BW Offshore

Condensed Interim Consolidated Financial Information
SECOND QUARTER AND FIRST HALF-YEAR 2017

KEY EVENTS

- EBITDA of USD 118.6 million in the second quarter and EBITDA of USD 180.6 million in the first half-year 2017
- Payment of outstanding day rates received from Addax
- BW Catcher moved to anchorage getting ready for transit to the field in the UK North Sea
- Closing of the acquisitions of the ownership in the Dussafu field
- Termination notice for the contract on Sendje Berge

FINANCIAL SUMMARY

SECOND QUARTER

Operating revenues for the quarter amounted to USD 163.4 million, an increase of USD 3.8 million (USD 159.6 million).[1]

Operating expenses were USD 45.3 million, a decrease of USD 52.3 million (USD 97.6 million).

EBITDA for the second quarter was USD 118.6 million, an increase of USD 56.6 million (USD 62.0 million). The increase in EBITDA was mainly as a result of reversal of loss provisions related to overdues being paid from Addax during second quarter. The underlying EBITDA excluding the one-off adjustment of loss provision was USD 73.1 million (USD 75.7 million).

Depreciation was USD 57.1 million, an increase of USD 0.5 million (USD 56.6 million).

Operating profit for the quarter amounted to USD 33.4 million, an increase of USD 28.7 million (USD 4.7 million) from the first quarter of 2017. The second-quarter operating profit was affected by reversal of loss provisions, offset by an impairment charge on Sendje Berge to reflect the termination of the contract by the client.

Net financial expense for the quarter was USD 18.6 million, an increase of USD 7.9 million (USD 10.7 million). The increase in net financial expense was partly due to a less positive mark-to-market development on derivatives compared to previous quarter, and partly due to certain effects on the foreign exchange hedges related to the Catcher project[3].

Tax expenses for the quarter were USD 9.6 million, an increase of USD 0.5 million (USD 9.1 million).

Net profit for the quarter was USD 5.2 million compared to a net loss USD 15.1 million in first quarter 2017.

Total equity at 30 June 2017 was USD 934.6 million, an increase of USD 24.5 million (USD 910.1 million). The equity ratio was 29.7% at the end of the quarter (27.3%).

As of 30 June 2017, the Company had USD 547.9 million in interest-bearing loans and USD 60.0 million in letters of guarantee drawn under the USD 2,400 million credit facility. The committed amount on the USD 2,400 million credit facility was USD 811.8 million, following scheduled reductions. Total utilised debt facilities for the Company, including bond loans and other facilities was USD 1,573.5 million. Total available liquidity as of 30 June 2017, amounted to USD 352.9 million.

Net debt was USD 1,406.6 million at 30 June 2017 (USD 1,377.6 million).

Net cash inflow from operating activities was USD 106.3 million (USD 346.6 million). The operating cash flow was positively impacted by the payment received by Addax, but still significantly lower compared to first quarter as that was significantly affected by proceeds from the insurance settlement received in the first quarter 2017. Net cash outflow on investing activities was USD 117.3 million (USD 55.1 million). Cash outflow in the second quarter on investing activities was mainly related to capitalisation on the Catcher project, capital expenditures for ongoing life extension activities and the acquisition of Dussafu. Life extension activities are either covered on a cost-plus basis or reimbursed through higher day rates. Net cash outflow from financing activities was USD 219.1 million (USD 19.3 million). The increase compared to first quarter was mainly related to repayment of interest-bearing debt in the second quarter.

FIRST HALF-YEAR

EBITDA decreased by USD 1.4 million to USD 180.6 million (USD 182.0 million) in the first-half year of 2017.[2]

Operating profit decreased by USD 23.0 million to USD 38.1 million (USD 61.1 million) in the first half-year of 2017. This can be explained by number of one-offs, mainly related to reversal of loss provision on Sendje Berge in 2017, FPSO Cidade de São Mateus insurance claim in 2016 and cost related to the variable compensation scheme.

