



BW OFFSHORE LIMITED



BW OFFSHORE

BW Offshore is one of the world's leading Floating Production Storage and Offloading (FPSO) contractors and a market leader within advanced offshore loading and production systems to the oil and gas industry. BW Offshore has more than 25 years' experience and has successfully delivered 15 FPSO projects and 50 turrets and offshore terminals. BW Offshore is part of the BW Group, one of the world's largest maritime groups.

PRESENCE

BW Offshore is listed on the Oslo Stock Exchange and employs app. 1,100 people worldwide in business centers across Europe, Asia Pacific, West Africa and the Americas. The company is represented in key locations in the greater Americas region both in the US and the Mexican parts of the Gulf of Mexico (GoM), as well as on the giant Tupi field offshore Brazil. BW Offshore's FPSO/FSO fleet also includes operations in other parts of the world, including West Africa and Russia.

TECHNOLOGICAL EDGE AND COMPETENCE

- BW Offshore's FPSO BW Pioneer, the first FPSO in the US GoM in operation for Petrobras, is the deepest application for a STP buoy to date, with a turret and mooring system at an impressive 2,600 meters water depth
- Through a fast track conversion project, BW Offshore delivered the first FPSO, BW Cidade de São Vicente, to the Tupi field, one of the largest in Brazil, for Petrobras
- BW Offshore's FPSO Yúum K'ak' Nàab is the largest FPSO to date with a throughput of up to 600,000 bbls/day, currently in operation for PEMEX in the KMZ field, Mexican GoM

Adapting through competence, in-house technology, solid project execution and operational excellence, BW Offshore meets customer needs through versatile solutions for offshore oil and gas projects, and can deliver FPSOs as the preferred production solution in the development of ultra deep water oil fields.

BW Offshore's technology division APL delivers cutting edge turnkey solutions for production vessels, storage vessels and tankers in a wide range of field developments. The APL STL/STP technology is the world's leading disconnectable turret system with an unparalleled track record of more than 1,700 disconnected/connected operations.

FOR MORE INFORMATION PLEASE VISIT
www.bwoffshore.com and www.apl.no

BW OFFSHORE LIMITED ANNUAL REPORT 2009

02-05	INTRO
02	Key Events 2009
04	CEO
08-17	CORE BUSINESS
08	Market and Business development
10	Projects
12	Operations
14	APL division (technology and installation)
16	HSSEQ
20-32	REPORTS AND INFO
20	Corporate governance
24	Shareholder information
26	Directors' report
32	Addresses

KEY EVENTS

2009

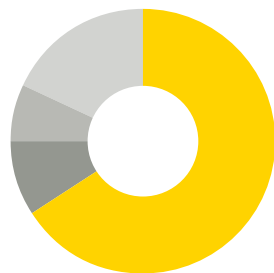
- FPSO contract for P-63 (Papa Terra) for Petrobras
- Completed conversion of FPSO BW Pioneer
- FPSO BW Cidade de São Vicente approved and received first oil
- APL contract for harsh weather offshore terminal systems with major oil company
- Operational performance 99.7%
- Operational EBITDA of USD 121.4 million



Employees

Offshore	637
Onshore	455
Total staff	1,092

WORLD-WIDE FLOATING PRODUCTION UNITS

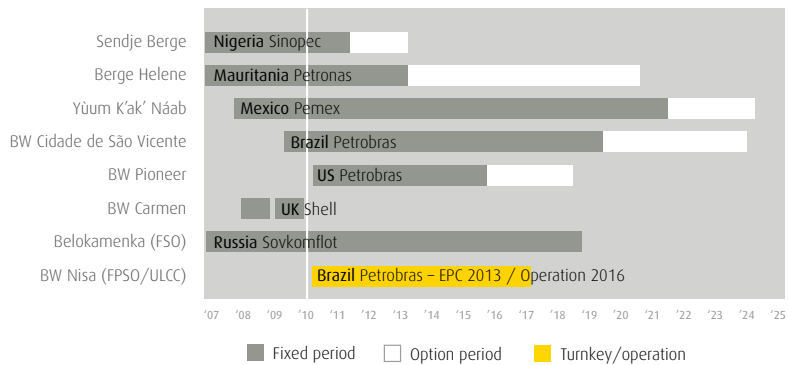


● FPSO	66%
● TLP	9%
● SPAR	7%
● SEMI	18%

Source: IMA



FPSO CONTRACTS



COMPETENCE, TECHNOLOGY AND PRESENCE BW OFFSHORE'S BUILDING BLOCKS FOR THE FUTURE

BW Offshore has strengthened its position through 2009, giving a solid foundation to meet the opportunities ahead.

BW Offshore has consolidated its position as one of the top tier companies in the offshore energy production and technology arena. The scope of the company's technology and services has been further developed, and there have been notable successes in an otherwise quiet market.

The economic turmoil in 2008 resulted in reduced activity in offshore oil and gas Exploration and Production (E&P). Both BW Offshore divisions – Floating Production and Storage (FPSO) and Advanced Production and Loading (APL) - have had good levels of activity through 2009 due to the high order backlog. The present lower activity levels are, however, expected to continue in 2010. BW Offshore has reduced the capacity of the APL division by a third to be in line with the expected demand in the medium term. For the FPSO division significantly reduced competition has been a balancing factor making 2009 one of the most active years on record in terms of prospect evaluation and bidding.

The contract for two new Single Anchor Loading (SAL) terminals for Hibernia and the letter of intent for Papa Terra with BW Offshore's partner Quip in Brazil, as well as the other contracts entered into by our competitors, signal a return in development activity from the second half of 2009. This is very much in line with expectations, and BW Offshore maintains a very positive long term view on the business.

The achievements for 2009 include several large APL division projects with leading energy majors like Petrobras, Statoil, Suez Energy Total, Mærsk and the two internal projects for TUPI Extended Well Testing (EWT) and Cascade & Chinook. The Cascade & Chinook turret mooring system was installed during the summer and it is the first dis-

connectable turret mooring system for a water depth of 2,600 m. This landmark development is the first FPSO turret mooring system for US waters and the deepest oil development to date. BW Offshore's system will allow the FPSO to disconnect and sail away in hurricane situations, thereby greatly reducing operational risk. The Cascade & Chinook field is a new development by Petrobras to exploit the considerable oil deposits of the Walker Ridge area in the US Gulf of Mexico.

BW Offshore's strategy of expansion in the Americas has continued successfully with the FPSO BW Cidade de São Vicente, which sailed from Singapore in February 2009. Operation started on schedule in April and the FPSO has successfully produced since from the giant Brazilian Tupi field. The TUPI EWT conversion was carried out in a record time of 11 months from contract signature. BW Offshore's latest conversion project, the FPSO BW Pioneer for the Cascade & Chinook field, has been completed in Singapore and will arrive in the US Gulf of Mexico by the end of the first quarter 2010. The unit will start operations as soon as Petrobras completes the subsea work.

In 2009, BW Offshore extended its position in the forefront of turret and mooring technology as well as in offshore LNG terminals. Today the APL division holds a significant number of 'world records' in terms of water depth (deep and shallow), weather capacity, disconnectable functionality, power transfer and pressure containment. This is an excellent testament to the competence and experience of BW Offshore's technical teams.

Operations have improved over the year on all units and the company has ended the year with close to 100% uptime. The upgrades on the FPSO Yuum K'ak' Náab

were carried out in accordance with expectations during summer. The focus on the safety of offshore and project personnel has kept the impact of the activities on health and environment on a class leading level.

In the process of building a significant fleet of FPSOs BW Offshore has retained its focus on establishing partnerships with national oil companies (NOCs). BW Offshore's fleet of operating units: Berge Helene, Sendje Berge, Yuum K'ak' Náab, BW Cidade de São Vicente, BW Pioneer, in addition to the FSOs Belokamenka are all contracted to NOCs. The fleet will over the next average eight years of contracted duration and average eleven years including options, generate a healthy cash flow and provide a sound basis for further development of the company.

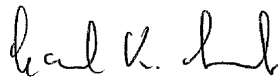
BW Offshore is well positioned to be a leading company in the further development of its industry, and a preferred choice for investors interested in long term returns and stable profitable growth.

An easing of cost levels is expected even if overall world economic activity levels pick up in 2010. The capacity in the supply chain has improved due to recent capacity expansion as well as the slowdown in demand. Further to this the financial constraints caused by tight financial markets have reduced competition, giving BW Offshore

a much improved overall bargaining position on new projects.

The increased requirements from clients in terms of technical competence, scope and investments per unit, will require a consolidation in the industry. BW Offshore intends to play a proactive role in this consolidation.

Activity level in the offshore oil industry has picked up through the second half of 2009 and will continue to do so going forward. The oil price has been stable in the 70-80 USD/bbls range through the budgeting period and this combined with the natural decline of present production, has given a good climate for increased activity levels. Solid projects are on the horizon and BW Offshore is engaged in a significant number of them, providing expertise, experience and resources. BW Offshore is confident that the work contracted going forward, will be very accretive for the company, both in terms of a continued augmentation of BW Offshore's competence as well as financially rewarding for our investors.



Carl K. Arnet
CEO

“BW Offshore maintains a very positive long term view on the business.”



Carl K. Arnet
CEO



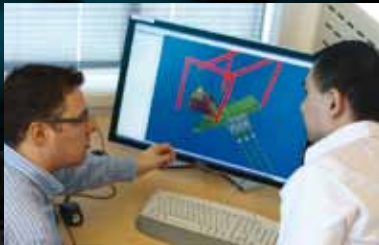


VISION

TO BECOME THE #1 FPSO OPERATOR AND TECHNOLOGY PROVIDER IN THE WORLD

MISSION

- We DELIVER best in class shareholder value
- We PROVIDE cost efficient offshore solutions driven by customer needs and seek continuous improvement through adaptation and use of technology
- We UNDERSTAND and manage risk with the highest regard for Health, Safety and Environment
- We CONTRIBUTE to local development through our behaviour where we operate
- We PROMOTE talent and diversity among our employees



WELL POSITIONED FOR FURTHER GROWTH

The economic slowdown had a major impact on the oil service sector in general and the Floating Production Storage Offloading (FPSO) industry in particular.

The economic slowdown had a major impact on the oil service sector in general and the Floating Production Storage Offloading (FPSO) industry in particular. In the period August 2008 - August 2009, the market experienced for the first time a period of more than 12 months without any FPSO contract awards. This created several challenges, especially for new FPSO companies with speculative builds on order.

Although difficult for many companies, the economic slowdown has also brought more stability and predictability back to the industry. A major challenge in recent years has been an overheated supplier market making project planning and costing very challenging. Going forward BW Offshore expect to see a more normalized market compared to the last couple of years.

Throughout the past five years, BW Offshore has developed a strong position in some of the fastest growing offshore markets in the world. With the first FPSO on the Tupi field in operation and the award of the Papa Terra project, BW Offshore is expecting to grow its business in Brazil. As BW Pioneer commences operation on the Cascade & Chinook fields in the US in the first half of 2010 and the FPSO Yuum K'ak' Náab operating since

2007 in Mexico, BW Offshore will operate the first two FPSOs in the Gulf of Mexico (GoM).

BW Offshore has undoubtedly gained valuable experience through these projects, but specifically through the technical challenges of the Cascade & Chinook project, the company is well positioned for deep water developments around the world.

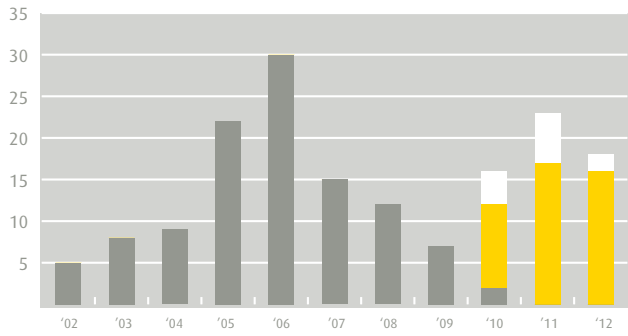
BW Offshore is also actively pursuing opportunities in Asia South Pacific, West Africa and the North Sea. During 2009 there has been a general high level of activity in these areas, and it is expected that several of the tenders BW Offshore has participated in, will reach a conclusion during 2010.

During 2009, the well established FPSO companies strengthened their positions. The new entrants in the FPSO industry have more or less disappeared from the competitive arena and will have to concentrate on consolidating their position in the years to come. As BW Offshore expects to see major improvements in the supply chain and a reduced number of competitors, the Company is well positioned to increase its market share.





FPSO ORDERS
Source: Fearnley Offshore



■ Past and current orders ■ New orders - lease □ New orders - EPCI/operator owned



Tom Arne Kristiansen
EVP TECHNOLOGY

BW OFFSHORE DELIVERS ON PROMISES

BW Offshore's Floating Production Storage Offloading (FPSO) division conducted two high profile projects in accordance with client expectations in 2009.

The Tupi Extended Well Test (EWT) project, with the production unit BW Cidade de São Vicente became the first FPSO delivered for the giant Tupi field offshore Brazil. The Tupi EWT project enables Petrobras to perform long term test production on the Tupi field in the Santos Basin. This will provide Petrobras with vital information from the pre-salt reservoirs, enabling development of these large pre-salt discoveries. BW Cidade de São Vicente was a record fast track project delivered in 11 months from contract signing to first oil. The FPSO has two independent mooring systems which gives Petrobras the opportunity to relocate the production unit as often as required to explore the reservoir with a minimum downtime between operations.

The Cascade & Chinook project for Petrobras Americas Inc., started in October 2007. The FPSO is scheduled to be in the US Gulf of Mexico (GoM) in Q1 2010 and ready to commence operation on the Walker Ridge area during Q2 2010. BW Pioneer is the first FPSO in the US Gulf of Mexico, and will be operating in a water depth of 2,600 meters, the deepest installation ever. The project has also included the delivery and installation of an APL disconnectable Submerged Turret Production Buoy (STP) including fluid swivel and mooring system. The APL STP technology is the world's leading disconnectable turret system with an

unparalleled track record of more than 1,700 disconnect/connect operations. The system will enable the FPSO to disconnect from its moorings and seek sheltered waters in a hurricane situation with minimum disruption to operations.

In October 2009, the Papa Terra Joint Venture of Petrobras (operator) and Chevron issued a letter of intent to a consortium of BW Offshore and the Brazilian industrial group QUIP. BW Offshore will use the ULCC BW Nisa for this project and will be responsible for delivery of the marine scope consisting of hull conversion including life extension, module supports, living quarter and utility systems. BW Offshore will also be responsible for the operation for the first 18 months, plus additional support for another 18 months together with partner Queiroz Galvão Oil and Gas. The contract is a turnkey Engineering, Procurement, Construction, Installation contract (EPCI), in which BW Offshore will receive milestone payments throughout the contract period.

BW Offshore constantly seeks to improve its performance within project execution by continuously updating control systems, lowering risks and delivering with precision. BW Offshore has through more than 25 years of experience successfully delivered 15 FPSO projects.





David Sverre
EVP PROJECTS

OPERATIONS MEET EXPECTATIONS

BW Offshore operated five Floating Production Storage Offloading (FPSO) units and two Floating Storage Offloading (FSO) units in 2009.

During the year the BW Offshore fleet processed 73 million barrels of unstabilized oil, and stored and offloaded a total of 179 million barrels stabilized oil. The FPSOs had an average uptime of 99.7%.

The FPSO BW Cidade de São Vicente started production in April 2009 in accordance with plans and to the customer's satisfaction. The production unit operates for Petrobras in the Santos Basin in Brazil, in water depths of 2,200 meters. It is the first FPSO producing from a pre-salt reservoir on the Tupi field, and represents by this an important milestone for Brazil and for Petrobras. The production has been in accordance with the client's plans, with an uptime of 99,9 % and with no Lost Time Injuries (LTI) since commencing production. BW Offshore has established an operation office in Santos to support the operations.

The FPSO Yuum K'ak' Náab (YKN) has operated for PEMEX in the Mexican part of the Gulf of Mexico (GoM), since 2007. YKN maintained a high performance level in 2009 with 835 days passed without any LTI and a stable production with an uptime of 99.1%. A total of 49 million barrels of oil were produced, 156 million barrels of crude oil were exported and 271 offloading operations were performed during 2009.

In Mauritania, BW Offshore operates the FPSO Berge Helene for Petronas. The operation is going very well and is in accordance with plans and expectations. Berge Helene has a very good HSE track record with 1,338 days of operation without any LTI.

In Nigeria, BW Offshore operates the FPSO Sendje Berge on the Okwori field for the Sinopec International owned company Addax. Sendje Berge had a stable production in 2009 with an uptime of 99.7%, and keeps a record of 1,585 days since last reported LTI. BW Offshore started up new compressors for gas injection on Sendje Berge in 2009.

The FPSO Berge Okoloba Toru was in operation for Global Gas and Refining in Bonny River, Nigeria. The production unit was sold to the client in September 2009.

The FSO BW Nisa had a Charter Party with Vitol. This ended in March, and the unit went to warm lay up in July. BW Nisa is now the conversion candidate dedicated to the Papa Terra project for Petrobras in Brazil.

The FPSO BW Carmen successfully carried out a project for Shell in the North Sea during 2009. In preparation for an upcoming project, BW Offshore has repaired and upgraded the marine systems, including a new dynamic positioning system.

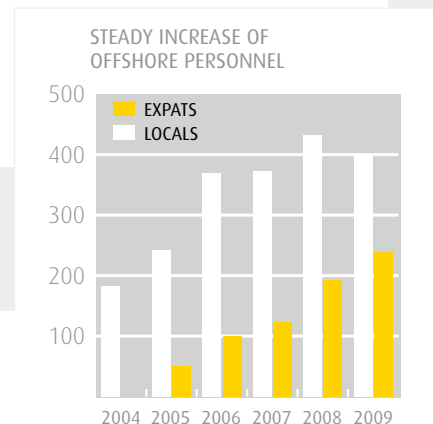
The FSO Belokamenka is owned by BW Offshore and operated by a joint venture of Rosnefteflot and BW Offshore. The production unit operates in the northern Russia close to Murmansk, and performs according to plans and expectations. During 2009 Belokamenka has increased its oil throughput resulting in an increased income.

Over the years BW Offshore has built up a competent and committed pool of production, marine and maintenance personnel to handle all the FPSO operations. Throughout the year efforts have been made to establish an efficient technical and maintenance onshore support to the FPSOs. In 2009 both onshore and offshore operation teams have been recruited and trained for BW Cidade de São Vicente in Brazil and for BW Pioneer in the US Gulf of Mexico respectively. Competence mapping and preparatory e-learning courses for the crew have had high focus throughout the year, in addition to leadership programs and a culture awareness program for offshore personnel.

With the slogan 'Go global - grow local' the number of local personnel has grown steadily over the last few years. BW Offshore keeps a strategic eye on, and a continued focus on local content and increase of local offshore personnel.

2009 SUMMARY

- FOCUS AND GOOD PERFORMANCE ON HSE
- STABLE PRODUCTION ON ALL UNITS
- SUCCESSFUL START UP OF OPERATION IN BRAZIL





BW OFFSHORE OWNS AND OPERATES THE FOLLOWING UNITS

Name of unit	Country of operation	Contract period
FPSOs		
Yuum K'ak' Náab	Mexico	2007-2022
BW Cidade De São Vicente	Brazil	2009-2018 + options
BW Pioneer*	US	2010-2015 + options
Berge Helene	Mauritania	2006-2013 + options
Sendje Berge	Nigeria	2005-2011 + options
BW Nisa**	Brazil	2010-2015 + options
Berge Okoloba Toru	Nigeria	Sold in September
BW Carmen***	-	-
FSO		
Belokamenka	Russia	2004-2019
Conversion candidates		
BW Ara	-	Uncommitted

* BW Pioneer commences operation on the Cascade & Chinook field in the US Gulf of Mexico in first half of 2010.

** BW Offshore signed contract for Papa Terra FPSO 1 February 2010. BW Offshore will utilize the ULCC BW Nisa for the project.

*** BW Offshore signed a Lol for the use of the FPSO BW Carmen with Ithaca Energy and partners in March 2010.



Jon Myran
EVP OPERATIONS

INCREASING TECHNOLOGY DEVELOPMENT TO MEET FUTURE DEMANDS

BW Offshore's technology division Advanced Production and Loading (APL) experienced low order intake in 2009, due to the low E&P activity.

IMPORTANT PROJECTS IN 2009 WERE:

- Completion of the Tupi external turret for Petrobras offshore Brazil
- Completion of the Submerged Turret Production buoy (STP) for the Cascade & Chinook field in the US Gulf of Mexico (GoM), for Petrobras Americas
- Delivery and installation of two Submerged Turret Loading buoys (STL) to Suez Energy for the Neptune offshore Liquefied Natural Gas (LNG) terminal
- Delivery of an STP to Mærsk for the Peregrino field offshore Brazil
- A Buoy Turret Loading system (BTL) to Total for the Pazflor development project in Angola
- Delivery of several offloading systems to field developments in the North Sea
- Delivery of oil and LNG loading equipment to several new projects

The After sale and Service activities experienced a high activity level through the year. This business has been less affected by the lack of new developments.

The APL division completed the management and technical service agreement with Nexus Floating Production

in 2009. The Nexus 1 FPSO was completed at Samsung and purchased by the Brazilian company OSX. The unit's STP buoy and mooring system have been assigned to the new owner. It is expected that the work will resume during 2010.

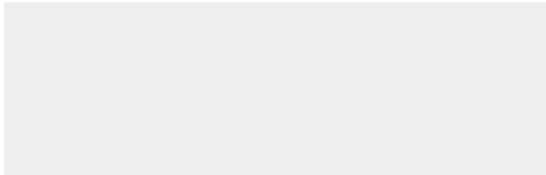
THE MAIN PROJECT AWARDS IN 2009 WERE:

- A mooring and riser system design for the Papa Terra project, for Petrobras
- A SAL system for the Hibernia development offshore Canada

During 2009 the APL division initiated and carried out a process for reducing capacity in line with expected future market demands.

For the coming year the technology division will increase focus on Research & Development (R&D) in order to meet the challenge posed by deeper/shallower water and for cost efficiency in future oil and gas developments. The development of swivel systems will have a particular focus together with the LNG offloading and transfer systems.





Erik Svendsen
EVP APL



A LONG TERM AND TARGETED COMMITMENT TO QUALITY, HEALTH, SAFETY AND ENVIRONMENT

Effective quality, health, safety and environment practices are essential for success.

