(45.4)	9.2
Impairment charge of associates	0.0	0.0	0.0
Gain on sale of shares	0.0	0.0	0.0
<b>Operating profit (loss) before depreciation</b>	<b>17.1</b>	<b>(42.0)</b>	<b>12.6</b>
Gain on sale of vessel	0.8	0.0	0.0
Depreciation, amortisation and write-down	(5.6)	(178.5)	(5.8)
<b>Operating profit (loss)</b>	<b>12.3</b>	<b>(220.5)</b>	<b>6.8</b>
Segment assets	1,701.9	1,695.7	2,209.3

### Technology and Installation Services

	<b>1Q 09</b>	<b>4Q 08</b>	<b>1Q 08</b>
Operating revenue	75.7	112.2	66.7
<i>Inter-company revenue</i>	<i>(21.0)</i>	<i>(41.6)</i>	<i>(2.1)</i>
Revenue (from external customers)	54.7	70.6	64.6
Operating expenses	(63.1)	(97.2)	(63.5)
<i>Inter-company expenses</i>	<i>20.1</i>	<i>37.9</i>	<i>2.1</i>
Net operating expenses	(43.0)	(59.3)	(61.4)
Share of profit of associates	(39.5)	0.0	0.0
Impairment charge of associates	0.0	(12.5)	0.0
<b>Operating profit (loss) before depreciation</b>	<b>(27.8)</b>	<b>(1.2)</b>	<b>3.2</b>
Depreciation, amortisation and write-down	(5.7)	(6.4)	(5.2)
<b>Operating profit (loss)</b>	<b>(33.5)</b>	<b>(7.6)</b>	<b>(2.0)</b>
Segment assets	564.4	605.7	862.8

### Note 8 – Trade receivables not invoiced

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

### Note 9 – Related party transactions

The Group established a loan facility with BW Group Limited (note 4) in May 2008. Interest and other fees expensed under this facility in the first quarter amounted to USD 6.9 million (USD 0.0 million).

No other related party transactions considered to be material to the Group occurred in the first quarter 2009.

### Note 10 – Capital commitments

Total capital committed at 31 March 2009 amounted to USD 131.6 million (USD 106.9 million).

### Note 11 – Subsequent events

On 17 April 2009, the participants in the Basker Manta Gummy Project (BMG) (that was cancelled), have filed a Defence to the Statement of Claim in the Federal Court of Australia. In addition, AZA, as Operator on behalf of the BMG Joint Venture, has filed and served a Cross Claim towards BW Offshore. This is based on the reliance by the BMG Joint Venture on the supply of the FPSO pursuant to the LOI, in which they seek recovery for drilling related costs in a range of between USD 63.4 million and USD 86 million with further losses to be particularised at a later date.

On 25 April 2009, BW Cidade de São Vicente received first oil on the Tupi field in Brazil.

BW Offshore Limited  
Interim Consolidated Financial Information  
First quarter 2009

## KEY FIGURES

	Note	Q1 2009	Q4 2008	Q1 2008
EBITDA-margin	1	-10.8 %	-34.2 %	14.6 %
Equity ratio	2	39.4 %	40.1 %	48.3 %
Return on equity	3	-5.6 %	-45.5 %	-3.8 %
Return on capital employed	4	6.1 %	-14.7 %	-1.0 %
Net interest bearing debt (USD million)	5	709.1	585.2	968.4
Cash flow per share (USD)	6	0.03	0.01	0.06
EPS - basic and diluted (USD)	7	-0.06	-0.61	-0.07
Shares - end of period (million)		456.2	456.2	456.2
Share price (NOK)		4.0	4.3	15.2
Market cap (NOKm)		1824.9	1961.7	6934.4
Market cap (USDm)		273.2	281.2	1362.4

### Notes to key figures

- 1 Earnings before interest, taxes, depreciation and amortisation / Operating revenues (adjusted for construction contract revenue)
- 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	Country of operation	Contract period
<b>FPSOs</b>		
Berge Okoloba Toru	Nigeria	2005-2009
Sendje Berge	Nigeria	2005-2011 + options until 2013
Berge Helene	Mauritania	2006-2013 + options until 2021
YUUM K'AK'NÁAB	Mexico	2007-2022
BW Cidade de São Vicente	Brazil	2009-2019 + options until 2024
BW Pioneer	USA (under conversion)	2010-2015 + options until 2018
BW Carmen	-	Uncommitted
<b>FSO</b>		
Belokamenka	Russia	2004-2019
BW Nisa (320,000 dwt)	Malaysia	2006 – temporary FSO
<b>Conversion candidates</b>		
BW Ara (294,739 dwt)	-	-