[1] Figures presented are compared to previous quarter (first quarter of 2017 in brackets)
[2] Figures presented are compared to previous year (first half of 2016 in brackets)
[3] The company does not use hedge accounting related to bonds and underlying swaps

Net financial expenses decreased by USD 18.2 million to USD 29.3 million (USD 47.5 million), mainly due to currency fluctuations. Net result before tax was reduced by USD 4.8 million to USD 8.8 million (USD 13.6 million).

Tax expense was reduced by USD 2.2 million to USD 18.7 million (USD 20.9 million).

Net loss was USD 9.9 million (net loss of USD 7.3 million) and earnings per share were negative USD 0.1 (negative USD 0.5).

OPERATIONS

BW Offshore currently operates 11 units. The owned fleet includes 15 FPSOs and one FSO. Average commercial uptime during the second quarter and the first half-year was 99.98% (99.97%). FPSO Cidade de São Mateus continues to be excluded from the average uptime.

During the quarter, the Company completed the handover of the operation of FPSO Peregrino for Statoil and Sinochem on the Peregrino oil field offshore Brazil as planned.

On 5 May, Sendje Berge Limited received termination notice for the FPSO Sendje Berge operating under a contract with Addax Petroleum Exploration Nigeria Limited (Addax) on the Okwori field offshore Nigeria. The termination will have effect from 6 November 2017 and Addax has requested BW Offshore to provide a demobilisation plan for the FPSO. The Company has during the second quarter received payment for all of outstanding day rates.

FPSO Cidade de São Mateus remains in lay-up. The Company is continuing the dialogue with Petrobras regarding a firm plan for the FPSO and the field, and expects to reach an agreement during 2017.

The FPSO Berge Helene continued operation beyond the original termination date in May 2017, based on a contract with 75 days' termination notice, until the client is ready to commence disconnection and demobilisation. BW Offshore has agreed a contract and scope for the work to be undertaken for the disconnection and demobilisation of the FPSO from the field.

The FPSO Azurite fits well with the approved field development plan specifications for the Dussafu field in Gabon. The FPSO has been moved to the Keppel yard where the necessary upgrades can be undertaken.

The FPSO BW Athena and the FSO Belokamenka are currently in lay-up while being marketed for new projects.

PROJECTS

BW Catcher left Singapore 26 August and is now in transit to the field in the UK. The FPSO will be connected to the already pre-installed mooring system upon arrival at the field. The Catcher project continue to perform within budget with first oil expected in the fourth quarter of 2017.

The safety performance of the project continued to be very satisfactory with 0 Lost Time Incidents (LTI) during the quarter.

The Company is undertaking several modification and life extension activities on existing units. These activities are either covered on a cost-plus basis or reimbursed through higher day rates.

DUSSAFU FIELD OFFSHORE GABON

BW Energy Gabon Pte. Ltd ("BWEG"), a subsidiary of BW Offshore, completed in April the acquisition of a 66.667% interest in the Dussafu production sharing contract offshore Gabon from Harvest Energia B.V., a wholly-owned subsidiary of Harvest Natural Resources, Inc. (NYSE: HNR). The acquisition price was USD 34 million including preliminary adjustments.

Later in April, BWEG also completed the acquisition of 25% working interest in the Dussafu production sharing contract from Pan-Petroleum Gabon B.V. (PPGBV), a wholly-owned subsidiary of Panoro Energy ASA. The acquisition price was USD 12 million. BWEG will also provide a credit line of up to USD 12.5 million to fund capital expenditures of Pan-Petroleum Gabon's retained interest in the Dussafu block through to first oil production.

The investment is a cooperation between BW Offshore (66.67%) and Maple Company Limited (33.33%), a wholly owned subsidiary of BW Group Limited, for the purpose of pursuing oil and gas interests.

Following the abovementioned closing, BWEG holds a 91.667% working interest in the Dussafu production sharing contract, while Panoro Energy ASA holds the remaining 8.33%. BWEG is in discussions with the Gabon Oil Company (GOC) for their participation.

The Company believes that the availability of suitable, existing production assets and development equipment and services at lower prices has materially reduced the break-even price of new developments. While being an extension of the traditional business of building, owning and operating FPSOs, the Company has access to the necessary competence and resources to execute the envisioned fast track development. Once production is established, the Dussafu field contains other discoveries and prospects for future exploitation.