QUALITY MANAGEMENT

BW Offshore has built up and implemented effective management systems and routines. During 2009, particular focus has been to establish a common management system for all parts of the business, and merging the Floating Production Storage Offloading (FPSO) and Advanced Production and Loading (APL) divisions into one management system. BW Offshore is certified in accordance with ISO 9001 Quality Management standard. The certificate recognises the way the company is managed through high quality processes and a continuous effort to improve performance.

HEALTH, SAFETY AND ENVIRONMENT

BW Offshore is committed to give priority to HSE matters in all operations, for all personnel on all the units and premises. BW Offshore seeks to provide a safe working environment, preventing injuries and ill health, reduces the environmental impact of the operations, and strives to continuously improve the HSE performance. BW Offshore is certified pursuant to several international standards within HSE, such as: ISO 14001 Environment Management, OHSAS 18001 Occupational Health and Safety Management as well as the International Safety Management code (ISM).

BW Offshore's incident trends for the FPSO operation is reduced by respectively 10% for Lost Time Injury (LTI) and 50% for Total Recordable Injury (TRI) as illustrated in the graph. As an example, the FPSO Sendje Berge has operated without any LTI for a period of 1,585 days at the end of 2009. Higher activity levels, in particular related to FPSO conversion projects, have increased the overall exposure to incidents during the past years, resulting in a slightly increased overall injury trend. Analyses of the incidents have been conducted and will be used for setting specific risk reducing targets for the year to come. No serious injuries or significant environmental incidents have been reported in 2009.

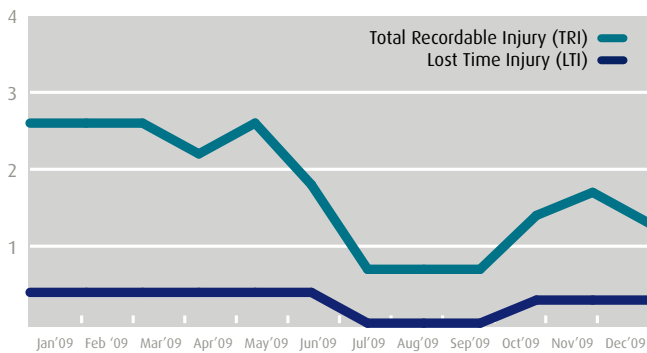
The chart below shows the incident trend for 2009 for the FPSO operations, based on the following terms:

- LTI: Injury at work in which the injured person is unable to resume his/her normal duties in the next shift or subsequent shifts
- TRI: The sum of all work-related lost time due to injuries, restricted work cases and medical treatment cases
- Rates: Number of incidents x 1,000,000/total exposure hours (for all personnel)





BW OFFSHORE FPSO OPERATIONS HSE STATISTICS, ALL HOURS
(12 months rolling average)





CORE VALUES

ACT RELIABLY IN EVERYTHING WE DO

COMMIT WITH OPENNESS

ADAPT THROUGH COMPETENCE

ENGAGE BY TEAM PLAY



CORPORATE GOVERNANCE

BW Offshore Limited is a Bermuda limited liability company (hereinafter the 'Company') listed on Oslo Børs (the Oslo Stock Exchange).

The Company and its activities are primarily governed by the Bermuda Companies Act, its Memorandum of Association and its Bye-Laws. Certain aspects of the Company's activities are governed by Norwegian law pursuant to the Listing Agreement between the Oslo Stock Exchange and the Company. In particular, the Norwegian Securities Trading Act and the Norwegian Stock Exchange Regulations will apply. However, the provisions regarding mandatory offer obligations in Chapter 4 of the Securities Trading Act do not apply to the Company, as these only apply to Norwegian companies.

The Board of Directors (the 'Board') is of the opinion that the best interests of the Company, and its shareholders taken as a whole, are best served by the adoption of business policies and practices which are legal, compliant, ethical and open in relation to all dealings with customers, potential customers and other third parties. These policies are fair and in accordance with best market practice in relationships with employees and are also sensitive to reasonable expectations of public interest.

The Board therefore commits the Company to good corporate governance, and has adopted the revised version - 21 October 2009 - of the Norwegian Code of Practice for Corporate Governance issued on 4 December 2007 (the 'Code'), prepared by the Norwegian Corporate Governance Board. Adherence to the Code is according to a 'comply or explain' principle. Deviations to the Code are as outlined and explained below.

1. The Business

The Company's objectives and main strategies are described in this annual report.

2. Equity and Dividends

The Board continuously evaluates the Company's capital requirements to ensure that the Company has an equity ratio adapted to its goal, strategy and risk profile.

Pursuant to the Company's Bye-Laws, the Board is authorised to declare dividend(s) to the shareholders. To date, the Board has not exercised this authority. The Board will draw up a clear and predictable dividend policy as a basis for its declarations of dividends; such a policy will be published upon its adoption.

Pursuant to the Company's Bye-Laws, the Board is authorised to (1) alter the share capital in a manner permitted by the Bermuda Companies Act, and (2) purchase its own shares in accordance with the Bermuda Companies Act. These authorities are wider than recommended by the Code.

3. Ensure equitable treatment of shareholders and transactions with associates

The Company has one class of shares, and each share has one vote at the general assembly.

The Board's authority to alter the share capital and to purchase its own shares means that the Board, within the scope of the Bermuda Companies Act, is free to decide how the alteration of share capital and purchase or sale of its own shares shall take place. The Board will monitor the process of such alteration of share capital and purchase or sale of its own shares to ensure the equal treatment of shareholders.

In case of material transactions between the Company and a shareholder, director, officer, other leading personnel, or persons closely related to any of these, the Board will obtain a valuation from an independent third party.

During 2009, no material transaction of such nature took place.

Directors and officers of the Company and other leading personnel shall notify the Board if they directly or indirectly have a significant interest in an agreement to be entered into by the Company.

4. Freely negotiable shares

In general, the shares in the Company are freely transferable. However, the Board may refuse to register the transfer of any share, and may direct the Registrar to decline (and the Registrar shall decline if so requested) to register the transfer of any interest in a share held through Verdipapirsentralen (VPS), where such transfer would, in the opinion of the Board, be likely to result in 50% or more of the aggregate issued and outstanding share capital of the Company, or shares of the Company to which are attached 50% or more of the votes attached to all issued and outstanding shares of the Company, being held or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively, such shares being effectively connected to a Norwegian business activity, or the Company otherwise being deemed a Controlled Foreign company pursuant to Norwegian tax legislation.

5. General meetings

The annual general meeting will normally take place within 31 May each year. Notice of the meeting will normally be sent at least two weeks before the general meeting takes place. Documentation containing the information necessary for the shareholders to make decisions on all the items on the agenda will be included in this notice, including the recommendation from the Nomination and Compensation Committee. The Board may decide by the notice of the meeting that shareholders who intend to attend the general meeting shall give notice to the Company within a time limit expiring not earlier than five days prior to the general meeting.

Registration is made in writing, per telefax or by e-mail. The Board wishes to make efforts to enable as many shareholders as possible to attend. Shareholders who are not able to attend are invited to meet by proxy, and efforts will be made for the proxies to relate to each individual item on the agenda.

Pursuant to the Company's Bye-Laws, the general meeting will be chaired by the chairman of the Board unless other

wise agreed by a majority of those shares represented at the meeting.

6. Nomination and Compensation Committee

In 2009, the Company's Compensation Committee was given the responsibility to propose members to the Board of Directors. The Compensation Committee has, as a consequence, changed its name to the Nomination and Compensation Committee.

7. The Board; composition and independence

The Board shall consist of between six to ten directors. The directors are elected for a period of two years unless otherwise determined by the general meeting. Only a minority of the directors participating in any decision can be domiciled or living in Norway. The same shall be reflected in the composition of the Board. The Board appoints the chairman amongst the elected Board members.

The Company shall have a majority of directors that are independent from the manager, the main shareholder and main business partners. Furthermore, the Board shall include at least two directors that are independent from the Company's main shareholders, i.e. shareholders holding more than 10% of the shares.

Currently, the Company has six Board members, with one female director. The composition of the Board does not meet the recommended gender guidelines of the Code, but meets the Company's need for expertise and diversity. The directors are presented on the Company's website (www.bwoffshore.com).

8. The work of the Board

The Board is ultimately responsible for the management of the Company and for supervising its day-to-day management. The duties and tasks of the Board are detailed in the Company's Bye-Laws.

In order to conduct its work, the Board each year fixes in advance a number of regular scheduled meetings of the Board for the following calendar year, although additional meetings may be called by the chairman. The directors

shall normally meet in person, but if so allowed by the chairman, directors may participate in any meeting of the Board by means of telephone. Minutes in respect of the meetings of the Board of Directors are kept by the Company in Bermuda.

The Board has approved mandates for and established an Audit Committee and a Nomination and Compensation Committee in order to ensure enhanced attention to financial reporting and remuneration.

The Board carries out an annual evaluation of its work.

9. Risk management and internal control

The Board ensures that the Company has satisfactory internal control procedures to manage its exposure to risks related to the conduct of the Company's business, to support the quality of its financial reporting and to ensure compliance with laws and regulations. Such procedures and systems shall contribute to securing shareholders investment and the Company's assets.

Management and internal control is based on Company-wide policies and internal guidelines in areas such as Finance and Accounting, HSE, Project Management, Operation, Technical and Business Development, in addition to implementation and follow-up of a risk assessment process. The Company's management system is central in the Company's internal control and ensures that the Company's vision, policies, goals and procedures are known and adhered to.

HSSEQ and Risk Management Division (including Internal Control) is independent from the line management and reports directly to the CEO. In addition to its own controlling bodies and external audit, the Company is subject to external supervision by Det Norske Veritas (DNV) for classification in accordance with ISO.

An annual supervisory plan for internal audit work is approved by the CEO, based on HSSEQ recommendations and risk assessments carried out.

The Board's Audit Committee follows up internal control in connection with quarterly reviews of the Group's financial reporting in addition to two meetings in which internal control issues are addressed specifically. The chief financial officer, the internal auditor, the Company's other relevant senior staff and representatives of the external auditor, attend the meetings of the Audit Committee.

BW Offshore has established a Code of Conduct for the Company and its employees.

10. Remuneration of the Board of Directors

The general meeting decides the remuneration of the Board. The remuneration of the Board and its individual directors shall reflect the Board's responsibility, competence, use of resources and the complexity of the business activities.

The directors do not receive profit related remuneration or share options or retirement benefits from the Company. Directors or companies related to BW Offshore, shall not normally undertake special tasks for the Company in addition to the directorship. However, if they do so, the entire Board shall be informed, and the fee shall be approved by the Board.

Remuneration of the directors is stated in the annual report.

11. Remuneration of the executive personnel

Remuneration of the executive personnel is reviewed annually. The work is carried out by the Nomination and Compensation Committee, which considers the executive personnel's performance and also gathers information from comparable companies before making its recommendation to the Board for approval.

Any share option programs in the Company available to the employees of the Company and subsidiaries, is approved by the Board. Detailed information of remuneration, loans, shareholding of the management and any share option programs can be found in note 9, which is included as an integral part of the consolidated financial statements.

12. Information and communications

The Company is committed to provide information in a manner that contributes to establishing and maintaining confidence with important interest groups. The information shall be based upon openness and equal treatment of all shareholders. A precondition for the share value to reflect the underlying values in the Company is that all relevant information is disclosed to the market. Based on this, the Company will endeavour to keep the shareholders informed about profit developments, prospects and other relevant factors for their analysis of the Company's position and value. It is emphasised that the information is uniform and simultaneous.

A currently updated financial calendar with dates for important events, such as general meeting, publishing of interim annual reports, dates for payment of potential dividend etc shall be accessible for the shareholders on www.oslobors.no and on the Company's website www.bwoffshore.com.

Public investor presentations are arranged in connection with submission of annual and quarterly results for the Company. The presentations are accessible on the Company's website. Furthermore, continuous dialogue is held with, and presentations are given, to analysts and investors.

13. Take-overs

There are no defence mechanisms stated in the Bye-Laws against acquisition of shares other than referred to in section 5 above, and no measures are taken to limit the opportunity of buying shares in the Company.

In the event that an offer is made for the shares of the Company, the Board will:

- issue a statement evaluating the offer and making recommendations as to whether the shareholders should accept the offer or not. If the Board finds that it is unable to give a recommendation, the Board will explain the reason for not giving a recommendation. The statement should show whether the decision was unanimous, and

if not, the background for why certain Board members did not adhere to the statement; and

- consider arranging a valuation from an independent expert. If any member of the Board or executive personnel or close associates of such individuals or anyone who has recently held such position is either the bidder or has a particular interest in the Company, the Board will arrange for an independent valuation in any case. The same applies if the bidder is a major shareholder.

Any transaction that is in effect a disposal of the Company's activities shall be decided by the general meeting.

14. Auditor

The auditor is appointed by the general meeting and is responsible for the audit of the consolidated financial statements of the Company. The auditor shall annually present an audit plan to the Audit Committee and/or the Board.

The auditor participates in the Audit Committee's review and discussion of the annual accounts and quarterly interim accounts.

In these meetings, the Audit Committee is informed of the annual and quarterly accounts and issues of special interest to the auditor, including possible disagreements between the auditor and the management.

The Audit Committee annually arranges for a meeting with the auditor in which a report from the auditor dealing with the Company's accounting principles, risk management and internal control routines are reviewed. At least once a year a meeting is held between the auditor and the Audit Committee without the presence of representatives from the management.

The auditor shall annually confirm his independence in writing to the Audit Committee. The Board shall give an account to the general meeting of the auditor's fee, including details of the fee paid for audit work and any fees paid for other specific assignments.

SHAREHOLDER INFORMATION

BW Offshore’s shareholder policy aims to maximise return to shareholders.

A main focus for BW Offshore’s shareholder policy and investor relation policy is to ensure equal treatment of its shareholders and an efficient pricing of the Company’s equity in the stock market. The Company will ensure the market is correctly informed through its quarterly financial reports, annual reports, stock exchange notices and press releases. All relevant information is also available on BW Offshore’s investor relations website (www.bwoffshore.com).

BW Offshore does not currently have any dividend policy.

The total number of shares in BW Offshore is 456.2 million. By the end of 2009 shares were priced at NOK 8.50, corresponding to a market cap of USD 670 million. The Company’s shares are listed on the main board of the Oslo Stock Exchange, with ticker code BWO. Company share liquidity is of high importance to BW Offshore, and the Company shall continue to work towards improving the volume in the stock.

BW Offshore has experienced a growing interest in the Company from investors and analysts, and by the end of 2009, 12 stock brokers had coverage of BW Offshore. A list of these analysts can be found on BW Offshore’s website.

LARGEST SHAREHOLDERS AS OF 31 DECEMBER 2009

Name	No of shares	Shares %
1 BW GROUP LIMITED*	305,436,227	67.0%
2 BANK OF NEW YORK	18,666,535	4.1%
3 CREDIT SUISSE SECURITIES	12,705,949	2.8%
4 ODIN NORDEN	11,426,975	2.5%
5 ODIN NORGE	10,767,601	2.4%
6 ODIN OFFSHORE	9,809,000	2.2%
7 KOLBJØRN INVEST II AS	5,600,000	1.2%
8 JPMORGAN CHASE BANK	5,184,224	1.1%
9 SKANDINAVISKA ENSKIL	3,888,100	0.9%
10 BANK OF NEW YORK	3,825,934	0.8%
11 DNB NOR SMB VPF	3,300,000	0.7%
12 HOLBERG NORDEN	3,253,525	0.7%
13 KLP LK AKSJER	3,192,000	0.7%
14 DEUTSCHE BANK AG	3,089,000	0.7%
15 UBS AG, LONDON BRANCH	3,001,209	0.7%
16 BANK OF NEW YORK	2,813,120	0.6%
17 BW OFFSHORE LTD	2,760,793	0.6%
18 ODIN EUROPA	2,190,174	0.5%
19 HOLBERG NORGE	2,130,600	0.5%
20 ODIN MARITIM	1,900,000	0.4%
Top 20 shareholders	414,940,966	91.0%
Total shares outstanding	456,213,515	

* BW Group Limited is approximately 93% owned by companies controlled by corporate interests associated with the Sohmen family. Chief Executive Officer and Key Management owned a total of 5,752,139 (5,622,139 in 2008) and 634,433 (363,322 in 2008) shares, respectively, in the Company at 31 December 2009.

SHAREPRICE (NOK)



FINANCIAL INFORMATION
2009
2008
P&L

Operating revenue	408.8	474.3
Operating expenses	(274.6)	(433.8)
Transactions related to associates	(45.6)	(84.7)
EBITDA	88.6	(44.2)
Depreciation	(42.2)	(29.8)
Amortisation, gains/loss and write downs	(23.2)	(355.5)
Operating profit (EBIT)	23.2	(429.5)
Net financial items	(20.6)	(87.9)
Profit before tax	2.6	(517.4)
Income tax expense	(11.4)	(15.2)
Net profit	(8.8)	(532.6)

Balance sheet

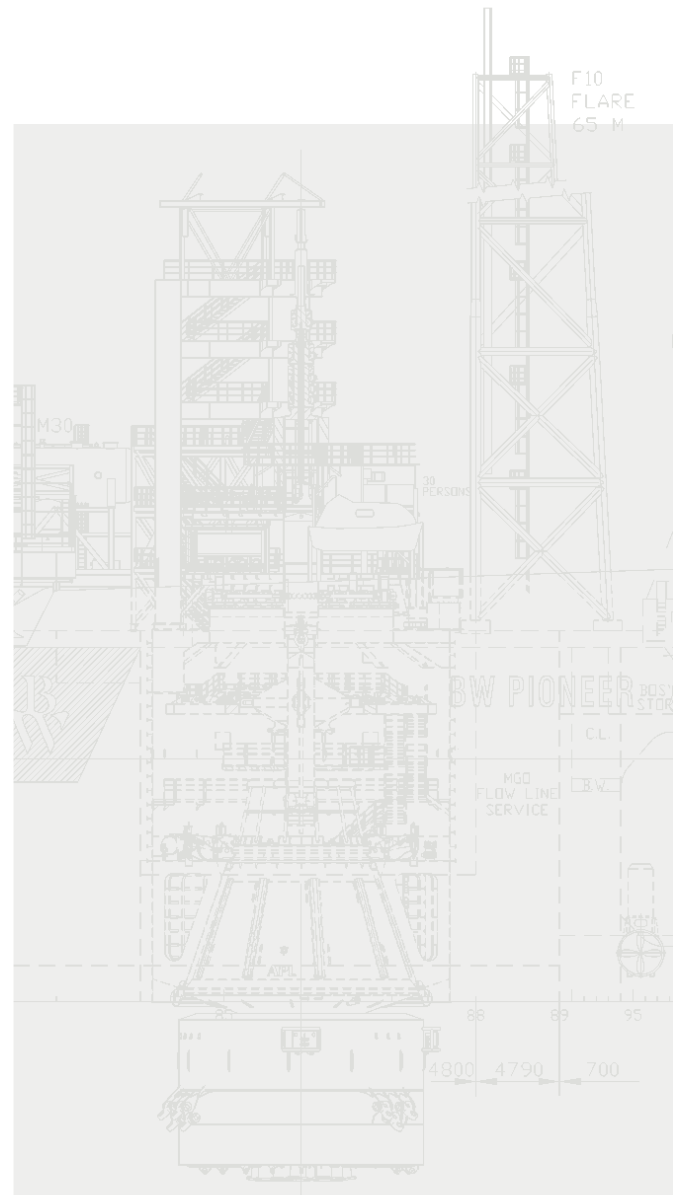
Total assets	2,393.5	2,301.4
Interest bearing debt	1,080.6	936.4
Cash and cash equivalents	68.0	67.7
Non-current deposits	163.3	283.5
Net interest bearing debt (NIBD)	849.3	585.2
Total equity	920.9	923.4

Cash flow

Net cash flow from operating activities	186.9	101.8
Net cash flow from investing activities	(367.9)	230.5
Net cash flow from financing activities	181.3	(301.1)
Net change in cash and cash equivalents	0.3	31.2
Cash and cash equivalents at end of period	68.0	67.7

Key figures

Equity ratio	38.5%	40.1%
Debt to equity ratio	92.2%	63.4%
EBITDA margin	21.7%	(9.3%)
Return on average capital employed (ROACE)	7.9%	(35.2%)
Return on equity (ROE)	(0.1%)	(24.1%)
Number of shares	456.2	456.2
Number of shares fully diluted	456.2	456.2
Shareprice - NOK	8.50	4.30
Shareprice - USD	1.47	0.62
Market cap - million NOK	3,878.0	1,962.0
Market cap - million USD	670.0	281.0
Enterprise value (EV) - million USD	1,519.0	866.0



Knut R. Sæthre
CFO

DIRECTORS' REPORT

BW Offshore (the 'Company') is one of the world's leading contractors for floating production systems and related technologies.

The Company was incorporated in Bermuda on 7 June 2005 and has been listed on the Oslo Stock Exchange (ticker 'BWO') since 2006. The Company was established to capitalize on the growing demand for offshore floating production and storage facilities.

The Company is a provider of Floating Production, Storage and Offloading vessels (FPSOs) and Floating Storage and Offloading vessels (FSOs) by offering operational lease arrangements as well as Engineering Procurement Commissioning Installation (EPCI) contracts. In addition, the Company provides turret mooring systems and offshore terminals on EPCI basis through the APL (Advanced Production and Loading) division. In 2009, the floating production division (the 'FPSO division') had assets operating offshore Brazil, Malaysia, Mauritania, Mexico, Nigeria, Russia, and the UK and will commence operations in the USA in 2010.

The Company's core strengths are:

- Wide geographical presence
- Project execution
- Operations
- In-house technology
- Installation services

In selecting new projects the Company strives to increase shareholder value. The Company will actively consider consolidation opportunities if these contribute to shareholder value.

At 31 December 2009, the Company held 23.9% of the shares in Prosafe Production Public Limited. Prosafe Production is headquartered in Limassol, Cyprus and is listed on the Oslo Stock Exchange (ticker 'PROD'). Prosafe Production is an owner and operator of FPSOs with significant operational experience from the world's largest oil and gas fields.

OPERATIONS

BW Offshore owns and operates five FPSOs and one FSO. In addition, the Company owns the VLCC BW Ara, a conversion candidate with a storage capacity of 2.0 million barrels.

1. The FPSO Yùum K'ak' Nàab is in operation at the KMZ field for Pemex on a long term contract.
2. The FPSO BW Carmen has been in operation on short term lease contracts in the Norwegian and UK sector of the North Sea. She completed one charter for Shell during the second half of 2009. The FPSO is now being marketed for new contracts.
3. The FPSO Sendje Berge is in operation at the Okwori field offshore Nigeria for Sinopec. The contract expires in September 2011, but the client has an option to extend for another two years.
4. The FPSO Berge Helene is in operation at the Chinguetti field offshore Mauritania for Petronas.
5. The FPSO BW Cidade de São Vicente is in operation at the Tupi field offshore Brazil for Petrobras.
6. The Arctic FSO Belokamenka operates as an oil terminal in Kola Bay, Russia for Rosnefteflot. The vessel has a storage capacity of 2.4 million barrels.

BW Offshore, together with its Brazilian consortium partners in QUIP and QGOG, has signed a contract for the FPSO P-63 with the Papa Terra Joint Venture (Petrobras and Chevron). BW Offshore's main responsibility will be to deliver the marine scope of the FPSO conversion, including the hull, offloading system and mooring equipment for the vessel. The ULCC BW Nisa (323,000 dwt) will be utilised for this project.



The FPSO Berge Okoloba Toru operating in Nigeria was sold during the year.

The conversion of the FPSO BW Pioneer has continued through 2009. In late January 2010, BW Pioneer set sail from Singapore for US waters to commence operations for Petrobras at the Cascade & Chinook field. BW Pioneer will be the first FPSO to operate in the US Gulf of Mexico. The dayrate to be received from this unit will add significantly to the Company's cash flow.

The total order backlog for the FPSO division and APL division represents a total value of approximately USD 3.2 billion including likely extensions.

FINANCIAL RESULT

The operating profit before depreciation, interest and taxes (EBITDA) for BW Offshore with subsidiaries (the 'Group') for 2009 was USD 86.6 million compared to USD -44.2 million in 2008. Operating profit increased to USD 23.2 million in 2009, compared to USD -429.5 million in 2008. Net loss was reduced by USD 523.8 million to USD -8.8 million in 2009, compared to a loss of USD 532.6 million in 2008. The results have been negatively affected by share of the losses of associated companies of USD 45.6 million.

The Group's revenue derived from charter hire increased from USD 168.0 million to USD 185.2 million in 2009. The increase was primarily attributable to increased activity as the FPSO Cidade de São Vicente commenced operation during first half of the year. Revenue derived from lease interests decreased by USD 2.7 million to USD 20.2 million in 2009, compared to USD 22.9 million in 2008. The decrease in lease interests is mainly related to lower contribution from the gas splitter module installed onboard Berge Okoloba Toru, which was sold during the year. Lease revenue derives from the operation of the

FPSO Yuum Kak' Nàab, the lease of the FSO Belokamenka, the lease of a gas splitter module installed onboard Berge Okoloba Toru and the lease of equipment onboard Sendje Berge.

Operating expenses include all expenses related to the operation of the FPSOs and FSOs, including charges for doubtful debts. Total operating expenses were USD 84.2 million in 2009 compared to USD 143.3 million in 2008. The decrease in operating expenses was mainly attributable to lower operating costs on Yuum Kak' Nàab and reduced charges for bad debt offset by the commencement of operation of the FPSO BW Cidade de São Vicente.

Administrative expenses include expenses that are not attributable to the operation of the Company's FPSOs and FSOs, primarily employment expenses incurred by the operating offices in Oslo, Arendal and Singapore, and all other administrative expenses. Total administrative expenses amounted to USD 37.5 million in 2009 compared to USD 58.0 million in 2008.

Depreciation and amortisation amounted to USD 63.9 million in 2009, compared to USD 51.3 million in 2008. The increase is mainly due to depreciation of the FPSO BW Cidade De São Vicente which commenced operation during the year.

Currency exchange gains were USD 2.6 million in 2009, compared to losses of USD 2.5 million in 2008. Net loss on changes in fair value of financial instruments amounted to USD 5.5 million in 2009, compared to a loss of USD 44.1 million in 2008. The loss is mainly due to unfavourable fair value movement on interest rate swaps. Net interest expense in 2009 was USD 14.9 million compared to USD 33.6 million in 2008.

Tax expense decreased by USD 3.8 million to USD 11.4 million in 2009 compared to USD 15.2 million in 2008. The Group is not subject to taxation in Bermuda, however the Group is subject to taxation in the various countries in which it operates.

Total assets increased from USD 2,301.4 million at 31 December 2008 to USD 2,393.5 million at 31 December 2009. The increase is mainly attributable to increased book value of conversion projects offset by the negative share of profit of the Group's investment in associated companies. At 31 December 2009, the Group had a net equity of USD 920.9 million compared to USD 923.4 million on 31 December 2008. At 31 December 2009, the Group has long term interest-bearing debt of USD 1,080.3 million and short-term interest bearing debt of USD 0.3 million, compared to USD 936.0 million and USD 0.4 million, respectively, on 31 December 2008. A favourable export financing scheme (CIRR financing) of total USD 161.1 million has been drawn down on two loan facilities with Eksportfinans ASA at 31 December 2009. The proceeds of the CIRR financing have been invested as long term bank deposits. Net interest-bearing debt at 31 December 2009 was USD 893.3 million at an average interest rate of 1.9% in 2009.

Net cash inflow from operating activities in 2009 amounted to USD 186.9 million compared to net cash inflow of USD 101.9 million in 2008. The improved cash inflow reflects the improvements in operations experienced in 2009. Net cash outflow from investment activities in 2009 amounted to USD 367.9 million compared to net cash inflow of USD 230.5 million in 2008. Net cash outflow from investment activities in 2009 mainly relates to the conversion of the FPSO BW Cidade De São Vicente and the FPSO BW Pioneer.

ENVIRONMENTAL ISSUES

The activities of the Company are subject to environmental regulations pursuant to a variety of international conventions and state and municipal laws and regulations, which

the Company is committed to uphold, and where possible, exceed. Compliance with such regulations can require significant expenditures and in the unlikely event breaches occur, this may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcements, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental laws may result in a material increase in the costs of operating the Company's units or otherwise adversely affect the Company's financial condition, results of operations or prospects. These concerns apply to all entities operating in the FPSO and FSO market.

The discharge of oil, natural gas or other pollutants into the air or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. Environmental laws may also expose the Company to liability for the conduct of or conditions caused by others, or for acts of the Company which were in compliance with all applicable laws at the time such actions were taken. Furthermore, some environmental laws provide for joint and several strict liabilities for remediation of releases of hazardous substances, which could result in liability for environmental damage without regard to negligence or fault. The Company had no significant harmful environmental spills during 2009.

The Company takes out insurance cover for injuries to crew, damage to vessels, loss of income and third-party liabilities. The insurance also covers losses resulting from acts of war and terrorism. Cover for oil pollution and oil pollution caused by war and war-like actions are limited per incident.

HEALTH, SAFETY, SECURITY, ENVIRONMENT, QUALITY

Health, safety, security, working environment and quality ('HSSEQ') have high priority in all parts of the Company's management, conversions and operations of FPSOs and

FSOs, construction and support service processes. BW Offshore's management has established policies for safety, security, occupational health and environmental management. Measurable targets are defined for each onshore and offshore unit to ensure compliance with the adopted policies and to maintain a continuous improvement cycle. Personnel training and familiarisation with the said policies are recognised as key activities in order to achieve a HSESEQ culture of the highest standard and minimise risks.

BW Offshore's management systems address HSESEQ in detail and are compliant with and certified in accordance with the International Safety Management code ('ISM') for the safe operation of ships and for pollution prevention. BW Offshore's FPSOs are certified in accordance with the requirements in the International Ship and Port Facility Security Code. In addition, BW Offshore is certified by the following international HSESEQ standards:

- ISO 9001 - Quality Management
- ISO 14001 - Environmental Management
- OHSAS 18001 - Occupational Health and Safety Management

There were 7 Lost Time Incidents (LTIs) reported in 2009 for the entire organisation, of which 5 were subcontractor LTIs. Total LTI-rate and total TRI-rate (Total Recordable Incidents) for the Company in 2009 (2008) were 0.6 (0.2) and 2.4 (1.8), respectively.

The Board considers that the working environment in the Company is good. Absence due to sickness amounted to 2.9% of total hours worked by employees in 2009. During the year, several initiatives were taken to further improve the working environment. Offshore personnel conferences, including cultural awareness program, as well as leadership program for OIM's and supervisors are examples of initiatives relating to offshore personnel, while alignment of policies and procedures on a global scale is an example of an onshore initiative.

BW Offshore currently has 1092 employees. The Company wants to be considered an attractive workplace and attaches importance to offering challenging and motivating jobs and equal development opportunities for all, regardless of gender, nationality, culture or religion. There is no discrimination due to gender with respect to remuneration, promotion or recruitments.

CORPORATE GOVERNANCE

Good corporate governance is considered to play a key role in creating shareholder value and building investor confidence, thereby ensuring an optimal capital cost. Bermuda does not have a corporate governance code applicable to the Company, but the Board of Directors of the Company has adopted a Corporate Governance Policy to reflect BW Offshore's commitment to good corporate governance. This Policy is based on the 'Norwegian Guidelines on Corporate Governance' dated 21 October 2009, prepared by the Norwegian Corporate Governance Board, given the listing in Norway. The objective of the Code of Practice is that companies listed in Norway will practice corporate governance that regulates the division of roles between shareholders, the Board of Directors and executive management more comprehensively than is required by legislation. BW Offshore's Corporate Governance Policy complies with the Norwegian Guidelines with certain deviations as outlined and explained in a separate chapter in the Annual report.

As of 31 December 2009, BW Group Limited owns 67.0% of BW Offshore Limited.

GOING CONCERN

Based on the Company's current fleet, contracts and overall position at the end of the year, and the current amendments to the loan facilities, the Board is of the opinion that the Company has a good basis for continued operations. The accounts have therefore been prepared on a 'going concern' basis.

RISK

The Company's risk exposure is analysed and evaluated at Group level to ensure sound internal control and appropriate risk management based on the Group's values and code of ethics. The most important operational risk factors are related to the operation of FPSOs and the execution of projects. The financial risks mainly comprise of currency, credit and interest rate risks, as well as the performance of the Company's investments in associates. Future oil prices will to a significant degree decide the number of available projects, and their attractiveness in respect of costs and terms and conditions of contracts. It could also be difficult in the current market to obtain financing for new projects at acceptable terms, which could limit new opportunities.


OUTLOOK

The market activity has continued to pick up through the course of the fourth quarter in line with our expectations. It is the Company's expectation that the activity level will continue to improve through 2010.

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

The Company's FPSO BW Pioneer is expected to arrive in US waters late March 2010. The vessel will contribute to a significant growth of the EBITDA for the FPSO segment. The APL segment, although still affected by the reduction in the Exploration & Production activity, is experiencing improved activity level. It is expected that this will result in improvements in the business prospects during the course of 2010.

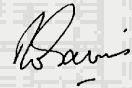
Bermuda, 26 March 2010



Dr. Helmut Sohmen
Chairman



Mr. Christophe Pettenati-Auzière
Vice Chairman



Mr. David Gairns



Ms. Kathie Child-Villiers



Mr. René Huck



Mr. Andreas Sohmen-Pao



Dr. Helmut Sohmen
Chairman



Mr. Christophe Pettenati-Auzière
Vice Chairman



Ms. Kathie Child-Villiers



Mr. René Huck



Mr. David Gairns



Mr. Andreas Sohmen-Pao

BW Offshore Limited

Clarendon House, 2 Church Street
Hamilton, HM11
Bermuda

BW Offshore AS

Drammensveien 149
P.O. Box 33 Skøyen
NO-0212 Oslo
Norway
Tel: +47 2313 0000
Fax: +47 2313 0001
bwoffshore@bwoffshore.com

BW Offshore Singapore Pte. Ltd.

8, Shenton Way, # 49-03
Singapore 068811
Tel.: +65 63250388
Fax: +65 63231263

www.bwoffshore.com
www.apl.no

Global presence

Hamilton, Bermuda
Limassol, Cyprus
Oslo, Arendal and Stavanger, Norway
Houston and Houma, USA
Inverkeithing, Scotland, UK
Rouen, France
Rio de Janeiro and Santos, Brazil
Shanghai, PRC
Singapore
Nouakchott, Mauritania
Campeche, Mexico
Lagos, Nigeria

BW OFFSHORE LIMITED CONSOLIDATED FINANCIAL STATEMENTS 2009



02 TABLE OF CONTENTS

03-05 DIRECTORS' REPORT

06 RESPONSIBILITY STATEMENT

07 INDEPENDENT AUDITOR'S REPORT

08-38 CONSOLIDATED FINANCIAL STATEMENTS

39-47 PARENT COMPANY FINANCIAL STATEMENTS

Table of contents

BW OFFSHORE LIMITED CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT 2009	3
RESPONSABILITY STATEMENT	6
INDEPENDENT AUDITOR'S REPORT	7
CONSOLIDATED STATEMENTS OF INCOME	8
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	9
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	10
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	11
CONSOLIDATED STATEMENTS OF CASH FLOW	12

NOTES

1 GENERAL	13
2 SIGNIFICANT ACCOUNTING POLICIES	13
3 CRITICAL ACCOUNTING ESTIMATES AND ASSESSMENTS	19
4 LIST OF SUBSIDIARIES	20
5 SEGMENT INFORMATION	21
6 LEASES	22
7 CONSTRUCTION CONTRACTS	23
8 SPECIFICATION OF OPERATING EXPENSES VESSELS AND ADMINISTRATIVE EXPENSES	23
9 EMPLOYEE BENEFIT EXPENSES, REMUNERATION TO DIRECTORS AND AUDITORS ETC.	24
10 INCOME TAX EXPENSE	24
11 FPSO'S, FSO'S AND VESSELS UNDER CONSTRUCTION	25
12 PROPERTY AND OTHER EQUIPMENT	26
13 INTANGIBLE ASSETS	26
14 INVESTMENTS IN ASSOCIATED COMPANIES	27
15 CASH AND CASH DEPOSITS	28
16 SHARE CAPITAL OF THE COMPANY, LARGEST SHARE- HOLDERS, PAR VALUE ETC.	29
17 TRADE RECEIVABLES	30
18 FINANCIAL RISK MANAGEMENT	30
19 RETIREMENT BENEFIT OBLIGATIONS	33
20 LOAN FACILITIES	34
21 INVESTMENT IN JOINT VENTURE	35
22 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES	36
23 EARNINGS PER SHARE	36
24 RELATED PARTIES TRANSACTIONS	36
25 COMMITMENTS	37
26 PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES	37
27 TRADE AND OTHER PAYABLES	37
28 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE	37

BW OFFSHORE LIMITED PARENT COMPANY FINANCIAL STATEMENTS

STATEMENTS OF INCOME	39
STATEMENTS OF COMPREHENSIVE INCOME	40
STATEMENTS OF FINANCIAL POSITION	41
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	42
STATEMENTS OF CASH FLOW	43

NOTES

1 GENERAL INFORMATION	44
2 ACCOUNTING POLICIES	44
3 OPERATING EXPENSES	45
4 SHARES IN SUBSIDIARIES	46
5 INTRA-GROUP LOANS AND RECEIVABLES	46
6 INCOME TAX	46
7 SHARE CAPITAL	46
8 CASH AND CASH EQUIVALENTS	46
9 GUARANTEES AND INTEREST-BEARING LOANS AND BORROWINGS	47
10 OTHER INTEREST FREE CURRENT LIABILITIES	47
11 FINANCIAL ASSETS AND LIABILITIES	47

DIRECTORS' REPORT

BW Offshore (the 'Company') is one of the world's leading contractors for floating production systems and related technologies.

The Company was incorporated in Bermuda on 7 June 2005 and has been listed on the Oslo Stock Exchange (ticker 'BWO') since 2006. The Company was established to capitalize on the growing demand for offshore floating production and storage facilities.

The Company is a provider of Floating Production, Storage and Offloading vessels (FPSOs) and Floating Storage and Offloading vessels (FSOs) by offering operational lease arrangements as well as Engineering Procurement Commissioning Installation (EPCI) contracts. In addition, the Company provides turret mooring systems and offshore terminals on EPCI basis through the APL (Advanced Production and Loading) division. In 2009, the floating production division (the 'FPSO division') had assets operating offshore Brazil, Malaysia, Mauritania, Mexico, Nigeria, Russia, and the UK and will commence operations in the USA in 2010.

The Company's core strengths are:

- Wide geographical presence
- Project execution
- Operations
- In-house technology
- Installation services

In selecting new projects the Company strives to increase shareholder value. The Company will actively consider consolidation opportunities if these contribute to shareholder value.

At 31 December 2009, the Company held 23.9% of the shares in Prosafe Production Public Limited. Prosafe Production is headquartered in Limassol, Cyprus and is listed on the Oslo Stock Exchange (ticker 'PROD'). Prosafe Production is an owner and operator of FPSOs with significant operational experience from the world's largest oil and gas fields.

OPERATIONS

BW Offshore owns and operates five FPSOs and one FSO. In addition, the Company owns the VLCC BW Ara, a conversion candidate with a storage capacity of 2.0 million barrels.

1. The FPSO Yuum K'ak' Nàab is in operation at the KMZ field for Pemex on a long term contract.
2. The FPSO BW Carmen has been in operation on short term lease contracts in the Norwegian and UK sector of the North Sea. She completed

one charter for Shell during the second half of 2009. The FPSO is now being marketed for new contracts.

3. The FPSO Sendje Berge is in operation at the Okwori field offshore Nigeria for Sinopec. The contract expires in September 2011, but the client has an option to extend for another two years.
4. The FPSO Berge Helene is in operation at the Chinguetti field offshore Mauritania for Petronas.
5. The FPSO BW Cidade de São Vicente is in operation at the Tupi field offshore Brazil for Petrobras.
6. The Arctic FSO Belokamenka operates as an oil terminal in Kola Bay, Russia for Rosnefteflot. The vessel has a storage capacity of 2.4 million barrels.

BW Offshore, together with its Brazilian consortium partners in QUIP and QGOG, has signed a contract for the FPSO P-63 with the Papa Terra Joint Venture (Petrobras and Chevron). BW Offshore's main responsibility will be to deliver the marine scope of the FPSO conversion, including the hull, offloading system and mooring equipment for the vessel. The ULCC BW Nisa (323,000 dwt) will be utilised for this project.

The FPSO Berge Okoloba Toru operating in Nigeria was sold during the year.

The conversion of the FPSO BW Pioneer has continued through 2009. In late January 2010, BW Pioneer set sail from Singapore for US waters to commence operations for Petrobras at the Cascade & Chinook field. BW Pioneer will be the first FPSO to operate in the US Gulf of Mexico. The dayrate to be received from this unit will add significantly to the Company's cash flow.

The total order backlog for the FPSO division and APL division represents a total value of approximately USD 3.2 billion including likely extensions.

FINANCIAL RESULT

The operating profit before depreciation, interest and taxes (EBITDA) for BW Offshore with subsidiaries (the 'Group') for 2009 was USD 86.6 million compared to USD -44.2 million in 2008. Operating profit increased to USD 23.2 million in 2009, compared to USD -429.5 million in 2008. Net loss was reduced by USD 523.8 million to USD -8.8 million in 2009, compared to a loss of USD 532.6

million in 2008. The results have been negatively affected by share of the losses of associated companies of USD 45.6 million.

The Group's revenue derived from charter hire increased from USD 168.0 million to USD 185.2 million in 2009. The increase was primarily attributable to increased activity as the FPSO Cidade de São Vicente commenced operation during first half of the year. Revenue derived from lease interests decreased by USD 2.7 million to USD 20.2 million in 2009, compared to USD 22.9 million in 2008. The decrease in lease interests is mainly related to lower contribution from the gas splitter module installed onboard Berge Okoloba Toru, which was sold during the year. Lease revenue derives from the operation of the FPSO Yuum K'ak' Nàab, the lease of the FSO Belokamenka, the lease of a gas splitter module installed onboard Berge Okoloba Toru and the lease of equipment onboard Sendje Berge.

Operating expenses include all expenses related to the operation of the FPSOs and FSOs, including charges for doubtful debts. Total operating expenses were USD 84.2 million in 2009 compared to USD 143.3 million in 2008. The decrease in operating expenses was mainly attributable to lower operating costs on Yuum K'ak' Nàab and reduced charges for bad debt offset by the commencement of operation of the FPSO BW Cidade de São Vicente.

Administrative expenses include expenses that are not attributable to the operation of the Company's FPSOs and FSOs, primarily employment expenses incurred by the operating offices in Oslo, Arendal and Singapore, and all other administrative expenses. Total administrative expenses amounted to USD 37.5 million in 2009 compared to USD 58.0 million in 2008.

Depreciation and amortisation amounted to USD 63.9 million in 2009, compared to USD 51.3 million in 2008. The increase is mainly due to depreciation of the FPSO BW Cidade De São Vicente which commenced operation during the year.

Currency exchange gains were USD 2.6 million in 2009, compared to losses of USD 2.5 million in 2008. Net loss on changes in fair value of financial instruments amounted to USD 5.5 million in 2009, compared to a loss of USD 44.1 million in 2008. The loss is mainly due to unfavourable fair value movement on interest rate swaps.

Net interest expense in 2009 was USD 14.9 million compared to USD 33.6 million in 2008.

Tax expense decreased by USD 3.8 million to USD 11.4 million in 2009 compared to USD 15.2 million in 2008. The Group is not subject to taxation in Bermuda, however the Group is subject to taxation in the various countries in which it operates.

Total assets increased from USD 2,301.4 million at 31 December 2008 to USD 2,393.5 million at 31 December 2009. The increase is mainly attributable to increased book value of conversion projects offset by the negative share of profit of the Group's investment in associated companies. At 31 December 2009, the Group had a net equity of USD 920.9 million compared to USD 923.4 million on 31 December 2008. At 31 December 2009, the Group has long term interest-bearing debt of USD 1,080.3 million and short-term interest bearing debt of USD 0.3 million, compared to USD 936.0 million and USD 0.4 million, respectively, on 31 December 2008. A favourable export financing scheme (CIRR financing) of total USD 161.1 million has been drawn down on two loan facilities with Eksportfinans ASA at 31 December 2009. The proceeds of the CIRR financing have been invested as long term bank deposits. Net interest-bearing debt at 31 December 2009 was USD 893.3 million at an average interest rate of 1.9% in 2009.