OUTLOOK

The oil and gas markets remain challenging. While the Company is experiencing increased market activity, it still expects a low number of awards in the medium-term. A more positive view on long-term activity levels is maintained as offshore developments will remain an important part of the oil and gas supply to meet future energy demand. In this market environment, the strength of the lease and operate business model enables a commercially disciplined approach for new investments.

BW Offshore is well positioned in the global oil and gas market to provide services and technology to minimise the lifecycle costs of offshore developments. This will lead to sanction of new developments in the future, as the naturally depleting production from existing fields must be replaced by new production. The Company expects to be a valued partner to the industry contributing efficient solutions and operations to ensure sound returns for all parties involved. BW Offshore still expects outsourcing of production to be cost-effective for oil and gas companies as they increase their specialisation.

The majority of BW Offshore’s fleet remains on long-term contracts with national and independent oil companies, and the fleet should continue to generate a significant cash flow in the time ahead. Current oil price levels have reduced, but not eliminated, the risk of customers delaying or defaulting on their obligations. The Company`s balance sheet will be strengthened by the planned transaction with ICBC leasing (see below). The Company is well positioned to make new investments when the market improves.

BW Offshore has signed a cooperation agreement with the world-leading financial leasing firm ICBC Financial Leasing Co., Ltd. (ICBCL) with the intention to establish a long-term strategic partnership to jointly pursue large international infrastructure projects with a focus on FPSOs. The two companies intend to offer cost effective production solutions, leveraging ICBCL's leading position as an arranger of financing and BWO's expertise in designing, developing and operating FPSOs. The first joint project, subject to both parties' final approval, is ICBCL's equity participation in the BW Catcher FPSO through the subscription of preference shares.

DECLARATION OF THE BOARD

We confirm to the best of our knowledge that the Condensed Interim Consolidated Financial Information for the first half-year of 2017 has been prepared in accordance with IAS 34 “Interim Financial Reporting”, and gives a true and fair view of BW Offshore Limited’s consolidated assets, liabilities, financial position and income statement as a whole. We also confirm to the best of our knowledge that the Financial Summary includes a fair review of important events that arose during the first half-year of 2017, and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining half-year of 2017, as well as major related parties’ transactions.

Bermuda, 28 August 2017

Andreas Sohmen-Pao Chairman	Christophe Pettenati-Auzière Deputy Chairman	Clare Spottiswoode
Carsten Mortensen	Thomas Thune Andersen	Maarten Scholten

INCOME STATEMENT

(Unaudited figures in USD million)

	Notes	Q2 17	Q1 17	Q2 16	H1 2017	H1 2016
Operating revenue	14	163.4	159.6	172.5	323.0	386.9
Operating expenses		(45.3)	(97.6)	(87.9)	(142.9)	(205.0)
Share of profit/(loss) of associates and joint ventures	6	0.5	0.0	0.0	0.5	0.1
Operating profit / (loss) before depreciation/amortisation		**118.6**	**62.0**	**84.6**	**180.6**	**182.0**
Depreciation	11	(57.1)	(56.6)	(53.7)	(113.7)	(113.4)
Amortisation		(0.7)	(0.7)	(0.7)	(1.4)	(1.4)
Impairment vessels and other assets	12	(27.4)	0.0	(5.3)	(27.4)	(6.1)
Operating profit / (loss)		**33.4**	**4.7**	**24.9**	**38.1**	**61.1**
Interest income		0.8	0.2	0.5	1.0	1.0
Gain/(loss) on financial instruments	7	5.5	10.0	(6.1)	15.5	(10.0)
Interest expense		(11.1)	(11.2)	(10.8)	(22.3)	(22.4)
Other financial items		(13.8)	(9.7)	(1.7)	(23.5)	(16.1)
Net financial income / (expense)		**(18.6)**	**(10.7)**	**(18.1)**	**(29.3)**	**(47.5)**
Profit / (loss) before tax		**14.8**	**(6.0)**	**6.8**	**8.8**	**13.6**
Income tax expense		(9.6)	(9.1)	(11.2)	(18.7)	(20.9)
Net profit / (loss) for the period		**5.2**	**(15.1)**	**(4.4)**	**(9.9)**	**(7.3)**
Attributable to shareholders of the parent		5.4	(15.1)	(4.4)	(9.7)	(7.3)
Attributable to non-controlling interests		(0.2)	0.0	0.0	(0.2)	0.0
Basic/diluted earnings / (loss) per share (USD) net*		0.0	(0.1)	(0.3)	(0.1)	(0.5)