Net cash inflow from operating activities in 2009 amounted to USD 186.9 million compared to net cash inflow of USD 101.9 million in 2008. The improved cash inflow reflects the improvements in operations experienced in 2009. Net cash outflow from investment activities in 2009 amounted to USD 367.9 million compared to net cash inflow of USD 230.5 million in 2008. Net cash outflow from investment activities in 2009 mainly relates to the conversion of the FPSO BW Cidade De São Vicente and the FPSO BW Pioneer.

ENVIRONMENTAL ISSUES

The activities of the Company are subject to environmental regulations pursuant to a variety of international conventions and state and municipal laws and regulations, which the Company is committed to uphold, and where possible, exceed. Compliance with such regulations can require significant expenditures and in the unlikely event breaches occur, this may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter

standards and enforcements, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental laws may result in a material increase in the costs of operating the Company's units or otherwise adversely affect the Company's financial condition, results of operations or prospects. These concerns apply to all entities operating in the FPSO and FSO market.

The discharge of oil, natural gas or other pollutants into the air or water may give rise to liabilities to foreign governments and third parties and may require the Company to incur costs to remedy such discharge. Environmental laws may also expose the Company to liability for the conduct of or conditions caused by others, or for acts of the Company which were in compliance with all applicable laws at the time such actions were taken. Furthermore, some environmental laws provide for joint and several strict liabilities for remediation of releases of hazardous substances, which could result in liability for environmental damage without regard to negligence or fault. The Company had no significant harmful environmental spills during 2009.

The Company takes out insurance cover for injuries to crew, damage to vessels, loss of income and third-party liabilities. The insurance also covers losses resulting from acts of war and terrorism. Cover for oil pollution and oil pollution caused by war and war-like actions are limited per incident.

HEALTH, SAFETY, SECURITY, ENVIRONMENT, QUALITY

Health, safety, security, working environment and quality ('HSSEQ') have high priority in all parts of the Company's management, conversions and operations of FPSOs and FSOs, construction and support service processes. BW Offshore's management has established policies for safety, security, occupational health and environmental management. Measurable targets are defined for each onshore and offshore unit to ensure compliance with the adopted policies and to maintain a continuous improvement cycle. Personnel training and familiarisation with the said policies are recognised as key activities in order to achieve a HSSEQ culture of the highest standard and minimise risks.

BW Offshore's management systems address HSSEQ in detail and are compliant with and certified in accordance with the International Safety Management code ('ISM') for the safe

operation of ships and for pollution prevention. BW Offshore's FPSOs are certified in accordance with the requirements in the International Ship and Port Facility Security Code. In addition, BW Offshore is certified by the following international HSEQ standards:

- ISO 9001 - Quality Management
- ISO 14001 - Environmental Management
- OHSAS 18001 - Occupational Health and Safety Management

There were 7 Lost Time Incidents (LTIs) reported in 2009 for the entire organisation, of which 5 were subcontractor LTIs. Total LTI-rate and total TRI-rate (Total Recordable Incidents) for the Company in 2009 (2008) were 0.6 (0.2) and 2.4 (1.8), respectively.

The Board considers that the working environment in the Company is good. Absence due to sickness amounted to 2.9% of total hours worked by employees in 2009. During the year, several initiatives were taken to further improve the working environment. Offshore personnel conferences, including cultural awareness program, as well as leadership program for OIM's and supervisors are examples of initiatives relating to offshore personnel, while alignment of policies and procedures on a global scale is an example of an onshore initiative.

BW Offshore currently has 1,092 employees. The Company wants to be considered an attractive workplace and attaches importance to offering challenging and motivating jobs and equal development opportunities for all, regardless of gender, nationality, culture or religion. There is no discrimination due to gender with respect to remuneration, promotion or recruitments.

CORPORATE GOVERNANCE

Good corporate governance is considered to play a key role in creating shareholder value and building investor confidence, thereby ensuring an optimal capital cost. Bermuda does not have a corporate governance code applicable to the Company, but the Board of Directors of the Company has adopted a Corporate Governance Policy to reflect BW Offshore's commitment to good corporate governance. This Policy is based on the 'Norwegian Guidelines on Corporate Governance' dated 21 October 2009, prepared by the Norwegian Corporate Governance Board, given the listing in Norway. The objective of the Code of Practice is that companies listed in Norway will practice corporate governance that

regulates the division of roles between shareholders, the Board of Directors and executive management more comprehensively than is required by legislation. BW Offshore's Corporate Governance Policy complies with the Norwegian Guidelines with certain deviations as outlined and explained in a separate chapter in the Annual report.

As of 31 December 2009, BW Group Limited owns 67.0% of BW Offshore Limited.

GOING CONCERN

Based on the Company's current fleet, contracts and overall position at the end of the year, and the current amendments to the loan facilities, the Board is of the opinion that the Company has a good basis for continued operations. The accounts have therefore been prepared on a 'going concern' basis.

RISK

The Company's risk exposure is analysed and evaluated at Group level to ensure sound internal control and appropriate risk management based on the Group's values and code of ethics. The most important operational risk factors are related to the operation of FPSOs and the execution of projects. The financial risks mainly comprise of currency, credit and interest rate risks, as well as the performance of the Company's investments in associates. Future oil prices will to a significant degree decide the number of available projects, and their attractiveness in respect of costs and terms and conditions of contracts. It could also be difficult in the current market to obtain financing for new projects at acceptable terms, which could limit new opportunities.

OUTLOOK


The market activity has continued to pick up through the course of the fourth quarter in line

with our expectations. It is the Company's expectation that the activity level will continue to improve through 2010.


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

The Company's FPSO BW Pioneer is expected to arrive in US waters late March 2010. The vessel will contribute to a significant growth of the EBITDA for the FPSO segment. The APL segment, although still affected by the reduction in the Exploration & Production activity, is experiencing improved activity level. It is expected that this will result in improvements in the business prospects during the course of 2010.

Bermuda, 26 March 2010


Dr. Helmut Sohmen
Chairman


Mr. Christophe Pettenati-Auzière
Vice Chairman


Mr. David Gairns


Ms. Kathie Child-Villiers

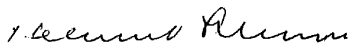

Mr. René Huck


Mr. Andreas Sohmen-Pao


RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2009 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties facing the Company and the Group.

Bermuda, 26 March 2010


Dr. Helmut Sohmen
Chairman


Mr. Christophe Pettenati-Auzière
Vice Chairman


Mr. David Gairns


Ms. Kathie Child-Villiers


Mr. René Huck


Mr. Andreas Sohmen-Pao

INDEPENDENT AUDITOR'S REPORT



PricewaterhouseCoopers AS
 Postboks 748 Sentrum
 NO-0106 Oslo
 Telephone +47 95 26 00 00
 Telefax +47 23 16 10 00

Independent auditor's report

To the shareholders and Board of directors of BW Offshore Limited.

We have audited the accompanying financial statements of BW Offshore Limited and its subsidiaries (the 'Group') which comprise the consolidated statements of financial position as of 31 December 2009 and consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes. We have also audited the accompanying parent company financial statements of BW Offshore Limited (the 'Parent company') which comprise the statements of financial position as of 31 December 2009 and statements of income, comprehensive income, changes in shareholders' equity and cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- the consolidated financial statements of the Group give a true and fair view of the financial position and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements of the Parent company give a true and fair view of the financial position, and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Oslo, 26 March 2010

PricewaterhouseCoopers AS

Rita Granlund

State Authorised Public Accountant (Norway)

CONSOLIDATED STATEMENTS OF INCOME

USD million (Year ended 31 December)	Note	2009	2008
OPERATING REVENUE			
Charter hire	5,6	185.2	168.0
Construction contract revenue	7	193.1	283.4
Lease interest	6	20.2	22.9
Other income	6	10.3	-
Total revenues		408.8	474.3
OPERATING EXPENSES			
Operating expenses vessels	8,9	(84.2)	(143.3)
Construction contract expenses	7	(178.3)	(232.5)
Currency hedges and other currency effects	18	25.4	-
Administrative expenses	8,9,19	(37.5)	(58.0)
Total expenses		(274.6)	(433.8)
Share of loss of associated companies	14	(45.6)	(45.7)
Impairment charge of associates	14	-	(166.0)
Gain on sale of shares in associates	14	-	127.0
Operating profit (loss) before depreciation, amortisation & sale of assets		88.6	(44.2)
Depreciation and amortisation	11,12,13	(63.9)	(51.3)
Impairment charges and write offs	11,22,26	-	(334.1)
Net gain (loss) on sale of tangible fixed assets	11,12	(1.5)	0.1
Operating profit (loss)		23.2	(429.5)
FINANCIAL INCOME AND FINANCIAL EXPENSE			
Net currency exchange gain (loss)		2.6	(2.5)
Interest income		9.9	18.8
Fair value loss on financial instruments		(5.5)	(44.1)
Interest expense		(24.8)	(52.4)
Other financial expenses		(2.8)	(7.7)
Net financial expenses		(20.6)	(87.9)
Profit (loss) before tax		2.6	(517.4)
Income tax expense	10	(11.4)	(15.2)
Net loss for the year		(8.8)	(532.6)
Loss attributable to equity shareholders		(8.8)	(532.6)
Basic earnings/per share (figures in USD)	23	(0.02)	(1.17)
Diluted earnings/per share (figures in USD)	23	(0.02)	(1.17)

The notes in pages 13-37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

USD million (Year ended 31 December)	Note	2009	2008
Loss for the year		(8.8)	(532.6)
Other comprehensive income			
Currency translation differences		2.1	(24.4)
Share of other comprehensive income of associates		4.2	(18.5)
Total other comprehensive income for the period, net of tax		6.3	(43.0)
Total comprehensive income for the year		(2.5)	(575.5)
Attributable to			
Equity holders of the parent		(2.5)	(575.5)
Non-controlling interests		-	-

The note in pages 13-37 are on integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

USD million (As at 31 December)	Note	2009	2008
ASSETS			
Vessels and vessels under construction	11	1,205.9	851.8
Property and other equipment	12	21.9	18.3
Goodwill	13	270.6	270.6
Other intangible assets	13	73.6	83.7
Finance lease receivable	6	214.0	225.1
Investments in associates	14	185.0	225.6
Non-current deposits	15	163.3	283.5
Other non-current assets		0.5	4.1
Total non-current assets		2,134.8	1,962.7
Inventory		10.7	11.6
Trade and other receivables	17	128.4	183.4
Due from customers for contract work	7	51.6	76.0
Cash and deposits	15	68.0	67.7
Total current assets		258.7	338.7
TOTAL ASSETS		2,393.5	2,301.4
EQUITY			
Share capital	16	4.6	4.6
Share premium		918.8	1,444.6
Other equity		(2.5)	(525.8)
Total shareholder's equity		920.9	923.4
Long-term loan facilities	18,20	1,080.3	936.0
Retirement benefit obligations	19	14.0	9.6
Deferred tax liabilities	10	22.3	22.1
Other non-current liabilities	6	120.9	11.4
Total non-current liabilities		1,237.5	979.1
Trade and other payables	27	219.4	378.7
Interest-bearing short term debt	18,20	0.3	0.4
Income tax liabilities	10	15.4	19.8
Total current liabilities		235.1	398.9
Total liabilities		1,472.6	1,378.0
TOTAL EQUITY AND LIABILITIES		2,393.5	2,301.4

The notes in pages 13-37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

USD million	Note	Share Capital	Share Premium	Other Equity	Total
At 1 January 2008		4.6	1,444.6	59.0	1,508.2
Treasury shares purchased	16	-	-	(9.3)	(9.3)
Transactions with owners		-	-	(9.3)	(9.3)
Currency translation adjustments		-	-	(24.4)	(24.4)
Share of other comprehensive income of associates		-	-	(18.5)	(18.5)
Loss for the period		-	-	(532.6)	(532.6)
Total comprehensive income		-	-	(575.5)	(575.5)
At 31 December 2008		4.6	1,444.6	(525.8)	923.4
Reduction share premium against other equity		-	(525.8)	525.8	-
Currency translation adjustments		-	-	2.1	2.1
Share of other comprehensive income of associates		-	-	4.2	4.2
Loss for the period		-	-	(8.8)	(8.8)
Total comprehensive income		-	-	(2.5)	9.3
At 31 December 2009		4.6	918.8	(2.5)	920.9

The notes in pages 13-37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

USD million (Year ended 31 December)	Note	2009	2008
Operating activities			
Profit (loss) before tax		2.6	(517.4)
Income tax paid	10	(12.1)	(15.9)
Loss (gain) on disposal of fixed assets	11,12	1.5	(127.0)
Fair value change on financial instruments	18	(22.7)	69.2
Share of loss of associated companies	14	45.6	45.7
Currency exchange differences		(19.6)	(29.8)
Depreciation and amortisation	11,12,13	63.9	51.3
Impairment charges		-	500.1
Add back of net interest expense		16.6	37.3
Other changes		0.3	0.0
Changes in inventories, receivables and accounts payable		110.8	88.3
Net cash flows from operating activities		186.9	101.8
Investing activities			
Investments in operating fixed assets and other assets	11,12,13,15	(438.2)	(404.8)
Investments in non-current bank deposit		60.4	(25.0)
Proceeds from disposal of fixed assets	11	8.0	-
Proceeds from disposal of investment in associate	14	-	651.9
Interest received		1.9	8.2
Net investment in other non-current assets	6	-	0.2
Net cash flows used in investing activities		(367.9)	230.5
Financing activities			
Received payments from raising new long-term debt	20	280.0	800.0
Repayment of long-term debt	20	(80.2)	(682.3)
Received payments from raising new short-term debt	20	-	48.8
Investments in own shares		-	(9.3)
Interest paid		(18.5)	(45.5)
Repayment of short-term debt	20	-	(412.8)
Net cash flow from/(used in) financing activities		181.3	(301.1)
Net change in cash and cash equivalents		0.3	31.2
Cash and cash equivalents at 1 January		67.7	36.5
Cash and cash equivalents at 31 December		68.0	67.7

The notes in pages 13-37 are an integral part of these consolidated financial statements.

NOTES

NOTE 1 GENERAL

BW Offshore Limited ('BW Offshore' or 'the Company') was incorporated in Bermuda in 2005 and is domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on the Oslo Stock Exchange (OSE).

BW Offshore and its subsidiaries are referred to as the 'Group'. The Group develops, owns and operates Oil and Gas FPSOs (Floating Production, Storage and Offloading vessels) and FSOs (Floating, Storage and Offloading vessels). In addition, the Group develops and sells mooring and turret solutions as well as specialized equipment for vessels, through the APL division ('APL').

All figures are in USD million if not otherwise stated.

The financial statements were approved by the Board of Directors on 26 March 2010.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

BASIS FOR PREPARATION

The consolidated financial statements of BW Offshore have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union (IFRSs as adopted by the EU). The consolidated financial statements have been prepared pursuant to the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through equity or the income statement.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for chartering and rendering of operational services related to FPSOs and FSOs. In addition the Group has revenues consisting of the development and sales of mooring and turret systems.

Operational services

Income from the rendering of services from FPSO and FSO operating contracts is recognised as revenue as the related services are provided based on contractual daily rates.

Chartering of vessels

Chartering of FPSO and FSO to customers is recognised as revenue based on whether the chartering contract is considered to be an operating lease or a finance lease pursuant to IAS 17.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments received under operating leases are recognised as revenue on a straight line basis based on contractual daily rates.

Finance lease

Leases in which substantially all of the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Assets held pursuant to a finance lease are presented in the balance sheet as a receivable at an amount equal to the net investment in the lease. The recognition of finance income on the receivable is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

Fixed price construction contracts

When a contract to charter a vessel is considered to be a finance lease, this implies a fixed price construction contract in which the fixed price is the net investment in the lease. The development and delivery of mooring and turret systems are also derived from fixed price construction contracts. Revenue from fixed-price contracts is recognised under the percentage-of-completion ('POC') method. Pursuant to the POC method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed, unless other measures better represent progress. The stage of completion of contracts is measured as the cost incurred compared to the total estimated cost. When the outcome of construction contracts cannot be estimated reliably, no gain is recognised. When the project's results cannot be reliably estimated, only revenues equal to the accrued project costs are taken to revenue.

Any estimated loss on a contract will be recognised in the income statement for the period when it is identified that the project will lead to a loss.

In the balance sheet, the gross amount due from customers for contract work is presented as an asset, and the gross amount due to customers for contract work as a liability.

Interest income

Interest income, including interest income arising from a finance lease, is recognised on a time proportion basis applying the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Other revenues

Sales are recognised after transfer of the significant risks and rewards that are connected with the ownership of goods being sold to the buyer. The Group retains neither a continuing right to dispose of the goods, nor effective control of those goods. Revenues from services are recorded when the service has been performed. Sales are presented net of indirect sales taxes and discounts.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management group that makes strategic decisions. Internal transactions between the various segments are eliminated and presented in a separate column in note 5.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES cont.**CONSOLIDATION****Subsidiaries**

The subsidiaries are all entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated as of the date the control ceases.

The purchase method of accounting is applied to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of any minority interest. Minority interests represent the portion of the income statement and net assets in the subsidiaries not held by the Group, and the amount attributable to the minority interest as shown beneath the income statement and within equity in the consolidated balance sheet.

The cost of acquisition exceeding the fair value of the Group's share of identifiable net assets acquired, is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed whenever necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities in which the Group has a significant influence, but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for applying the equity method of accounting and are initially recognised at cost. The Group's investment in associates, includes goodwill and excess values identified on acquisition, net of any accumulated impairment loss. Any excess values that are to be amortised are deducted from the profit pursuant to the same principles as for consolidated companies. Goodwill is not amortised. Dividends received from associates are recognised as a deduction in investment in the balance sheet and regarded as repayment

of capital. By this, the balance sheet value of associates represents the original cost price (which equals the fair value at the time of purchase) plus profit accumulated up to the present, less any amortisation of excess values and accumulated dividends received.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and the share of post-acquisition movements in reserves is recognised as reserves. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Share of profit of associates is presented as part of operating profit when such investments are considered as strategic to the Group. See 'impairment of non-financial assets' for impairment assessment.

Joint ventures

Joint ventures are entities that the Group has contractual arrangements with to jointly share the control with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements by proportionate consolidation. Proportionate consolidation involves combining the Group's share of joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

TANGIBLE FIXED ASSETS**Measurement**

- (i) Vessels, vessels under construction, conversion candidates and other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.
- (ii) The cost of vessels, vessels under construction, conversion candidates and other tangible fixed assets include expenditure that is directly attributable to the acquisition of the items.
- (iii) Instalments on conversion projects are capitalised as vessels under construction as they are paid. Capitalised value is reclassified as vessels upon successful commissioning on the oil field. The acquisition cost reported is the sum of instalments paid plus costs incurred during the construction period, including interest expenses.

FPSOs and FSOs are reclassified from conversion candidates to vessels under construction when the Company signs a conversion/ lease agreement on the vessels. Further, as noted above, the FPSOs and FSOs are reclassified to vessels upon successful commissioning on the oil field.

Depreciation

Depreciation is calculated using a straight-line method to allocate the depreciable amounts of vessels, conversion candidates and other tangible fixed assets, after taking into account the residual

values of their estimated useful lives, of which both the residual values and estimated useful lives are subject to review at each balance sheet date. Depreciation is charged from the point in time when the vessel is successfully installed on the oil field. Conversion candidates are only subject to depreciation if the vessels have entered into temporary revenue earning contracts awaiting conversion.

Subsequent cost and cost regarding repairs and maintenance

Subsequent costs can be included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Disposal activities

Gains and losses that result from the disposal of vessels, vehicles and equipment are recorded in a separate line in the consolidated income statements.

Impairment of tangible fixed assets

Assets including vessels, vessels under construction, conversion candidates and other tangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A contract and the associated vessel are grouped and assessed together when doing impairment tests. Each vessel is specific to the contract. An impairment loss is recognised for the amount which the asset's carrying amount exceeds its recoverable amount, being the higher of an asset's net selling price and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash-generating units). Each FPSO and FSO is identified as a cash-generating unit.

INTANGIBLE ASSETS**Goodwill**

Goodwill represents the cost of an acquisition exceeding the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/ associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in the intangible assets. Goodwill on acquisitions of associates is included in 'Investments in associates' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount

of goodwill relating to the entity being sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. BW Offshore allocates goodwill to each cash generating unit.

Computer software

Acquired computer software licenses are capitalised on the basis of the cost incurred in relation to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs to external suppliers that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding cost beyond one year, are recognised as intangible assets. Directly attributable costs are capitalised as part of the computer software. Other development expenditures are recognised as an expense as incurred.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful economic lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually.

Other identifiable intangible assets such as order back-log and tender portfolio are capitalised at their fair values identified at the date of the acquisition of the acquired subsidiary. The fair values identified are amortised over their estimated useful economic lives.

Intangible assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised but are expensed as incurred.

Research and development

Expenses relating to research activities are recog-

nised in the income statement as incurred. Expenses relating to development activities are capitalised to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalised include the costs of materials and external suppliers, direct wage costs and a share of the directly attributable common expenses. Capitalised development costs are recognised at their cost minus accumulated amortisation and impairment losses.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

CONTINGENT ASSET AND LIABILITY

A contingent liability is:

- a. a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b. a present obligation that arises from past events but is not recognised because:
 - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is disclosed, as required by IAS 37, unless the possibility of an outflow of resources embodying economic benefits is remote. The Group assesses the contingent liabilities continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are recognised when it becomes virtually certain that those assets are recoverable.

A contingent liability is disclosed, as required by IAS 37, unless the possibility of an outflow of resources embodying economic benefits is remote.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards incidental to ownership of the leased item to the lessee. All other leases are classified as operating leases. The evaluation is based on the substance of the transaction rather than the form of the contract, and the determination is made when the leasing agreement is entered into.

Most of the lease contracts include one or several options for the charterer to purchase the vessel and/or option(s) for the charterer to extend the lease period beyond the firm period. At the inception of the lease, these options are taken into consideration when assessing whether the lease is a finance lease or an operational lease. Cash flows in the option periods are included in the minimum lease payments described in note 6 if it is reasonably certain that the option(s) will be exercised.

The Group as lessor

Assets held pursuant to a finance lease are presented in the balance sheet as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the term of the lease applying the net investment method, reflecting a constant periodic rate of return.

Assets held pursuant to an operating lease are included in the balance sheet based on the nature of the asset. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Generally, the Group has no significant arrangements whereby it is the lessee.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement during the period of the borrowings applying the effective interest method.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES cont.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition or conversion of vessels, which take a substantial period of time to get ready for their intended use, are added to the cost of the vessels, until such time as the vessels are ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at originally invoiced amount, where this approximates fair value, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

Trade and other receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost, applying the effective interest method.

INVENTORIES

Inventories comprise mainly fuel oil remaining on board vessels and other consumables. Inventories are measured at the lower of cost or net realisable value. Cost is determined by the 'first-in first-out' (FIFO) method. The cost of purchase of inventories comprises the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted when determining the costs of the purchase. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and short term deposits with an original maturity of three months or less. Restricted cash related to withholding tax from employees is included as cash and cash equivalents.

FINANCIAL ASSETS

In accordance with IAS 39, Financial instruments: recognition and measurement, financial instruments within the scope of IAS 39 are classified in the following categories: at fair value with changes in value through the income statement, held to maturity, loans and receivables, available for sale and other liabilities.

Investments that are held to maturity, loans and receivables and other liabilities are recognised at their amortised cost. Changes in the fair value of financial instruments classified as held for trading purposes or designated as being at fair value with changes in value through the income statement, are recognised in the income statement and presented as a financial income/expense.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. IFRS group classifies derivatives as either:

- (a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (c) Hedges of a net investment in a foreign operation (net investment hedge).

Currently, the Group uses only hedges of fair value.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 18. The full fair value of a hedging derivative is

classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Trading derivatives are classified as a current asset or liability. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group applies derivative financial instruments such as forward currency contracts and foreign currency swaps to hedge its risks associated with foreign currency fluctuations in relation to construction contracts with contract price in foreign currency. The gain or loss relating to the effective portion of hedging contracts is recognised in the consolidated statements of income within construction contract expenses. The gain or loss relating to the ineffective portion is recognised in the consolidated statements of income within fair value gain (loss) on financial instruments. Changes in the fair value of the construction contracts are recognised in the consolidated statements of income within construction contract expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to income statement over the period to maturity. Changes in the fair value of derivatives that are not designated and qualify as fair value hedges are recorded in the consolidated statements of income within other financial income.

PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, when it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

EMPLOYEE BENEFITS**Defined benefit plans**

The Group has funded and unfunded defined benefit pension plans. The funded schemes are funded through payments to insurance companies determined by periodic actuarial calculations.

Unfunded schemes are financed through the Group's operations. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Defined contribution plans

In addition to the defined benefit plan described above, the Group has made contributions to other pension plans. These contributions have been made to the pension plan for full-time employees. The pension premiums are charged to expenses as they are incurred. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Employee-leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Variable payments schemes

The Group recognises a liability and an expense for variable payments to employees when the Group contractually is obliged or when there is a past practice that has created a constructive obligation. The loans granted to employees in respect of the Stock Owning Program are treated as variable payments schemes pursuant to IAS 19.

CURRENCY TRANSLATION

Functional and presentation currency

The Group's presentation currency is United States

Dollars ('USD'). This is also the functional currency of the Company and most of its subsidiaries. For consolidation purposes, the balance sheet figures for subsidiaries with a different functional currency are translated at the rate applicable at the balance sheet date and their income statements are translated at the exchange rate prevailing at the date of transaction. As an approximation, the monthly average exchange rates are applied in translating the income statements. Exchange differences are recognised in equity. When foreign subsidiaries are disposed of, the accumulated exchange differences relating to the subsidiary are recorded as income.

Transactions and balances

Transactions in a currency other than the functional currency ('foreign currency') are translated into the functional currency using the exchange rates prevailing at the date of transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

TAXES AND DEFERRED TAX LIABILITIES

The Company is not subject to any income taxes. However, some of its subsidiaries are subject to income tax in the countries in which they operate. The Group provides for tax on profit based on the profit for financial reporting purposes, adjusted for non-taxable revenue and expenses. Income tax expense represents the sum of the tax currently payable, changes in deferred tax liabilities and deferred tax assets, and withholding tax on charter hire.

The Group's liability for current tax payable is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is calculated at the tax rates that will apply when the related temporary differences reverse, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation is provided for in the balance sheet and calculated on the basis of temporary differences between book and tax values that exist at the end of the financial period. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially

enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and where the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued.

USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

EVALUATION AND CLASSIFICATION OF ASSETS AND LIABILITIES – MAIN PRINCIPLES

Assets for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Liabilities which fall due more than one year after being incurred are classified as long-term liabilities, with the exception of next year's instalment on long-term debt. This is presented as

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES cont.

current interest-bearing debt. Liabilities which fall due less than one year after they are incurred are classified as current liabilities.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Changes in accounting policy and disclosures.

(a) New and amended standards adopted by the Group. The Group has adopted the following new and amended IFRSs as of 1 January 2009:

IFRS 7 (amendment) 'Financial instruments – Disclosures' (effective from 1 January 2009).

As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IAS 1 (revised) 'Presentation of financial statements' (effective from 1 January 2009).

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'nonowner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

IFRS 8 'Operating segments' (effective from 1 January 2009).

The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

IFRS 2 (amendment) 'Share-based payment' (effective from 1 January 2009).

The Group has adopted IFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Group or company's financial statements.

IFRIC 15 'Agreements for construction of real estates' (effective from 1 January 2009).

The interpretation clarifies whether IAS 18, 'Revenue' or IAS 11, 'Construction contracts' should be applied to particular transactions and will likely result in IAS 18 being applied to a wider range of transactions. IFRIC 15 is not relevant to the Group's operations as all revenue transactions are accounted for under IAS 18 and not IAS 11.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

IFRIC 17 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009).

IAS 27 (revised) 'Consolidated and separate financial statements' (effective from 1 July 2009).

IFRS 3 (revised) 'Business combinations' (effective from 1 July 2009).

IFRS 5 (amendment) 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'.

IFRS 2 (amendments) 'Group cash-settled and share-based payment transactions'.

IAS 1 (amendment) 'Presentation of financial statements'.

IFRS 9 'Financial instruments'.

IAS 24 (revised) 'Related party disclosures amendments to IAS 32. Classification of right issues.'

IFRIC 18 'Transfer of assets from customers'.

IFRIC 19 'Extinguishing financial liabilities with equity investments'.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND ASSESSMENTS

The following is a summary of the assessments, estimates and assumptions that could have a material effect on the consolidated financial statement.

VESSELS

The level of depreciation depends on the estimated useful life of the vessels and residual value at the end of useful life. The estimated useful life is based on previous experience and knowledge of the vessels owned by the Company and is normally equal to the design life of the vessel.

Assumptions about residual value are based on knowledge of scrap values which in turn depend on steel prices in the world market and demobilisation costs.

Impairment

The Group reviews periodically whether tangible assets, including vessel related contracts, vessels under construction and conversion candidates have suffered any impairment in accordance with the accounting policy stated in note 2. The recoverable amounts of each vessel, being defined as a cash-generating unit, have been determined based on the highest of fair value less cost to sell and value-in-use calculations. The value in use calculations are based on contracted cash flows and estimates of uncontracted cash flows for the useful lives of each vessel, including scrap values discounted by an estimated discount rate.

The Group reviews periodically whether cash-generating units containing goodwill, order backlog, customer related intangibles or technology have suffered any impairment in accordance with the accounting policy stated in note 2. The impairment testing for cash-generating units requires a number of estimates and judgments in order to calculate the net present value of future cash flows such as the development of revenues and costs, the discount rate etc. The key assumptions used for the impairment testing of goodwill are discussed in note 22.

The Group reviews periodically whether the investment in associates has suffered any impairment in accordance with the accounting policy stated in note 2. The impairment testing for investment in associates requires a number of estimates and judgement in order to calculate the recoverable amount. Recoverable amount is the highest of fair value less cost to sell and value in use. Value in use calculations are based on discounted cash flow models. The value in use calculations are based on estimated cash flows discounted by an estimated discount rate.

All impairment assessments calculations demand a high degree of estimation. Management must make complex assessment around the expected cashflows arising from such assets and the selection of discount rates. Changes to these estimates would have significant impact on the impairments recognised and future changes may lead to reversals of currently recognised impairments.

CONTINGENT ASSETS

As explained in Note 2 to the financial statements, contingent assets are recognised in the balance sheet, with a corresponding credit to the income statements, once it becomes 'virtually certain'

that an inflow of economic benefits will arise. The contingent assets arise generally from legal claims, insurance claims and/or other operational claims with business partners. The likelihood of each individual claim can vary, as can the facts and circumstance of the individual claims. Factors that impact the Group's management assessment of the claims are the results of technical investigations, legal proceedings, advice received from legal counsel, previous experience and developing legal or industrial precedents. This assessment requires the use of estimates, and is based on a careful assessment of the most up to date information available.

CONSTRUCTION CONTRACTS

The Group applies the percentage-of-completion method in accounting for its fixed-price contracts. Applying the percentage-of-completion method requires the Group to estimate the degree of completion and the total cost and revenue related to the construction contract. When the total outcome of the construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred provided that it is probable that the contract cost will be recovered. This process requires management to make detailed assessment of expected cost outflows and levels of completion.

LEASE CONTRACTS

Classification of lease contracts as operating leases or finance leases depends on the following assumptions:

As at the date of inception of the lease, a lease contract is classified as either an operating or a finance lease. The lease term is the 'non-cancellable period' for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, when at the inception of the lease it is reasonably certain that the lessee will exercise the option. The lessee's purchase option is taken into consideration in the classification of the lease contract. If it is not reasonably certain that the option will be exercised, the option will not be a part of the basis for classification. If the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable, the exercise of the option is regarded reasonably certain. The evaluation of the term reasonably certain involves estimation and judgement. The estimated useful life of the vessels is also relevant in relation to evaluating lease contracts.

When a charter contract is classified as a finance lease, the fixed price is effectively the net investment in the lease, which again requires an estimation of the implicit rate in the lease. Contracts for leasing and operation of vessels are usually negotiated together. Accounting for leasing of vessels is accounted for under IAS 17 and operation of vessels is accounted for under IAS 18, as explained in the accounting policy note. As the consideration for the leasing component and operation component of vessels are contracted together they may not represent fair value of each component. Under IFRS, the total consideration paid should be allocated between each component based on fair value of each component. This requires estimation based on market rates, comparable transactions and other market related information.

NOTE 4 LIST OF SUBSIDIARIES

Name of companies	Country of incorporation	Ownership 2009	Ownership 2008
Advanced Production and Loading (M) Sdn Bhd	Malaysia	49%	49%
Advanced Production and Loading Inc Houston	USA	100%	100%
Advanced Production and Loading Private Limited	Singapore	100%	100%
APL (Advanced Production & Loading) Plc	Cyprus	100%	100%
APL do. Brasil Ltda	Brazil	100%	100%
APL Property AS	Norway	100%	100%
APL Technology AS	Norway	100%	100%
APL UK Limited	United Kingdom	100%	100%
Belokamenka Limited	Bermuda	100%	100%
Berge Carmen Singapore Private Limited	Singapore	100%	100%
Berge Helene Limited	Bermuda	100%	100%
Berge Okoloba Toru Limited	Bermuda	100%	100%
Bergesen Worldwide Limited	Bermuda	100%	100%
Bergesen Worldwide Mexico, S.A. de C.V.	Mexico	100%	100%
Bergesen Worldwide Offshore Mexico S. de RL de CV	Mexico	100%	100%
BW Ara Limited	Bermuda	100%	100%
BW Belokamenka (Cyprus) Limited	Cyprus	100%	100%
BW Brazil Limited	Bermuda	100%	100%
BW Carmen Limited	Bermuda	100%	100%
BW Cidade de São Vicente Limited	Bermuda	100%	100%
BW Endeavour Limited	Bermuda	100%	100%
BW KMZ Limited	Bermuda	100%	100%
BW LPG FPSO I Limited	Bermuda	100%	100%
BW Nisa Limited (former Berge Troll Limited)	Bermuda	100%	100%
BW Offshore (KL) Sdn Bhd (former BW Offshore Asia Sdn. Bhd)	Malaysia	100%	100%
BW Offshore (M) Sdn Bhd	Malaysia	100%	100%
BW Offshore AS (merged with Advanced Production and Loading AS, APL Managment Services AS and APL AS during 2009)	Norway	100%	100%
BW Offshore China Ltd (former APL China Ltd)	China	100%	100%
BW Offshore Cyprus Limited	Cyprus	100%	100%
BW Offshore do Brazil Ltda	Brazil	99%	99%
BW Offshore France SAS	France	100%	0%
BW Offshore Global Manning Private Limited	Singapore	100%	100%
BW Offshore Netherlands B.V.	Netherlands	100%	100%
BW Offshore Nigeria Limited	Nigeria	99%	99%
BW Offshore Norwegian Manning AS	Norway	100%	100%
BW Offshore Poland I Zpoo	Poland	100%	0%
BW Offshore Poland II Zpoo	Poland	100%	0%
BW Offshore Singapore Private Limited (former APL Offshore Singapore Private Limited)	Singapore	100%	100%
BW Offshore Technology Singapore Private Limited (former BW Offshore Singapore Private Limited)	Singapore	100%	100%
BW Offshore USA Inc	USA	100%	100%
BW Pioneer Limited	Bermuda	100%	100%
Sendje Berge Limited	Bermuda	100%	100%

NOTE 5 SEGMENT INFORMATION

For management purposes, the Group is organised into two operating segments, the floating production segment in which recognised revenue and expenses derives from ownership and operations of FPSOs and FSOs, and the APL segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the senior management is measured in a manner consistent with that in the income statement.

The performance of the segment is measured on operating revenues and operating profit, as presented in the table below.

2009	Floating production		Intersegment		Total
	production	APL	elimination		
Operating revenues	219.9	251.9	(63.0)		408.8
Operating expenses	(112.5)	(220.4)	58.3		(274.6)
Share of profit of associates	6.1	(39.5)	-		(45.6)
Operating profit before depreciation (EBITDA)	101.3	(8.0)	(4.7)		88.6
Loss on sale of vessel	(1.5)	-	-		(1.5)
Depreciation and amortisation	(43.6)	(20.3)	-		(63.9)
Operating profit	56.2	(28.3)	(4.7)		23.2
Capital expenditures	460.1	12.1	(34.0)		438.2
Segment assets	1,901.0	492.5	-		2,393.5
Segment liabilities	427.6	151.6	-		579.2

2008	Floating production		Intersegment		Total
	production	APL	elimination		
Operating revenues	190.9	395.9	(112.5)		474.3
Operating expenses	(188.0)	(354.6)	108.8		(433.8)
Share of profit of associates	(45.3)	(0.4)	-		(45.7)
Impairment charge of associates	(84.7)	(81.3)	-		(166.0)
Gain on sale of shares	127.0	-	-		127.0
Operating profit before depreciation (EBITDA)	(0.1)	(40.4)	(3.7)		(44.2)
Depreciation and amortisation	(196.2)	(189.1)	-		(385.3)
Operating profit	(196.3)	(229.5)	(3.7)		(429.5)
Capital expenditures	425.1	4.7	-		429.8
Segment assets	1,695.7	605.7	-		2,301.4
Segment liabilities	413.9	272.8	-		686.7

A reconciliation of operating profit to profit before tax and discounted operations is provided as follows:

	2009	2008
Segment operating profit	23.7	(429.5)
Net finance expense	(20.6)	(87.9)
Operating profit before tax	2.6	(517.4)

The Group's interest-bearing liabilities are not considered to be segment liabilities but rather are managed by the treasury function.

Reportable segment's liabilities are reconciled to total liabilities as follows:

	2009	2008
Segment liabilities for the FPSO segment	427.6	413.9
Segment liabilities for the APL segment	151.6	272.8
Total allocated liabilities	579.2	686.7
BW Group 1,500 million facility	893.4	691.3
Total liabilities per the statement of financial position	1,472.6	1,378.0

GEOGRAPHICAL SEGMENTS

The Group has operations in the following continents; America, Africa, Europe and Asia. Segment information about the Group's operations is presented below:

2009	America	Africa	Europe	Asia	Other	Total
Operating revenues	110.2	109.4	155.3	33.9	-	408.8
Operating expenses	(89.6)	(48.4)	(88.2)	(48.4)	-	(274.6)
Share of profit of associates	-	-	-	-	(45.6)	(45.6)
Operating profit before depreciation (EBITDA)	20.6	61.0	67.1	(14.5)	(45.6)	88.6
Depreciation, amortisation and loss of sale of asset	(12.7)	(25.3)	(18.7)	(8.7)	-	(65.4)
Operating profit	7.9	35.7	48.4	(23.2)	(45.6)	23.2
Capital expenditures	-	-	-	438.2	-	438.2
Segment assets	483.7	243.0	125.4	649.1	892.3	2,393.5
Segment liabilities	105.2	4.4	44.3	-	1,318.7	1,472.6

2008	America	Africa	Europe	Asia	Other	Total
Operating revenues	93.7	123.1	147.7	106.6	3.2	474.3
Operating expenses	(92.5)	(78.8)	(139.2)	(88.7)	(34.6)	(433.8)
Share of profit of associates	-	-	-	-	(45.7)	(45.7)
Impairment charge of associates	-	-	-	-	(166.0)	(166.0)
Gain on sale of shares	-	-	-	-	127.0	127.0
Operating profit before depreciation (EBITDA)	1.2	44.3	8.5	17.9	(116.1)	(44.2)
Depreciation and amortisation	-	(19.6)	(5.8)	(1.8)	(358.1)	(385.3)
Operating profit (loss)	1.2	24.7	2.7	16.1	(474.2)	(429.5)
Capital expenditures	-	-	-	-	404.8	404.8
Segment assets	432.8	249.2	88.4	346.6	1,184.4	2,301.4
Segment liabilities	-	-	31.2	-	1,346.8	1,378.0

A reconciliation of segment assets to the statement of financial position assets is provided as follows:

	2009	2008
Segment assets allocated to continent	1,501.2	1,117.0
Investment in associates	185.0	225.6
Goodwill and intangibles	344.2	354.3
Non-current deposits	163.3	283.5
Trade and other receivables	131.8	253.6
Cash and cash deposit	68.0	67.7
Total other assets	892.3	1,184.7
Total assets per the statement of financial position	2,393.5	2,301.7

The Company is domiciled in Bermuda. The Group revenue from external customers in Bermuda is USD 0.0 million. The breakdown of the major component of the total of revenue from external customers from other countries is disclosed above.

The total of non-current assets other than financial instruments and deferred tax assets located in Bermuda is USD 0.0 million (USD 0.0 million), and the total of these non-current assets located in other countries is USD 1,769.3 million (USD 1,454.1 million).

Revenues of approximately USD 64.6 million (USD 62.6 million) are derived from a single external customer. These revenues are attributable to the Africa and FPSO segments. Revenues of approximately USD 49.4 million (USD 0.0 million) are derived from a single external customer. These revenues are attributable to the Americas and APL segments.

NOTE 6 LEASES

The Group has entered into lease contracts as lessor. The contracts are described below.

Finance leases

The FPSO YUUM K'AK'NAAB commenced operations in Mexico in July 2007 on a firm 15 year lease contract. The title of the vessel will automatically be transferred to the customer at the end of the lease term without compensation. The net present value of the minimum lease payments, amount to substantially all of the fair value of the vessel at the inception of the lease. In addition, the firm contract period is for the major part of the economic life of the FPSO. Accordingly, this contract is classified as a finance lease.

The Group will operate and maintain the vessel over the 15 year period. Revenues and expenses arising from this operation are recognised as Charter hire, lease interest and Operating expenses vessels.

With effect from February 2004, the FSO Belokamenka commenced a 15 year transshipment agreement with the customer. The vessel is leased from the Group on a bare boat agreement to the joint venture company OOO "Oil Terminal Belokamenka", which in turn has sub-leased the FSO to a customer on the same terms as in the lease agreement with the Group. The Group's partner in the joint venture is a related Company of the customer. The net present value of the minimum lease payments under the transshipment agreement amounts to substantially all of the fair value of the vessel at the inception of the lease. The customer has continuous purchase options each quarter after the initial 5 years of the contract. In addition, the firm contract period is for the major part of the economic life of the FSO. Accordingly, this contract is classified as a finance lease by the Group and by OOO Oil Terminal Belokamenka.

With effect from 15 August 2006, a splitter installed onboard Berge Okoloba Toru was leased from the Group to Vitol S.A. The lease period is 4 years. Vitol will take ownership of the splitter after paying the last monthly amount under this agreement. The contract is classified as a finance lease.

The lease contract is not affected by the sale of the Berge Okoloba Toru during 2009.

The future minimum lease payments receivable from finance lease, are presented in the table below.

	2009	2008
Not later than one year	30.4	33.7
Later than one year and not later than five years	121.7	121.7
Later than five years	210.0	240.5
Gross receivables from finance leases	362.2	395.9
Unearned future finance income on finance leases	(137.1)	(157.4)
Net investment in finance leases	225.1	238.5
Included in non-current assets (Financial lease receivables)	214.0	225.1
Included in current assets (Trade and other receivables)	11.1	13.4

Operating leases

The FPSO Sendje Berge is operating pursuant to a two year contract which commenced in March 2009 at the Okwori field in Nigeria. The client has an option to extend the charter period for 2 years.

The FPSO Berge Helene commenced operations in Mauritania in February 2006 on a 7 year lease contract with up to an additional eight 1 year options. The client has a purchase option that can be exercised throughout the contract until 6 months prior to expiration of the prevailing terms. The purchase option value is based on declining purchase prices.

The FPSO BW Cidade de São Vicente commenced operations in April 2009 on a 10 year firm lease contract at the Tupi field offshore Brazil. The client has 5 options to extend the contract with one year and in addition has a purchase option to buy the vessel after 5, 10 and 15 years.

The FPSO BW Pioneer has been committed for a 5 year firm lease contract at the Cascade & Chinook filed in the US Gulf of Mexico. The client has an option to extend the contract for 3 years. The FPSO is currently under conversion and is expected to commence operation in the first quarter of 2010. Upfront payments related to the Cascade & Chinook contract are presented as other non-current liabilities in the consolidated statements of financial positions. The upfront payments will be accounted for as operating revenue over the firm contract.

Operating revenue in 2009 included an amount of USD 10.3 million, classified as other income, collected as compensation from the cancelled FPSO BW Peace contract in 2007.