**Weighted average number of ordinary shares have been adjusted retrospectively to reflect the reverse share split in Q4 2016.*

COMPREHENSIVE INCOME STATEMENT

(Unaudited figures in USD million)

	Q2 17	Q1 17	Q2 16	H1 2017	H1 2016
Net profit / (loss) for the period	5.2	(15.1)	(4.4)	(9.9)	(7.3)
Currency translation differences	1.1	(0.2)	(0.6)	0.9	(0.1)
Net profit / (loss) on cash flow hedges	3.6	5.4	6.4	9.1	13.7
Net items to be reclassified to profit or loss:	**4.7**	**5.2**	**5.8**	**10.0**	**13.6**
Actuarial gains / (losses) on defined benefit plans	(1.1)	0.0	0.1	(1.1)	(0.4)
Net items not to be reclassified to profit or loss:	**(1.1)**	**0.0**	**0.1**	**(1.1)**	**(0.4)**
Other comprehensive income, net of tax	**3.6**	**5.2**	**5.9**	**8.9**	**13.2**
Total comprehensive income	**8.8**	**(9.9)**	**1.5**	**(1.0)**	**5.9**
Attributable to shareholders of the parent	9.0	(9.9)	1.5	(0.8)	5.9
Attributable to non-controlling interests	(0.2)	0.0	0.0	(0.2)	0.0

The notes in pages 8-13 are an integral part of these consolidated interim financial statements.

STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	30.06.2017	31.03.2017	31.12.2016	30.06.2016
Vessels and vessels under construction	2,11,12	2,618.0	2,637.4	2,639.5	2,783.1
Property and other equipment		9.3	10.4	10.2	10.5
Oil & Gas tangible assets	15	51.2	0.0	0.0	0.0
Intangible assets		5.8	3.7	3.7	4.0
Finance lease receivables	3	87.0	91.6	96.2	105.0
Deferred tax assets		3.2	2.6	2.6	4.0
Pension assets		1.9	1.9	1.8	0.0
Investments in associates and joint ventures	6	7.5	7.8	7.8	7.8
Derivatives		5.6	7.4	7.1	0.0
Other non-current assets		4.0	3.2	2.4	2.8
Total non-current assets		**2,793.5**	**2,766.0**	**2,771.3**	**2,917.2**
Inventories		26.2	20.5	13.9	10.0
Trade receivables and other current assets		175.3	172.2	475.7	366.2
Derivatives		0.8	0.3	0.1	1.9
Cash and cash equivalents		149.0	379.1	106.9	141.8
Total current assets		**351.3**	**572.1**	**596.6**	**519.9**
TOTAL ASSETS		**3,144.8**	**3,338.1**	**3,367.9**	**3,437.1**

EQUITY AND LIABILITIES	Notes	30.06.2017	31.03.2017	31.12.2016	30.06.2016
Shareholders' equity	4	918.8	910.1	919.9	950.4
Non-controlling interests	4,9	15.8	0.0	0.0	0.0
Total equity		**934.6**	**910.1**	**919.9**	**950.4**
Interest-bearing long-term debt	5	1,398.3	1,577.4	1,567.4	1,471.0
Pension obligations		4.1	3.8	3.6	12.4
Other long-term liabilities	8	290.0	295.1	296.2	294.2
Derivatives		118.8	128.8	142.4	106.5
Total non-current liabilities		**1,811.2**	**2,005.1**	**2,009.6**	**1,884.1**
Trade and other payables		209.7	208.1	227.9	209.4
Derivatives		3.2	7.3	10.8	36.6
Interest-bearing short-term debt	5	157.3	179.3	174.4	331.3
Income tax liabilities		28.8	28.2	25.3	25.3
Total current liabilities		**399.0**	**422.9**	**438.4**	**602.6**
Total liabilities		**2,210.2**	**2,428.0**	**2,448.0**	**2,486.7**
TOTAL EQUITY AND LIABILITIES		**3,144.8**	**3,338.1**	**3,367.9**	**3,437.1**

The notes in pages 8-13 are an integral part of these consolidated interim financial statements.

STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

2017	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2017	92.5	1,095.4	(9.0)	(15.9)	(17.9)	(225.2)	919.9	0.0	919.9
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1
Profit / (loss) for the period	0.0	0.0	0.0	0.0	0.0	(9.7)	(9.7)	(0.2)	(9.9)
Other comprehensive income, net of tax	0.0	0.0	0.0	0.9	9.1	(1.1)	8.9	0.0	8.9
Other equity transactions	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.4)	0.0	(0.4)
Transactions with non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.0	16.0
Total equity at 30 June 2017	**92.5**	**1,095.4**	**(9.0)**	**(15.0)**	**(8.8)**	**(236.3)**	**918.8**	**15.8**	**934.6**

2016	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2016	6.9	1,085.0	(9.0)	(15.3)	(31.2)	(92.0)	944.4	0.0	944.4
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1
Profit / (loss) for the period	0.0	0.0	0.0	0.0	0.0	(7.3)	(7.3)	0.0	(7.3)
Other comprehensive income, net of tax	0.0	0.0	0.0	(0.1)	13.7	(0.4)	13.2	0.0	13.2
Total equity at 30 June 2016	**6.9**	**1,085.0**	**(9.0)**	**(15.4)**	**(17.5)**	**(99.6)**	**950.4**	**0.0**	**950.4**

CASH FLOW STATEMENT

(Unaudited figures in USD million)

	Q2 17	Q1 17	Q2 16	H1 2017	H1 2016
Profit / (loss) before taxes	14.8	(6.0)	6.8	8.8	13.6
Unrealised currency exchange loss / (gain)	13.3	8.9	0.7	22.2	14.3
Depreciation and amortisation	57.8	57.3	54.4	115.1	114.8
Taxes paid	(8.1)	(6.3)	(10.0)	(14.4)	(19.3)
Share of loss / (profit) of associated companies	(0.5)	0.0	0.0	(0.5)	0.0
Impairment	27.4	0.0	5.3	27.4	6.1
Change in fair value of derivatives	(5.5)	(10.0)	3.9	(15.5)	10.0
Change in working capital	(11.4)	276.3	27.5	264.9	64.7
Add back of net interest expense	10.2	11.0	10.3	21.2	21.4
Other items	8.3	15.4	8.5	23.7	4.3
Net cash flow from operating activities	**106.3**	**346.6**	**107.4**	**452.9**	**229.9**
Investment in operating fixed assets and intangible assets	(83.8)	(55.3)	(118.2)	(139.1)	(207.9)
Interest received	0.8	0.2	0.5	1.0	1.0
Cash outflow on business combinations	(34.3)	0.0	0.0	(34.3)	0.0
Net cash flow from investing activities	**(117.3)**	**(55.1)**	**(117.7)**	**(172.4)**	**(206.9)**
Proceeds from new interest-bearing debt	64.0	100.0	98.0	164.0	257.0
Repayment of interest-bearing debt	(276.2)	(96.8)	(35.1)	(373.0)	(217.9)
Interest paid	(22.9)	(22.5)	(20.7)	(45.4)	(42.1)
Cash transfer from non-controlling interest	16.0	0.0	0.0	16.0	0.0
Net cash flow from financing activities	**(219.1)**	**(19.3)**	**42.2**	**(238.4)**	**(3.0)**
Net change in cash and cash equivalents	**(230.1)**	**272.2**	**31.9**	**42.1**	**20.0**
Cash and cash equivalents at beginning of period	379.1	106.9	109.9	106.9	121.8
Cash and cash equivalents at end of period	**149.0**	**379.1**	**141.8**	**149.0**	**141.8**

The notes in pages 8-13 are an integral part of these consolidated interim financial statements.