The FPSO BW Carmen has during 2009 completed a short term contract. The FPSO was in layup at year end and is being marketed for new projects.

The FPSO Berge Okoloba Toru was sold during 2009.

The future minimum lease payments receivable under noncancellable operating leases contracted for at the reporting date but not recognised as receivables, are set out in the table below:

	2009	2008
Not later than one year	242.2	121.1
Later than one year and not later than five years	820.0	700.7
Later than five years	196.3	329.0
Total nominal amount	1,258.5	1,150.8

NOTE 7 CONSTRUCTION CONTRACTS

The Group's construction contracts during 2009 consisted of the construction of oil field related equipment and conversion of the vessel BW Nisa to an FPSO.

All construction contracts are fixed price construction contracts. Revenue from fixed-price contracts is recognised in accordance with the 'percentage-of-completion' (POC) method. Under the POC method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the recognition of revenue, expenses and profit that can be attributed to the proportion of work completed. The stage of completion of contracts is measured on basis of cost incurred compared to the total estimated cost. When the outcome of construction contracts cannot be estimated reliably, no gain is recognised and only revenues equal to the accrued project costs are taken to revenue to the extent cost incurred are expected to be recoverable.

	2009	2008
Contract revenue APL	188.9	283.4
Contract revenue FPSO	4.2	-
Contract costs APL	(174.1)	(232.5)
Contract cost FPSO	(4.2)	-
Net profit recorded in the income statement	14.8	50.9
Due from customers for contract work	51.7	76.0
Advance payments	(42.3)	(45.9)
Net receivable at 31 December	9.4	30.1

At 31 December 2009, retentions held by customers for contract work amounted to USD 0.0 million (USD 0.0 million).

At 31 December 2009, an amount of USD 0.0 million (USD 0.0 million) included in trade and other receivables and arising from construction contracts, are due for settlement after more than 12 months.

NOTE 8 SPECIFICATION OF OPERATING EXPENSES VESSELS AND ADMINISTRATIVE EXPENSES

Operating expenses vessels	2009	2008
Employee benefit expenses crew (note 9)	33.3	34.8
Insurance	11.5	10.1
Operation, maintenance, spare parts and repairs	39.4	82.0
Charges for bad debt and other provisions	-	16.4
Total	84.2	143.3

Administrative expenses	2009	2008
Employee benefit expenses (note 9)	26.2	27.2
Travel expenses	3.1	9.8
Auditors	1.5	1.4
IT & communication	1.8	8.8
Offices (rent etc)	1.6	3.9
Other expenses	3.3	6.9
Total	37.5	58.0

NOTE 9 EMPLOYEE BENEFIT EXPENSES, REMUNERATION TO DIRECTORS AND AUDITORS ETC.

Employee benefit expenses	2009	2008
Wages, crew	33.3	35.0
Wages, construction contract personnel	25.0	22.3
Wages, administrative personnel	22.0	20.6
Social security tax	3.8	4.2
Pension costs defined benefit plans (Note 19)	7.2	6.3
Total employee benefit expenses	91.3	88.4

Total employee benefit expenses are included in the following accounts:

Operating expenses	34.9	34.8
Construction contract expenses	26.4	26.4
Administrative expenses	30.0	27.2
Total employee benefit expenses	91.3	88.4

Number of man years employed

2009	953	2008	946
------	-----	------	-----

Remuneration paid to Key Management* and Board of Directors (USD '000)

	2009
Chief Executive Officer (CEO)	
Remuneration	807.0
Pension	237.5
Variable payment	43.3
Key Management	
Wages	1,955.0
Pension	490.0
Total compensation paid to CEO and Key Management personnel	3,532.8
The Board of Directors **	189.0
Total remuneration	3,721.8
Loan to CEO	-
Loans to Key Management	8.7
Loans to other employees	1,697.0
Total	1,706.0

* The Key Management comprises the Chief Executive Officer, the Chief Financial Officer and the Executive Vice Presidents. The Key Management have agreements which give them the right to compensation after termination of employment before retirement that equals 100% of the salary for a maximum of 18 months. Compensation received from other employers during this period reduces this compensation, but not below 25% of the compensation. There are no similar agreements with the members of the Board of Directors.

** The compensation for board services for the period May 2009 to May 2010 will be decided at the annual general meeting in May 2010.

VARIABLE PAYMENT SCHEME

The incentive compensation program consists of a yearly variable payment arrangement. The yearly variable arrangement is offered to permanent on-shore employees and a limited number of key offshore employees.

FEES TO AUDITORS (USD '000)

	2009	2008
Statutory audit	859.2	1,038.5
Other attestation services	403.1	189.1
Tax related services	232.6	200.8
Total fees	1,494.9	1,428.4

NOTE 10 INCOME TAX EXPENSE

BW Offshore Limited is a Bermuda company. Currently, the Company is not required to pay taxes in Bermuda on ordinary income or capital gains. The Company has received written assurance from the Minister of Finance in Bermuda that, it will be exempt from taxation until 2016. Certain subsidiaries operate in other jurisdictions where taxes are imposed. Consequently income taxes have been recorded in these jurisdictions when appropriate.

The Group's operational activities are subject to profit taxation rates which range from 0% to 30%. Taxes in Nigeria and Mauritania are based on a deemed profit of gross revenue derived from the operation. The withholdings are made by the client who pays the taxes directly to the local tax authorities in the name of the Group.

Tax expense for the year	2009	2008
Changes in temporary differences	0.2	(7.8)
Tax payable ex withholding tax	4.5	16.5
Withholding tax	6.7	6.6
Total	11.4	15.2

Effective income tax rate	2009	2008
Net result before income tax	2.6	(517.4)
Income tax at Bermuda statutory income tax rate of 0%	-	-
Non-deductible expenses	0.5	0.4
Withholding taxes	6.7	6.6
Effect of higher tax rates outside Bermuda	4.7	8.6
Income tax at the effective income tax rate	11.4	15.2
Effective tax rate	438.5%	(2.9%)

Tax liabilities at 31 December	2009	2008
Tax payable	15.4	19.8
Withholding taxes payable	-	-
Tax payable	15.4	19.8

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes.

Deferred tax liabilities and deferred tax assets (-) can be specified as follows:

Deferred tax assets	2009	2008
Pensions	(3.2)	(3.1)
Deferred tax assets - gross	(3.2)	(3.1)

Deferred tax liabilities	2009	2008
Fixed assets	0.3	0.1
Projects in progress	7.5	2.5
Other	0.1	0.1
Intangible assets	17.5	22.5
Deferred tax liabilities - gross	25.5	25.2

Net recognised deferred tax liabilities/deferred tax assets (-)	22.3	22.1
---	------	------

Net recognised deferred tax liabilities is expected to be recovered or settled after more than 12 months.

No tax effects are recorded directly against equity since income in Bermuda is not subject to income tax.

Deferred tax liability is included in other non-current liabilities in the consolidated statements of financial position.

NOTE 11 FPSO'S, FSO'S AND VESSELS UNDER CONSTRUCTION

The fleet at 31 December 2009 included the following vessels: Sendje Berge, Berge Helene, Belokamenka, YÜUM K'AK'NÁAB, BW Nisa, BW Cidade de Sao Vicente, BW Pioneer, BW Carmen and BW Ara. The vessels Berge Okoloba Toru and BW Endeavour were sold during 2009.

Belokamenka (note 21) and YÜUM K'AK'NÁAB (note 6) are accounted for as finance leases and are not included in the table below.

2009	Uncommitted vessels	Committed vessels	FSO	Total
Cost at 1 January 2009	63.5	943.5	20.7	1,027.7
Additions	7.6	387.9	2.1	397.6
Disposals	(4.5)	(5.8)	-	(10.2)
Reclassification*	71.3	(71.3)	-	-
Cost at 31 December 2009	137.9	1,254.3	22.8	1,415.1
Accumulated depreciation and impairment charge at 1 January 2009	(47.6)	(119.7)	(8.6)	(175.9)
Current year depreciation	(2.6)	(36.3)	-	(39.1)
Impairment charge	-	-	-	-
Disposals	-	5.7	-	5.7
Reclassification	(5.8)	5.8	-	-
Accumulated depreciation at 31 December 2009	(56.0)	(144.5)	(8.6)	(209.3)
Book value at 31 December 2009	81.9	1,109.8	14.2	1,205.9
Useful life	N/A	15-25 years	15 years	
Capitalised interest cost for vessels under construction Vessels under construction are not subject to depreciation.	8.6		8.6	

*BW Carmen was reclassified from committed vessels to uncommitted vessels.

Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was in average 1.9% based on LIBOR + 1.25% margin.

2008	Uncommitted vessels	Committed vessels	FSO	Total
Cost at 1 January 2008	20.3	628.4	20.4	669.1
Additions	2.2	356.1	0.3	358.6
Reclassification*	41.0	241.0	-	-
Cost at 31 December 2008	63.5	943.5	20.7	1,027.7
Accumulated depreciation and impairment charge at 1 January 2008	-	(57.8)	(0.7)	(58.5)
Current year depreciation	(1.4)	(25.4)	(0.4)	(27.2)
Impairment charge**	(46.2)	(36.5)	(7.5)	(90.2)
Accumulated depreciation at 31 December 2008	(47.6)	(119.7)	(8.6)	(175.9)
Book value at 31 December 2008	15.9	823.8	12.1	851.8
Useful life	N/A	15-25 years	15 years	
Capitalised interest cost for vessels under construction Vessels under construction are not subject to depreciation.	12.3		12.3	

*BW Cidade de Sao Vicente (formerly BW Peace) was reclassified from Uncommitted vessels to Committed vessels.

**In 2008, the USD 90.2 million impairment loss represented the write down of certain vessels to the recoverable amount. This has been recognised in the income statement in the line item 'Impairment charges and write offs'. The recoverable amount was based on value in use calculations and was determined at the level of cash generating unit. Each vessel is regarded as one cash generating unit. The calculations are based on contracted cash flows and estimates of uncontracted cash flows for the useful lives of each vessel, including scrap values discounted by an estimated discount rate. The cash flows were discounted at a rate of 8.0% on a pre-tax basis. If the estimated pre-tax discount rate applied to the discounted cash flows for the uncommitted fleet had been 1% higher than management's estimates (for example, 9.0% instead of 8.0%), the group would have recognised a further impairment against the uncommitted fleet of USD 1.5 million.

Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was on average 4.1% based on LIBOR + 1.5% margin.

NOTE 12 PROPERTY AND OTHER EQUIPMENT

2009 in USD million	Vehicles and equipment	Computer hardware	Land	Building	Machinery	Total
Cost at 1 January 2009	5.0	2.6	0.9	9.8	9.6	27.9
Additions	0.7	0.6	-	3.7	0.3	5.3
Disposals	(0.7)	-	-	-	(0.4)	(1.1)
Exchange difference	-	-	-	-	1.8	1.8
Cost at 31 December 2009	5.0	3.2	0.9	13.5	11.3	33.9
Accumulated depreciation at 1 January 2009	(1.1)	(1.1)	-	(0.9)	(6.5)	(9.6)
Current year depreciation	(0.6)	(0.9)	-	(0.4)	(1.2)	(3.1)
Disposals	0.5	-	-	-	0.2	0.7
Accumulated depreciation at 31 December 2009	(1.2)	(2.0)	-	(1.3)	(7.5)	(12.0)
Balance at 31 December 2009	3.8	1.2	0.9	12.2	3.8	21.9
Useful life	5-11 years	3 years	Indefinite	50 years	3-5 years	

2008 in USD million	Vehicles and equipment	Computer hardware	Land	Building	Machinery	Total
Cost at 1 January 2008	4.7	1.3	0.9	9.3	8.9	25.1
Additions	0.8	1.3	-	2.5	0.9	5.5
Disposals	(0.5)	-	-	-	(0.2)	(0.7)
Exchange difference	-	-	-	(2.0)	-	(2.0)
Cost at 31 December 2008	5.0	2.6	0.9	9.8	9.6	27.9
Accumulated depreciation at 1 January 2008	(0.8)	(0.5)	-	(0.7)	(5.2)	(7.2)
Current year depreciation	(0.5)	(0.6)	-	(0.2)	(1.5)	(2.8)
Disposals	0.2	-	-	-	0.2	0.4
Accumulated depreciation at 31 December 2008	(1.1)	(1.1)	-	(0.9)	(6.5)	(9.6)
Balance at 31 December 2008	3.9	1.5	0.9	8.9	3.1	18.3
Useful life	5-11 years	3 years	Indefinite	50 years	3-5 years	

NOTE 13 INTANGIBLE ASSETS

BW Offshore has the following intangible assets (including internally developed intangible assets as specified below):

	Goodwill	Other intangible assets						Total intangible assets
		Internal development	Software	Technology	Order Backlog	Tender portfolio	Customer rel intangibles	Total
Cost								
At 1 January 2009	437.8	4.7	7.3	15.4	31.1	5.3	60.9	562.5
Additions	-	-	4.8	-	-	-	-	4.8
Additions – internal development	-	6.8	-	-	-	-	-	6.8
Carrying amount, 31 December 2009	437.8	11.5	12.1	15.4	31.1	5.3	60.9	574.1
Effect of foreign exchange	-	-	-	-	-	-	-	-
At 31 December 2009	437.8	11.5	12.1	15.4	31.1	5.3	60.9	574.1
Amortisation and impairment								
At 1 January 2009	(167.2)	(1.0)	(4.2)	(2.6)	(21.4)	(1.7)	(10.1)	(208.2)
Amortisation and impairment	-	(1.7)	(2.3)	(1.4)	(9.4)	(0.8)	(6.1)	(21.7)
At 31 December 2009	(167.2)	(2.7)	(6.5)	(4.0)	(30.8)	(2.5)	(16.2)	(229.9)
Net book value								
At 31 December 2009	270.6	8.8	5.6	11.4	0.3	2.8	44.7	344.2
At 31 December 2008	270.6	3.7	3.1	12.8	9.7	3.6	50.8	354.3
Economic life	indefinite		3 years	10 years	3 years	4 years	10 years	
Amortisation method			linear	linear			linear	

Development costs of USD 0.5 million, have been expensed in 2009 (USD 0,0 million in 2008).

NOTE 14 INVESTMENTS IN ASSOCIATED COMPANIES

BW Offshore had the following investments in associates at 31 December:

2009

Entity	Nexus Floating Production	Prosafe Production	Total
	Limited (Nexus)	Limited (PROD)	
Country	Norway	Cyprus	
Industry	Floating Production	Floating Production	
Ownership interest	49.7%	23.9%	
Carrying value 1 January 2009	38.7	186.9	225.6
Share of net profit*	(39.5)	(6.1)	(45.6)
Other changes	0.8	-	0.8
Share of other comprehensive income	-	4.2	4.2
Carrying amount 31 December 2009	-	185.0	185.0
Fair value	1.1	131.3	132.4

* Share of net profit of associated Company, less depreciation of excess value identified in the preliminary purchase price allocation.

The fair value is based on quoted market prices at the balance sheet date.

A summary of book values of the consolidated financial accounts of the individual associated companies, on a 100% basis:

Entity	Assets	Liabilities	Equity	Revenues	Result for the year
Nexus	3.6	67.7	(64.0)	0.1	(164.3)
PROD	2,090.6	1,282.9	813.7	315.0	(10.3)

2008

Entity	Nexus Floating Production	Prosafe SE	Prosafe Production Ltd	Balance Sheet Total	Share of Net Profit for The Year
	Limited (Nexus)	(Prosafe)	(PROD)		
Country	Norway	Cyprus	Cyprus		
Industry	Floating production	Accommodations rigs	Floating production		
Ownership interest	49.7%	26.5%	23.9%	Total	Total
Carrying value 01 January 2008	121.1	857.8	-	978.9	-
Share of net profit*	-	13.9	-	13.9	13.9
Share of currency translation against equity	-	(0.1)	-	-	(0.1)
Carrying value 15 May 2008	-	871.6	-	-	-
Dividend PROD 15 May 2008	-	(346.9)	-	346.9	-
Carrying value PRS 15 May	-	524.7	-	-	(524.7)
Proceeds from sale of PRS shares	-	651.7	-	-	-
Gain on sale of PRS shares	-	127.0	-	-	-
Share of net profit*	(0.4)	-	(59.2)	(59.6)	(59.6)
Unrealised gain/loss directly	(0.7)	-	-	(0.7)	-
Against equity	-	-	(16.1)	(16.1)	-
Impairment charge	(81.3)	-	(84.7)	(166.0)	-
Carrying amount 31 December 2008	38.7	-	186.9	225.6	(45.7)
Fair value	25.7	-	95.8	121.5	-

* Share of net profit of associated Company, less depreciation of excess value identified in the preliminary purchase price allocation.

A summary of book values of the consolidated financial accounts of the individual associated companies, on a 100% basis:

Entity	Assets	Liabilities	Equity	Revenues	Result for the year
Nexus	586.2	391.2	195.1	0.4	(0.8)
PROD	1,981.3	1,175.6	805.7	264.7	(203.6)

NOTE 14 INVESTMENTS IN ASSOCIATED COMPANIES cont.**PROSAFE PRODUCTION**

BW Offshore has a 23.9% interest in PROD. The Group has a significant influence but does not control the entity. BW Group is not represented in the board of PROD. PROD owns and operates in total 11 FPSOs/FSOs. PROD has been considered an associate since 2 June 2008. Total excess value of USD 192.1 million, has been identified in a purchase price allocation, resulting in annual amortisation charges of USD 15.4 million on a 100% basis.

The Group holds the investment in PROD at its estimated recoverable amount, according to IAS 36. The recoverable amount is the higher of a cash generating unit's fair value less costs to sell and its value in use. The Group holds the investment at value in use. The recoverable amount is estimated based on the Group's assessment and incorporating the best available estimates and assumptions, determined based on discounted cash flow model of estimated future earnings.

Management has updated the impairment assessment of the investment at year end which showed that no further impairment charge was required. The discount rate used to estimate the value in use was 8.0% on the fixed period of the contracts and 9.0% on the option period of the contracts. The DCF valuation has only put value on existing fleet and ongoing conversion. If the estimated pre-tax discount rate applied to the discounted cash flows for the fixed and option periods had been 1% higher than management's estimates, the Group would have recognised an impairment of approximately USD 4.4 million.

NEXUS

BW Offshore has a 49.7% interest in Nexus, which sold its only FPSO vessel during 2009 with a loss. Nexus has an option to build a similar FPSO with the shipyard Samsung Heavy Industries in South Korea. The Group does not have power over more than half of the voting rights in Nexus. Further, the Group does not have the power to cast the majority of votes at meetings of the Board of Directors or equivalent governing body. Nexus has been considered an associate since 8 May 2007.

During 2009 Nexus booked a net loss, resulting in a negative share of profit of the investment in associate which reduced the book value of the investment in Nexus to USD 0.0 million. The updated estimated recoverable amount equals the book value of USD 0.0 million at 31 December 2009. The discount rate used to estimate the value in use was 10.0%. If the estimated pre-tax discount rate applied to the discounted cash flows had been 1% higher or lower than management's estimates, the group would have recognised a further/reversal of impairment against the investment in Nexus of USD 0.0 million.

NOTE 15 CASH AND CASH DEPOSITS

Cash and cash equivalents are denominated primarily in USD and NOK. Restricted bank deposits at 31 December 2009 and 31 December 2008 amounted to USD 2.4 million and USD 2.8 million, respectively, and relate to taxes withheld from employees. In addition the Group has a bank guarantee related to additional liabilities regarding taxes withheld from employees.

Other non-current assets include cash deposits amounting to USD 161.1 million (USD 223.0) related to CIRR financing schemes for the FPSO YUUM K'AK'NÁAB and the FPSO Berge Helene (note 20). The interest rates on these deposits are 4.8% and 3.6% respectively. In addition, a bank deposit of USD 25.0 million has been placed as security for performance guarantees.

NOTE 16 SHARE CAPITAL OF THE COMPANY, LARGEST SHAREHOLDERS, PAR VALUE ETC.**Share capital USD '000**

Authorised share capital	
At 31 December 2008: 500,000,000 ordinary shares at par value USD 0.01 each	
Increase during 2009: 0 ordinary shares at par value USD 0.01 each	
At 31 December 2009: 500,000,000 ordinary shares at par value USD 0.01 each	
Issued and fully paid	
At 1 January 2009	4,562.0
At 31 December 2009	4,562.0

The Company held a total of 2,797,731 own shares at 31 December 2009 (2,797,731). These shares are held as 'treasury shares'. Book value of the 'treasury shares' was USD 9.3 million at 31 December 2009 (USD 9.3 million).

The 20 largest shareholders at 31 December 2009 were:

Name	No of shares	Shares %
1 BW GROUP LIMITED*	305,436,227	67.0%
2 BANK OF NEW YORK	18,666,535	4.1%
3 CREDIT SUISSE SECURITIES	12,705,949	2.8%
4 ODIN NORDEN	11,426,975	2.5%
5 ODIN NORGE	10,767,601	2.4%
6 ODIN OFFSHORE	9,809,000	2.2%
7 KOLBJØRN INVEST II AS	5,600,000	1.2%
8 JPMORGAN CHASE BANK	5,184,224	1.1%
9 SKANDINAVISKA ENSKIL	3,888,100	0.9%
10 BANK OF NEW YORK	3,825,934	0.8%
11 DNB NOR SMB VPF	3,300,000	0.7%
12 HOLBERG NORDEN	3,253,525	0.7%
13 KLP LK AKSJER	3,192,000	0.7%
14 DEUTSCHE BANK AG	3,089,000	0.7%
15 UBS AG, LONDON BRANCH	3,001,209	0.7%
16 BANK OF NEW YORK	2,813,120	0.6%
17 BW OFFSHORE LTD	2,760,793	0.6%
18 ODIN EUROPA	2,190,174	0.5%
19 HOLBERG NORGE	2,130,600	0.5%
20 ODIN MARITIM	1,900,000	0.4%
Top 20 shareholders	414,940,966	91.0%

Total shares outstanding 456,213,515

* BW Group Limited is approximately 93% owned by companies controlled by corporate interests associated with the Sohmen family. Chief Executive Officer and Key Management owned a total of 5,752,139 (5,622,139 in 2008) and 634,433 (363,322 in 2008) shares, respectively, in the Company at 31 December 2009.

The 20 largest shareholders at 31 December 2008 were:

Shareholder	No of shares	Holding
BW GROUP LIMITED	305,436,227	67.0%
BANK OF NEW YORK, BRUSSELS BRANCH	18,666,535	4.1%
CREDIT SUISSE SECURITIES (USA) LLC	12,996,922	2.8%
VERDIPAPIRFOND ODIN NORDEN	11,621,975	2.5%
VERDIPAPIRFOND ODIN NORGE	10,419,101	2.3%
ODIN OFFSHORE	8,584,000	1.9%
KLP LK AKSJER	5,853,200	1.3%
KOLBJØRN INVEST AS	5,620,000	1.2%
JPMORGAN CHASE BANK	4,306,000	0.9%
MORGAN STANLEY NORWAY EQUITY DEPOT	3,858,172	0.8%
BANK OF NEW YORK, BRUSSELS BRANCH	3,825,934	0.8%
HOLBERG NORDEN	3,098,525	0.7%
UBS AG, LONDON BRANCH	2,955,300	0.6%
FOLKETRYGDFONDET	2,934,500	0.6%
VERDIPAPIRFONDET KLP AKSJENORGE	2,845,800	0.6%
BANK OF NEW YORK, BRUSSELS BRANCH	2,813,120	0.6%
BW OFFSHORE LTD	2,760,793	0.6%
ODIN EUROPA	2,479,883	0.5%
SKANDINAVISKA ENSKILDA BANKEN	2,437,100	0.5%
RBC DEXIA INVESTOR SERVICES BANK	1,795,000	0.4%
Total 20 largest	415,308,087	91.0%

Total number of shares 456,213,515

NOTE 17 TRADE RECEIVABLES

	2009	2008
Total		
Trade and other receivables - gross	117.5	206.6
Finance lease receivable - current	11.1	13.4
Provision for doubtful debt	(0.2)	(36.6)
Trade and other receivables - net	128.4	183.4
Current portion	128.4	183.4

All non-current receivables are due within five years from the balance sheet date. The fair value of trade and other receivables is as follows:

	2009	2008
Trade and other receivables	128.4	183.4

As of 31 December 2009, trade receivables of USD 39.0 million (USD 30.8 million) were past due but not impaired. These relate to customers whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2009	2008
Up to 3 months	25.5	20.7
3 - 6 months	13.5	10.1
Total	39.0	30.8

As of 31 December 2009, trade receivables of USD 0.2 million (USD 53.7 million) were impaired and provided for. The aging of these receivables is as follows:

	2009	2008
Up to 3 months	-	-
Over 3 months	0.2	53.7
Total	0.2	53.7

The carrying amount of the group's trade and other receivables are denominated in the following currencies:

	2009	2008
NOK	14.5	37.3
USD	106.0	141.0
Other currencies	7.9	5.1
Total	128.4	183.4

Trade receivables not invoiced relating to construction contracts (note 7). Charges for doubtful debt are classified as other operating expenses in the income statement.

Changes in provision for impairment of trade receivables are as follows:

	2009	2008
Provision at 1 January	53.7	28.6
Charge for doubtful debt during the period	-	16.4
Deductibles and other charges relates to insurance claims	-	8.7
Realized losses for the year	(53.5)	-
Provision at 31 December	0.2	53.7

The other classes within trade and other receivables do not contain impaired assets.

Credit risk and foreign exchange risk regarding accounts receivable is described in note 18.

NOTE 18 FINANCIAL RISK MANAGEMENT

The Group's central finance department has the responsibility of financing, treasury management and financial risk management.

FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: Price risk (including currency risk and market risk), credit risk, liquidity risk and interest rate risk. Historically, demand for offshore exploration, development and production has been volatile and closely linked to the oil price. Low oil prices typically lead to a reduction in exploration as the oil companies' scale down their own investment budgets. Most of the Company's units at 31 December 2009 are fixed on long-term contracts, and this, to some extent, reduces the Company's exposure against intermediate oil and gas price fluctuations. Nevertheless, a decrease in the oil prices may have an adverse impact on the financial position of the Company.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. A risk management team identifies and evaluates financial risks in close co-operation with the Group's operating units. The risk management team is governed by written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

The Group does not use financial instruments, including financial derivatives, for trading purposes.

FOREIGN CURRENCY RISK

The functional currency of the Company and most of its subsidiaries is USD. Generally most of the operating revenue and operating expense as well as interest bearing debt are denominated in USD. The Group's vessels are also valued in USD when trading in the second-hand market. The Group is exposed to expenses incurred in currencies other than USD, the major currencies being Norwegian Kroner ('NOK'), Singapore Dollars ('SGD'), British Pounds ('GBP') and Euro ('EUR'). Operating expenses denominated in NOK, SGD, GBP and EUR constitute a minor part of the Group's total operating expenses. However, capital expenditures related to ongoing conversions of FPSOs and the construction contracts regarding oil field related equipment will to some extent be denominated in other currencies than USD. Therefore, fluctuations in the exchange rate of NOK, SGD, GBP and EUR may have significant impact on the financial statements of the Group.

The Group enters into forward/futures contracts and option agreements in order to reduce the exchange-rate risk in cash flows nominated in foreign currencies. The exchange-rate risk is calculated for each foreign currency and takes into account assets and liabilities, liabilities not recognised in the balance sheet and anticipated purchases and sales in the currency in question.

A 10% weakening of the USD against other currencies at 31 December 2009 would have decreased the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

	Increase/decrease in USD rate +/- 10%	Effect on profit before tax and equity
2009	Transaction gain or loss on monetary assets and liabilities of monetary assets and liabilities	+/- 1.0
2008	Transaction gain or loss on monetary assets and liabilities of monetary assets and liabilities	+/- 10.0

The Group held interests in associated companies accounted for under the equity method (Nexus and Prosafe), traded on the Oslo Stock Exchange in NOK, with a fair value of NOK 764.8 million equivalent to USD 132.4 million at 31 December 2009. An increase / decrease in USD rate +/- 10% will have a stand alone effect on the Group's fair value of these shares amounting to +/- USD 12.0 million. Further details regarding associated companies are given in note 14.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2009	2008
Currency		
NOK	25.8	21.6
USD	1054.8	914.8
Other currency	-	-
Total	1,080.6	936.4

Currency hedges and other currency effects include changes in fair value of currency hedges, effects or settlement of these hedges, and other currency effects related to operating cash flows.

Hedging of capital expenditures related to ongoing conversions of FPSO's

The conversions of FPSOs give rise to capital expenditures in other currencies than USD. In order to reduce its exposure to changes in foreign currencies against USD, the Group has entered into foreign currency exchange contracts. These hedging arrangements do not qualify for hedge accounting under IAS 39, thus these contracts are accounted for at fair value through the income statement. The market value of these contracts is estimated to USD -5.1 million at 31 December 2009 (USD -3.2 million). Estimation of fair values of forward exchange contracts are at mark to market using listed market prices.

Hedging of construction contracts regarding APL

Construction contracts regarding oil field related equipment give rise to revenues and cost of sales in other currencies than USD. In order to reduce the extent of foreign exchange risk, the Group uses forward exchange contracts to hedge the risks related to fixed prices in foreign currency. Use of foreign exchange contracts in these circumstances qualify for hedge accounting as fair value hedges in accordance with IAS 39.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise the hedging effectiveness. The effects of the forward/future contracts as efficient hedging instruments are recognised with the transaction they are to hedge, while a possible inefficiency in the hedging is recognised as a finance cost. The Group applies financial instruments in the currency involved in order to reduce foreign exchange rate exposure for net investments.

Fair values of foreign exchange contracts at 31 December 2009 amounted to USD 3.4 million (USD 18.1 million) and USD 0.0 million (USD -3.0 million) and are presented gross in the statement of financial position. Net effect of forward exchange contracts recognised in the income statement in 2009 is USD -11.7 million (USD 15.4 million), equalling the amount of the change recognised in the underlying hedged item.

CREDIT RISK

Several of the Group's contracts are long-term. There can be no guarantees that the financial position of the Group's major partners will not materially change during the contracted period. Given the limited number of major partners of the Group and the significant portion they represent of the Group's income, the inability of one or more of them to make full payment on any of the Group's contracted units may have

a significant adverse impact on the financial position of the Group. As nearly 100% of the Group's portfolio are with National Oil Companies, the Group believes that the credit risk related to counterparties is at an acceptable level. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Another risk factor to be addressed is whether negative reservoir development may affect the oil company's ability to fulfil its obligations also within the fixed contract. The probability for options to be exercised and extension of contracts to be entered into will be negatively affected by reduction in actual reservoir reserves. It is common for customers, i.e. the oil companies, to contract the firm period for the FPSO lease corresponding to the expected producing life of the reserves. The existing contracts are essentially covered against these risks through termination fees, cash-flow arrangements and financial and corporate guarantees. The Group will continue its active risk management to mitigate these risk factors. Furthermore, the Group has implemented policies to ensure that cash funds are deposited with internationally recognised financial institutions with a good credit rating.

The maximum risk exposure is represented by the carrying amount of the financial assets in the balance sheet. Counterparties for derivative financial instruments are normally a bank and the credit risk linked to these financial derivatives is limited. The Group regards its maximum credit risk exposure to the carrying amount of trade receivables (note 17), other current assets and financial lease receivables (note 6).

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains sufficient cash for its daily operations via short-term cash deposit at banks and a commitment from the Company undertaking to make available funds from the unutilised portion of revolving facilities offered by financial institutions to the Company.

The table following on the next page sets out the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. When a counterparty has a choice of when an amount is to be paid, the liability is included on the basis of the earliest date on which the entity can be required to pay. Financial liabilities that can be required to be repaid on demand are included in the 'within 1 month' column.

NOTE 18 FINANCIAL RISK MANAGEMENT cont.

Year ended 2009	Period left					Total
	Within 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	
USD 1,500 million facility	-	-	-	893.3	-	893.3
CIRR financing schemes*	-	31.0	31.0	99.1	-	161.1
Mortgage loan	0.1	-	0.2	1.2	3.6	5.1
Bond loan	-	-	-	20.8	-	20.8
Other short term loan and borrowings	-	-	0.3	-	-	0.3
Other liabilities non-current	-	-	-	143.2	14.0	157.2
Interest rate swaps	-	6.1	18.2	33.5	-	57.8
Interest payments	0.1	4.4	13.2	61.9	1.1	80.7
Trade and other payables current	-	-	208.7	-	-	208.7
Total	0.2	41.5	271.6	1,253.0	18.7	1,585.0

*A total amount of USD 161.1 million has been placed as long term bank deposits securing full settlement of the total debt and interest expenses related to these financing schemes.

Year ended 2008	Period left					Total
	Within 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	
USD 1,500 million facility	-	-	-	691.3	-	691.3
CIRR financing schemes*	-	8.2	31.0	183.8	-	223.0
Mortgage loan	0.1	-	0.3	2.0	1.9	4.3
Bond loan	-	-	-	17.3	-	17.3
Other short term loan and borrowings	-	0.4	-	-	-	0.4
Other liabilities non-current	-	-	-	33.5	9.6	43.1
Interest rate swaps	-	1.7	12.4	41.0	-	55.1
Interest payments	10.3	0.4	15.7	91.5	1.0	118.9
Trade and other payables current	-	-	378.7	-	-	378.7
Total	10.4	10.7	438.1	1,060.4	12.5	1,532.1

*A total amount of USD 223.0 million has been placed as long term bank deposits securing full settlement of the total debt and interest expenses related to these financing schemes.

The Group has the following undrawn borrowing facilities:

	2009	2008
Floating rate		
Expire within one year	-	-
Expire beyond one year	600.0	800.0
Fixed rate		
Expire within one year	-	-

The loan facility with BW Group amounts to USD 1,500 million. Undrawn amount is USD 600.0 million which can be utilised as long as the Group are in compliance with its loan covenants.

The Group had no loans advanced to associates at 31 December 2009.

INTEREST RATE RISK

The exposure of the Group's borrowings to interest rate changes and the contractual revaluation dates at the balance sheet dates are as follows:

	2009	2008
6 months or less	919.2	713.0
6-12 months	-	-
1-5 years	-	-
Over 5 years	-	-
	919.2	713.0

Average interest rate on cash deposits was 4.0% in 2009 (5.5%).

Effective 1 January 2009, the Group adopted the amendments to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair value of the Group's currency hedges are determined using forward exchange rates at balance sheet date, with the resulting value discounted back to present value (level 2) and are included in trade and other payables on the statement of financial position.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves (level 2) and are included in trade and other payables on the statement of financial position.

The fair value of the currency hedge amounts to USD 37.4 million (nominal value USD 700.0 million) while the fair value of the interest rate swaps amounts to USD 1.7 million (nominal value USD 62.2 million).

NOTE 19 RETIREMENT BENEFIT OBLIGATIONS

The carrying amounts of fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2009	2008	2009	2008
CIRR	161.1	223.0	161.1	223.0
BW Group facility	893.3	691.3	900.0	700.0
Mortgage loan	5.1	4.3	5.1	4.3
Bond loan	20.8	17.3	17.8	14.7
	1,080.3	935.9	1,084.0	942.0

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant. The carrying amounts of short-term borrowings approximate their fair value.

The Group is exposed to interest-rate risk through its funding activities. A significant part of the interest bearing debt has floating interest rate conditions, making the Group influenced by changes in the market rates.

The Group holds interest derivatives of USD 700 million in total. A collar of USD 200 million was entered into in August 2007 (LIBOR floor rate of 4.23% and LIBOR cap rate of 5.5%, maturity 3Q2012). In April 2008 the Group entered into a interest swap of USD 300 million (LIBOR 3.425% , maturity 2Q2013) and a interest swap of USD 200 million (LIBOR 3.740%, maturity 2Q2013). The swaps were entered into while the Group was still holding the USD 600 million facility with DnB, but continued to reduce the interest rate risk to the new facility USD 1,500 million with BW Group Limited. The market value of the interest derivatives amounted to USD -34.7 million at 31 December 2009 (USD -48.9 million) and is recognized as a fair value loss on financial instruments.

The following table shows the Group's sensitivity for fluctuations in interest rates. The calculation includes all interest bearing instruments and interest rate financial derivatives.

	Increase/decrease in basis points	Effect on profit before tax and equity
2009	+/- 50	+/- 3.7
2008	+/- 50	+/- 1.9

The average interest rate on financial instruments was as follows:

	2009	2008
Loans secured by collateral	4.6%	4.7%
Bank loans - unsecured	1.9%	5.4%

CAPITAL STRUCTURE AND EQUITY

Capital structure is monitored by the Group. The primary focus of the Group's financial strategy is to ensure a healthy capital structure to support its business, fulfil all financial obligations and maximise shareholder values. The Group also monitors and manages its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to its shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 31 December 2008.

All office employees in Norway, Norwegian seafaring personnel and parts of office employees in other countries than Norway are covered by five defined benefit pension plans, of which two are funded. The funding obligations connected to the pension plans are coordinated with anticipated future payments from the state pension regulations in Norway. The individual future retirement benefit includes the total of payments from the Company pension plan, of which a provision is recorded in the consolidated accounts as well as pension payments from the Norwegian state. The plans also include survivor/dependants and disability pensions. The pension entitlements are accrued on a linear basis with an average service life of 30 years. The main terms for office staff pensions are 66% of final salary on attainment of retirement age of 65-67. The main condition for seafaring personnel is a pension of 50% of final salary on attainment of retirement age of 60. The Group's pension schemes follow the requirements as set out in the Act on Mandatory Company pensions in Norway.

The above mentioned plans had 304 members at 31 December 2009 and 368 members at 31 December 2008. No other post-retirement benefits are provided.

The most recent actuarial valuations of plan assets and the defined benefit obligation were carried out at 31 December 2009 by Storebrand Actuarial Services, a member of the Norwegian Institute of Actuaries.

Pension liabilities are presented under liabilities in the balance sheet and any change is charged to the income statement. The impact of changed actuarial estimates is amortised over the estimated remaining time to retirement to the extent that it exceeds 10% of pension liabilities or pension funds, whichever is the larger 'corridor'. The discount rate is a 10 year Norwegian government bond with addition of a risk element.

The principal actuarial assumptions considered when calculating the pension obligations and expenses were as follows:

	2009	2008
Discount rate	4.40%	3.80%
Expected return on plan assets	5.60%	5.80%
Future salary increases	4.25%	4.00%
Future pension increases	1.30%	1.50%
Increase in social security base amount related to Norwegian state pension	4.00%	3.75%
Social security tax	14.10%	14.10%

Actuarial assumptions for demographic factors such as rates for mortality and disability are based on the standard assumptions made by the Norwegian Institutes of Actuaries.

Average life expectancy for a person retiring at 67 years of age:

	2009	2008
Male	16.5	15.8
Female	19.4	19.0

The amounts recognised in the balance sheet are determined as follows:

Figures in USD million	2009	2008
Present value of funded obligations	29.6	29.1
Fair value of plan assets	(25.1)	(19.2)
Present value of unfunded obligations	1.6	2.0
Unrecognised actuarial gains/(losses)	7.9	(2.3)
Liability in the statement of financial position	14.0	9.6

NOTE 19 RETIREMENT BENEFIT OBLIGATIONS cont.

The amounts recognised in the income statement are as follows:

Figures in USD million	2009	2008
Current service cost	6.1	5.2
Interest cost	1.5	1.4
Expected return on plan assets	(1.3)	(1.3)
Administrative cost	0.7	0.7
Net actuarial gain recognised during the financial period	0.2	0.3
Net periodic pension cost (Note 9)	7.2	6.3

Best estimate of net pension cost for 2010 amounts to USD 6.2 million (USD 6.2 million). Best estimate of premium payments in 2010 amounts to USD 3.6 million (USD 2.8 million).

The movement in the liability recognised in the statement of financial position is as follows:

Figures in USD million	2009	2008
At 1 January	(9.6)	(8.7)
Contributions paid	4.6	2.8
Termination of contracts	-	0.3
Exchange differences	(1.8)	2.3
Charged to income statement*	(7.2)	(6.3)
At 31 December	(14.0)	(9.6)

* Expenses related to defined contribution plans amounted to USD 1.0 million in 2009 (USD 0.4 million)

The pension funds are administered according to certain guidelines set by the authorities. As of 30 September the funds were invested as follows:

	2009	2008
Shares and equity instruments	15.0%	6.7%
Bonds - fixed yield	11.0%	18.5%
Bonds held to maturity	38.0%	31.3%
Properties and real estate	16.0%	16.7%
Loans	0.0%	3.2%
Money market funds	14.0%	13.3%
Other	6.0%	10.3%
Total	100.0%	100.0%

The actual return on plan assets amounted to 3.4% (-2.0%) at 30 September 2009.

A 1% decrease in the discount rate could imply an increase in present value of funded obligations of approximately 20-25%. This will not imply an immediate increase in the pension cost recognised in the income statement since that actuarial gains/losses are recognised over the expected average remaining working lives of the employees.

NOTE 20 LOAN FACILITIES

	Effective interest rate	Maturity date	Carrying amount	
			2009	2008
Secured				
CIRR Y'UUM K'AK' NAAB	4.77%	9 July 2012	136.5	182.0
CIRR Berge Helene	3.57%	17 February 2011	24.6	41.0
Mortgage loan	3 month NIBOR + 0.60%	15 March 2022	5.1	4.3
Total secured long-term debt			166.2	227.4
Unsecured				
BW Group Limited USD 1,500 million facility	LIBOR + 1.25%	13 May 2013	893.3	691.3
Bond loan APL (NOK 500 million)	3 month NIBOR + 2.75%	28 March 2012	20.8	17.3
Total unsecured long-term debt			914.1	708.6
Total long-term debt			1,080.3	936.0
1st year's principal repayments on long-term debt (note 18)			(0.3)	(0.4)
Total long-term debt excluding the 1st year's principal repayments			1,080.0	935.6
Short term loan				
Mortgage debt			0.3	0.4

NOTE 20 LOAN FACILITIES cont.
USD 1,500 million facility BW Group

At 31 December 2009, a total of USD 893.3 million has been drawn down on the loan facility.

An arrangement fee of USD 6.7 million on the credit facility has been capitalised and will be expensed over the five year term of the loan.

There is a commitment fee of 0.5% of available, undrawn amount under this facility.

The facility agreement is subject to loan covenants, including equity of at least 35% of total assets, total equity of at least USD 500 million and a debt to borrowing base ratio of maximum 2.5 during 2009, that will be reduced to 2 during 2010 and then a maximum debt to borrowing ratio of 1.0 going forward. In addition, the loan agreement has a cross default clause against other subsidiaries partly and/or wholly owned by BW Group Limited. The Group is in compliance with these covenants at 31 December 2009.

NOK 500 million bond loan

In 2006, APL, a subsidiary of BW Offshore, entered into a loan agreement with Norsk Tillitsmann ASA regarding a bond loan of NOK 500 million at a floating interest rate of NIBOR plus 2.75%.

The loan will run without instalments and mature in whole on the maturity date being 28 March 2012.

The loan is listed on Oslo Børs ASAs Alternative Bond Market. The obligations of the Company under the loan agreement are not secured by any mortgage, pledge or other security.

APL has a call option to redeem the loan or any portion from 28 March 2010 subject to specific requirements.

The bond loan is subject to loan covenants, including an equity ratio of at least 25% of total assets among other covenants. At balance sheet date the Company is in compliance with all loan covenants.

USD CIRR financing

A total of USD 161.1 million has been drawn down on two loan facilities (CIRR) entered into with Eksportfinans ASA related to the conversions of the FPSO Berge Helene and the FPSO Y'UUM K'AAK N'AAB. The proceeds from the draw down have been placed as long term bank deposits to be used to amortise and service the loans. The bank deposits and the loans are according to IFRS presented as non-current assets and liabilities, on a gross basis, in the balance sheet. The corresponding interest income and interest expenses are presented on a gross basis in the income statement. The loans are charged with a fixed interest of 4.8% and 3.6% respectively, over a period of 5 years.

Mortgage loan

In 2006, APL Property AS, a subsidiary of BW Offshore, entered into a loan agreement with Handelsbanken regarding a mortgage loan of NOK 40.0 million at a floating interest rate of NIBOR plus 0.6%.

The loan is a serial loan with quarterly instalments over 15 years.

NOTE 21 INVESTMENT IN JOINT VENTURE

The Group has the following investment in a joint venture:

Company	Registered office	Holding in % 2009	Holding in % 2008
OOO "Oil Terminal Belokamenka"	Russia	50%	50%

The following amounts represent the Group's share of assets, liabilities, income and expenses related to the joint venture and are proportionately consolidated in the Group's statement of financial position and income statement on a line-by-line basis:

	2009 LLC Oil Terminal Belokamenka	2008 LLC Oil Terminal Belokamenka
Revenue	11.1	7.7
Expenses	(7.7)	(6.4)
Net financial Items	0.1	-
Profit before tax	3.5	1.3
Income tax expense	(0.6)	(0.2)
Profit after tax	2.9	1.1
Non-current assets	0.6	0.4
Current assets	3.8	2.3
Total assets	4.4	2.7
Equity	2.7	2.0
Non-current liabilities	-	-
Current liabilities	1.7	0.7
Total Equity and liabilities	4.4	2.7

The following transactions were carried out between the Group and OOO Oil Terminal Belokamenka:

- Lease of the FSO Belokamenka (note 6), USD 14,144 per day (USD 14,144).
- Average management services fee per month were USD 148,000 (USD 84,000).

NOTE 22 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES

Goodwill and intangibles acquired through business combination in 2007, for impairment testing, have been allocated to one cash-generating unit, the APL segment.

Carrying amount of goodwill and intangibles related to the APL cash generating unit:

At 31 December	2009	2008
Goodwill	270.6	270.6
Technology	11.4	12.8
Order Backlog	0.3	9.7
Tender Portfolio	2.8	3.6
Customer related intangibles	44.7	50.8
APL Intangibles	329.8	347.5

Projected cash flows of the APL CGU have been determined based on the forecasts approved by the Group Management, covering a five-year period. The projected cash flows are based on historical cash flows for the CGU, updated to reflect estimated development in the total market, our market share and the prices of our products.

Growth rate beyond the five year period are extrapolated using an estimated growth rate of 2.0%, increased from 1.0% last year. Management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pretax and reflect specific risks relating to the relevant operating segments.

The discount rate, based on Weighted Average Cost of Capital (WACC), used for calculating the net present value of the cash flow is 10.0%, increased from 9.3% in 2008. The risk premium is based on empirical data of similar companies listed on Oslo Stock Exchange. The main changes in the discount rate compared to last year are applying a higher risk premium and higher interest rates.

Sensitivity in key assumptions used

APL was acquired in 2007 and the value of the entity is based on several key assumptions. If these key assumptions are developing unfavourably it may cause impairment of the carrying goodwill.

- If the terminal growth rate beyond the five year forecast had been 1.0% instead of 2.0% the group would have recognised an impairment of goodwill by USD 0.0 million.
- If the estimated pre-tax discount rate applied to the discounted cash flows for the APL CGU had been 1% higher than management's estimates (for example, 11.0% instead of 10.0%), the group would have recognised an impairment charge against goodwill by USD 5.5 million.

As a result of this analysis according to IAS 36, management has concluded that no impairment charge is needed as of 31 December 2009.

The following table highlights the impairments and write offs.

	Note	2009	2008
Impairment charge uncommitted fleet	11	-	90.2
Impairment charge goodwill		-	167.2
Other provision	26	-	76.7
Total		-	334.1

NOTE 23 EARNINGS PER SHARE
Basic

Basic earnings per share are calculated by dividing the net result of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted

The Company has had no instruments outstanding during the reporting period with a potentially dilutive effect.

	2009	2008
Loss attributable to equity holders of the Group (USD million)	(8.8)	(532.6)
Weighted average number of ordinary shares in issue (thousands)	456,214	456,214
Basic and diluted earnings per share*	(0.02)	(1.17)

* Excludes treasury shares of 2,797,731 held by the Company.

Basic and diluted earnings per share are presented in separate lines in the income statement.

NOTE 24 RELATED PARTIES TRANSACTIONS

The ultimate holding corporation is BW Group Limited, incorporated in Bermuda and is approximately 93% owned by companies controlled by Sohmen family interests. All transactions with related parties have been carried out as a part of the ordinary operations and at arm's length prices.

Remuneration to the Board of Directors, auditors and key management is detailed in note 9.

Investments in subsidiaries are described in note 4. Transactions with joint ventures are disclosed in note 21.

The following transactions were carried out with related parties:

	2009	2008
Interest expenses and loan related fees to BW Group Limited	24.1	21.8
Management, administration and rental services from BW Gas and BW Maritime	0.3	1.6
Year-end balances		
Receivables from Group companies	0.3	0.3
Payables to Group companies	1.6	0.1
Loans	900.0	700.0

The non-trade amount due to the ultimate holding corporation at 31 December 2009 was USD 900.0 million (USD 700.0 million in 2008).

The Group has had transactions with the associated company Nexus. The transactions relate to management services regarding building of FPSOs. In addition, Nexus has entered into agreements with the Group regarding delivery of complete STP-systems for the vessels.

Sales and purchases from related parties are made at normal market prices. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

Transactions with Nexus Floating Production Ltd and subsidiaries

	2009	2008
Trade receivable at 31 December	0.2	-
Convertible bond at 31 December	-	1.0
Total sales	14.2	36.6

NOTE 25 COMMITMENTS

Capital expenditure related to conversion projects contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2009	2008
Nominal amount (due within 12 months)	31.8	146.7
Net present value	29.5	137.8
Interest rate	8.0%	6.5%

The Group has entered into lease agreements (classified as operating leases) for offices in various countries with durations varying from 3 to 15 years. Total annual rent for the head office amounts to USD 2.4 million (USD 2.5 million).

The Group has issued performance guarantees in favour of various customers totalling USD 196.3 million (USD 171.6 million).

NOTE 26 PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

On 19 December 2008, Anzon Australia Limited, on behalf of the participants in the Basker Manta Gummy (BMG) project, gave notice to BW Offshore of a termination of the Letter of Intent ('LoI') signed in July 2008 for the supply of a FPSO for the proposed BMG project. BW Offshore will act according to the conditions under the LoI related to a termination with the purpose of seeking recovery of the costs already occurred on the project in full from Anzon. BW Offshore has provided for the estimated project costs related to the BMG project, which amounts to USD 88.8 million. These costs have been included as 'Impairment charges and write downs' in the income statement for 2008. Whilst the Company is confident of its claim against Anzon under the LoI, for accounting purpose it is not able to recognize the claimed reimbursement from the BMG partners as the outcome of this claim is not deemed 'virtually certain' according to IAS 37.

In 2006 and 2007 there have been changes in laws in Mexico with potential effect for the prices stated in the contract for the delivery and operation of the FPSO YÜUM K'AK'NÁAB. The Group and the respective client have yet not agreed on how to calculate and allocate the financial effects of these changes. The original amount disputed was USD 83.8 million but this amount is in 2008 reduced to USD 66.7 million. The Group has made a provision of USD 34.4 million in this respect (included in the 2007 income statement).

As part of its ordinary business, the Group has ongoing claims against insurance companies. The estimated outcomes of these claims are reflected in the financial statements. The company does not recognise these claims as receivables until receipt of such amounts are deemed virtually certain.

The following short term provisions have been included in the financial statements (USD million) relating to claims and disputes discussed above:

	2009	2008
Provisions at beginning of period	45.0	7.7
Additions	5.5	76.7
Reversals/payments	(35.2)	(34.4)
Offset against receivables	-	(5.0)
Provisions at end of period	15.3	45.0

NOTE 27 TRADE AND OTHER PAYABLES

	2009	2008
Trade payables	14.6	45.7
Amounts due to related parties	1.5	9.1
Accrued vessel expenses	22.9	26.5
Derivatives at fair value (note 18)	36.4	55.5
Accrued construction contract expenses	33.6	128.4
Advance payments (note 7)	42.3	45.9
Accrued other expenses	5.5	5.7
VAT etc	9.3	7.0
Deferred revenues	38.0	-
Provisions (note 26)	15.3	45.0
Other accruals	-	9.9
Total	219.4	378.7

NOTE 28 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 29 January 2010, BW Offshore, together with its Brazilian consortium partners in QUIP and QGOG (Queiroz Galvão Óleo e Gás) signed the contract for the FPSO P-63 with the Papa Terra Joint Venture (Petrobras (operator) and Chevron). BW Offshore's main responsibility will be to deliver the marine scope of the FPSO conversion, including the hull, offloading system and mooring equipment for the vessel.

BW Offshore will utilize the ULCC BW Nisa (323,000 dwt) for the project.

BW OFFSHORE LIMITED PARENT COMPANY FINANCIAL STATEMENTS 2009

02 TABLE OF CONTENTS

03-05 DIRECTORS' REPORT

06 RESPONSIBILITY STATEMENT

07 INDEPENDENT AUDITOR'S REPORT

08-38 CONSOLIDATED FINANCIAL STATEMENTS

39-47 PARENT COMPANY FINANCIAL STATEMENTS

STATEMENTS OF INCOME

USD million (Year ended 31 December)	Note	2009	2008
OPERATING REVENUE			
Other revenue		-	-
Total revenues		-	-
OPERATING EXPENSES			
Operating expenses	3	(31.8)	(33.3)
Total operating expenses before amortisation		(31.8)	(33.3)
Operating loss before amortisation		(31.8)	(33.3)
Amortisation		(1.3)	-
Operating loss		(33.1)	(33.3)
FINANCIAL INCOME AND FINANCIAL EXPENSES			
Interest income		63.3	103.0
Interest expense		(34.3)	(42.1)
Net currency exchange gain (loss)		(10.3)	10.0
Impairment charge intercompany balances		-	(676.3)
Other financial expenses		(11.3)	(57.3)
Net financial items		7.4	(662.7)
Loss before tax		(25.7)	(696.0)
Income tax expense		-	-
Net loss for the year		(25.7)	(696.0)
Loss attributable to equity shareholders		(25.7)	(696.0)

The notes in pages 44-47 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

USD million (Year ended 31 December)	Note	2009	2008
Loss for the year		(25.7)	(696.0)
Other comprehensive income			
Currency translation differences		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		(25.7)	(696.0)
Attributable to			
Equity holders of the parent		(25.7)	(696.0)

The notes in pages 44-47 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

USD million (As at 31 December)	Note	2009	2008
ASSETS			
Other intangible assets		2.7	4.0
Shares in subsidiaries	4	604.1	112.1
Intragroup long term receivables	5,11	1,228.2	1,535.6
Total non-current assets		1,835.0	1,651.7
Trade and other receivables		7.0	4.4
Cash and deposits	8	40.0	36.2
Total current assets		47.0	40.6
TOTAL ASSETS		1,882.0	1,692.7
EQUITY			
Share capital	7	4.6	4.6
Share premium	7	918.8	1,444.6
Other equity		23.1	(477.0)
Total shareholder's equity		946.5	972.2
Long-term liabilities	8,11	893.3	691.3
Total non-current liabilities		893.3	691.3
Trade and other payables	10,11	42.2	29.2
Total current liabilities		42.2	29.2
Total liabilities		935.5	720.5
TOTAL EQUITY AND LIABILITIES		1,882.0	1,692.7

The notes in pages 44-47 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

USD million (As at 31 December)	Note	Share Capital	Share Premium	Other Equity	Total
At 1 January 2008		4.6	1,444.6	228.3	1,677.5
Treasury shares purchased		-	-	(9.3)	(9.3)
Changes in equity		-	-	(9.3)	(9.3)
Loss for the period		-	-	(696.0)	(696.0)
Total comprehensive income		4.6	1,444.6	(477.0)	972.2
At 31 December 2008		4.6	1,444.6	(477.0)	972.2
Reduction share premium against other equity		-	(525.8)	525.8	-
Changes in equity		4.6	918.8	48.8	972.2
Loss for the period		-	-	(25.7)	(25.7)
Total comprehensive income		4.6	918.8	23.1	946.5
At 31 December 2009		4.6	918.8	23.1	946.5

The notes in pages 44-47 are an integral part of these financial statements.

STATEMENTS OF CASH FLOW

USD million (Year ended 31 December)	Note	2009	2008
Operating activities			
Loss before tax		(25.7)	(696.0)
Amortisation		1.3	-
Impairment changes of intercompany receivable		-	676.3
Other changes		(26.6)	(60.9)
Changes in receivables and accounts payable		10.5	17.9
Net cash flow used in operating activities		(40.5)	(62.7)
Investing activities			
Investments in subsidiaries		(184.6)	-
Interest received		63.3	103.0
Net cash flow used in investing activities		(121.3)	103.0
Financing activities			
Changes in intercompany receivables/debt		-	(216.1)
Received payments from raising new long-term debt		200.0	226.5
Investments in own shares		-	(9.3)
Interest paid		(34.4)	(42.1)
Net cash flow from financing activities		165.6	(31.7)
Net change in cash and cash equivalents		3.8	8.6
Cash and cash equivalents at 1 January		36.2	27.6
Cash and cash equivalents at 31 December		40.0	36.2

The notes in pages 44-47 are an integral part of these consolidated financial statements.

NOTES

NOTE 1 GENERAL INFORMATION

BW Offshore Limited ('BW Offshore' or 'the Company') was incorporated in Bermuda in 2005 and is domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda

The Company is listed on the Oslo Stock Exchange (OSE).

All figures are in USD million if not otherwise stated.

The financial statements were approved by the Board of Directors on 26 March 2010.

NOTE 2 ACCOUNTING POLICIES

The financial statements of BW Offshore have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union (IFRSs as adopted by the EU) The consolidated financial statements have been prepared pursuant to the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through equity or the income statement.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Revenue recognition

Interest income is recognised on a time proportion basis applying the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Other revenues

Sales are recognised after transfer of the significant risks and rewards that are connected with the ownership of goods being sold to the buyer. The Group retains neither a continuing right to dispose of the goods, nor effective control of those goods. Revenues from services are recorded when the service has been performed. Sales are presented net of indirect sales taxes and discounts.

ACCOUNTING FOR SUBSIDIARIES

Subsidiaries

The subsidiaries are all entities (including special purpose entities) over which the Company has power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights currently exercisable or convertible are considered when assessing whether the Company controls another entity. Investments in subsidiaries are stated at cost less any impairment.

INTANGIBLE ASSETS

Research and development

Expenses relating to research activities are recognised in the income statement as they are incurred. Expenses relating to development activities are capitalised to the extent that the product or process is technically and commercially viable and the Company has sufficient resources to complete the development work. Expenses that are capitalised include the costs of materials and external suppliers, direct wage costs and a share of the directly attributable common expenses. Capitalised development costs are recognised at their cost minus accumulated amortisation and impairment losses.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement during the period of the borrowings applying the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at originally invoiced amount, where this approximates fair value, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

Trade and other receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost, applying the effective interest method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and short term deposits with an original maturity of three months or less.

CURRENCY TRANSLATION

Functional and presentation currency

The Company's presentation currency is United States Dollars ('USD'). This is also the functional

currency of the Company and most of its subsidiaries. For consolidation purposes, the balance sheet figures for subsidiaries with a different functional currency are translated at the rate applicable at the balance sheet date and their income statements are translated at the exchange rate prevailing at the date of transaction. As an approximation, the monthly average exchange rates are applied in translating the income statements. Exchange differences are recognised in equity. When foreign subsidiaries are disposed of, the accumulated exchange differences relating to the subsidiary are recorded as income.

Transactions and balances

Transactions in a currency other than the functional currency ('foreign currency') are translated into the functional currency using the exchange rates prevailing at the date of transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Provisions for other liabilities and charges

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, when it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where the Company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued.

USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's

accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

EVALUATION AND CLASSIFICATION OF ASSETS AND LIABILITIES – MAIN PRINCIPLES

Assets for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Liabilities which fall due more than one year after being incurred are classified as long-term liabilities, with the exception of following year's instalments on long-term debt. This is presented as current interest-bearing debt. Liabilities which fall due less than one year after they are incurred are classified as current liabilities.

CHANGES IN ACCOUNTING POLICIES

Changes in accounting policies are the same as can be found in the BW Offshore Ltd consolidated Financial Statements.

NOTE 3 OPERATING EXPENSES

	2009	2008
Management fee	18.6	18.4
Lawyer's fee	1.8	0.4
Consultant's fee	2.5	6.8
Auditor's fee	0.5	0.9
Other operating expenses	8.4	6.8
Total operating expenses	31.8	33.3

NOTE 4 SHARES IN SUBSIDIARIES

Name of companies	Country of incorporation	Ownership 2009	Ownership 2008
Belokamenka Limited	Bermuda	100%	100%
Berge Carmen Singapore Private Limited	Singapore	100%	100%
Berge Helene Limited	Bermuda	100%	100%
Berge Okoloba Toru Limited	Bermuda	100%	100%
Bergesen Worldwide Limited	Bermuda	100%	100%
BW Ara Limited	Bermuda	100%	100%
BW Belokamenka (Cyprus) Limited	Cyprus	100%	100%
BW Brazil Limited	Bermuda	100%	100%
BW Carmen Limited	Bermuda	100%	100%
BW Cidade de São Vicente Limited	Bermuda	100%	100%
BW Endeavour Limited	Bermuda	100%	100%
BW KMZ Limited	Bermuda	100%	100%
BW LPG FPSO I Limited	Bermuda	100%	100%
BW Nisa Limited (former Berge Troll Limited)	Bermuda	100%	100%
BW Offshore do Brazil Ltda	Brazil	99%	99%
BW Offshore Global Manning Private Limited	Singapore	100%	100%
BW Offshore Norwegian Manning AS	Norway	100%	100%
BW Offshore Technology Singapore Private Limited (former BW Offshore Singapore Private Limited)	Singapore	100%	100%
BW Offshore USA Inc	USA	100%	100%
BW Pioneer Limited	Bermuda	100%	100%
Sendje Berge Limited	Bermuda	100%	100%

NOTE 5 INTRA-GROUP LOANS AND RECEIVABLES

	2009	2008
Loan to Group companies	-	-
Intra-group long-term receivables	-	-
Outstanding from subsidiaries	1,228.2	1,535.6
Intra-group short-term receivables	1,228.2	1,535.6

Intra-group loan agreements with subsidiaries are set up based on regular market rates. Outstanding balances at year-end are unsecured. For the year ended 31 December 2009, the Company has not recorded any impairment related to receivables on amounts owed by group subsidiaries.

NOTE 7 SHARE CAPITAL

	Share capital USD '000
Authorised share capital	
At 31 December 2008: 500,000,000 ordinary shares at par value USD 0.01 each	
Increase during 2009: 0 ordinary shares at par value USD 0.01 each	
At 31 December 2009: 500,000,000 ordinary shares at par value USD 0.01 each	
Issued and fully paid	
At 1 January 2009	4,562.0
At 31 December 2009	4,562.0

The Company held a total of 2,797,731 own shares at 31 December 2009.

NOTE 6 INCOME TAX

BW Offshore Limited is a Bermuda company. Currently, the Company is not required to pay taxes in Bermuda on ordinary income or capital gains. The Company has received written assurance from the Minister of Finance in Bermuda that, it will be exempt from taxation until 2016.

NOTE 8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following items

Amounts in USD thousand	2009	2008
Cash and cash deposits	40.0	36.2
Short-term interest bearing investment	-	-
Total cash and cash equivalents	40.0	36.2

NOTE 9 GUARANTEES AND INTEREST-BEARING LOANS AND BORROWINGS

In line with industry practice, BW Offshore Limited has issued bank and parent company guarantees (performance guarantees) to customers on behalf of its subsidiaries in connection with the award and performance of contracts and in connection with debt financing.

Total bank guarantees issued amounted to USD 125.0 million at year-end (USD 85.0 million).

(USD 1000)	Eff. Interest rate	Maturity date	2009	2008
BW Group Limited USD 1,500 million facility	LIBOR + 1.25%	30 May 13	893.3	691.3
Total interest-bearing debt			893.3	691.3

USD 1,500 million facility BW Group Limited

At 31 December 2009, a total of USD 893.3 million has been drawn down on the loan facility.

An arrangement fee of USD 6.7 million on the credit facility has been capitalised and will be expensed over the five year term of the loan. There is a commitment fee of 0.5% of available, undrawn amount under this facility.

The facility agreement is subject to loan covenants on the consolidated group level, including equity of at least 35% of total assets, total equity of at least USD 500 million and a debt to borrowing base ratio of maximum 2.5 during 2009, that will be reduced to 2 during 2010 and then a maximum debt to borrowing ratio of 1.0 going forward. In addition, the loan agreement has a cross default clause against other subsidiaries partly and/or wholly owned by BW Group Limited. The Group is in compliance with these covenants at 31 December 2009.

NOTE 10 OTHER INTEREST FREE CURRENT LIABILITIES

(USD 1000)	2009	2008
Other accruals	42.2	29.2
Total interest-free current liabilities	42.2	29.2

NOTE 11 FINANCIAL ASSETS AND LIABILITIES

As of 31 December the Company had financial assets and liabilities in the following categories:

Year ended 31 Dec 2009 (USD 1000)	Financial assets liabilities measured at amortised cost	Loans and receivables	Fair value
Cash and deposits	-	40.0	40.0
Interest-bearing long-term debt	893.3	-	900.0
Intra-group short-term payables	1,228.2	-	1,228.2
Other current liabilities	42.2	-	42.2
Total	2,203.7	40.0	2,210.4
Year ended 31 Dec 2008 (USD 1000)	Financial assets liabilities measured at amortised cost	Loans and receivables	Fair value
Cash and deposits	-	36.2	36.2
Interest-bearing long-term debt	691.3	-	700.0
Intra-group short-term payables	1,535.6	-	1,535.6
Other current liabilities	29.1	-	29.1
Total	2,292.2	36.2	2,300.9



BW OFFSHORE LIMITED

BW Offshore Limited

Clarendon House, 2 Church Street
Hamilton, HM11
Bermuda

BW Offshore AS

Drammensveien 149
P.O. Box 33 Skoyen
NO-0212 Oslo
Norway
Tel: +47 2313 0000
Fax: +47 2313 0001
bwoffshore@bwoffshore.com

BW Offshore Singapore Pte. Ltd.

8, Shenton Way, # 49-03
Singapore 068811
Tel.: +65 63250388
Fax: +65 63231263

www.bwoffshore.com
www.apl.no

Global presence

Hamilton, Bermuda
Limassol, Cyprus
Oslo, Arendal and Stavanger, Norway
Houston and Houma, USA
Inverkeithing, Scotland, UK
Rouen, France
Rio de Janeiro and Santos, Brazil
Shanghai, PRC
Singapore
Nouakchott, Mauritania
Campeche, Mexico
Lagos, Nigeria



BW OFFSHORE LIMITED

Clarendon House, 2 Church Street
Hamilton, HM11
Bermuda

www.bwoffshore.com
www.apl.no