NOTES TO THE ACCOUNTS (UNAUDITED)

(Figures in brackets refer to corresponding figures for 2016)

Note 1 - Accounting principles

This Interim Condensed Consolidated financial information for the second quarter, ended 30 June 2017, has been prepared pursuant to IAS 34, "Interim Financial Reporting". The Interim Condensed Consolidated financial reporting should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS, as adopted by the European Union.

The accounting policies adopted in the preparation of the Interim Condensed Consolidated financial statements are consistent with those followed in the preparation of BW Offshore's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of January 2017. The adoption of these new standards and interpretations did not have a material impact on the Company.

New accounting policy applicable from second quarter 2017 due to new business in oil and gas industry

The Group uses the 'successful efforts'-method of accounting for oil and gas exploration costs in accordance with IFRS 6' 'Exploration for and Evaluation of Mineral Resources'. Oil and gas expenditure is capitalised when it is considered probable that future economic benefits will be recoverable. Costs that are known at the time of incurrence to fail to meet this criterion are generally charged to expense in the period they are incurred.

Once commercial reserves have been discovered, the carrying value of the relevant oil and gas assets is transferred to development tangible assets. No depreciation and/or amortisation are charged during the exploration and development phase.

Oil and gas expenditure capitalised as tangible assets includes license acquisition costs and other directly attributable costs. Oil and gas expenditure, which is not sufficiently related to a specific mineral resource to support capitalisation, is expensed as incurred.

As a result of rounding differences, numbers and or percentages may not add up to the total.

Note 2 – Vessels and vessels under construction

The book value of operating vessels and vessels under construction amounted to USD 2,618.0 million (USD 2,783.1 million) at 30 June 2017.

Capital expenditure related to vessels and vessels under construction in the second quarter 2017, amounted to USD 65.4 million (USD 117.3 million). This is related to capital expenditures on the Catcher project and capital expenditures for ongoing life extension activities. Most life extension activities are on either a reimbursable cost plus basis or covered through higher day rates.

Note 3 – Finance lease receivables

At the end of the quarter, amortisation of finance lease receivables is related to YÙUM K`AK`NÀAB.

Note 4 - Equity

Following the rights issue and the reverse share split completed in 2016, the number of issued shares was 184,956,320 at 30 June 2017. There were 214,000,000 authorised shares at 30 June 2017.

Following the reverse share split, the Company held a total of 48,627 own shares at 30 June 2017.

The investment in BW Energy Holding Pte. Ltd., which indirectly has a majority stake in the Dussafu oil field in Gabon is a cooperation between BW Offshore (66.67%) and Maple Company Limited (33.33%), a wholly owned subsidiary of BW Group Limited. BW Energy Holding Pte. Ltd has been concluded to be a subsidiary of BW Offshore, and the investment by Maple Company Limited is presented as a non-controlling interest in the statement of financial position of BW Offshore.

Note 5 - Interest-bearing debt

Non-current debt

The Company had the following long-term interest-bearing debt at 30 June:

	2017	2016
USD 2,400 million facility	452.5	656.5
Joko Tole USD 250 million facility	0.0	34.8
BWO04 - NOK 900 million bond	106.9	106.8
BWO03 - NOK 750 million bond	89.4	89.4
BWO02 - NOK 500 million bond	59.6	59.8
BWO01 - NOK 500 million bond	43.0	0.0
Catcher USD 800 million facility	602.0	443.4
Petróleo Nautipa USD 80 million facility	44.9	56.4
Umuroa USD 130 million facility	0.0	23.9
Total	**1,398.3**	**1,471.0**

Current debt

The Company had the following current interest-bearing debt at 30 June:

	2017	2016
USD 2,400 million facility	90.1	220.1
Joko Tole USD 250 million facility	34.8	38.3
BWO04 - NOK 900 million bond	(0.3)	(0.3)
BWO03 - NOK 750 million bond	(0.2)	(0.3)
BWO02 - NOK 500 million bond	(0.1)	(0.2)
BWO01 - NOK 500 million bond	(0.1)	59.8
Catcher USD 800 million facility	(2.3)	(1.6)
Petróleo Nautipa USD 80 million facility	11.5	11.5
Umuroa USD 130 million facility	23.9	4.0
Total	**157.3**	**331.3**

Instalment overview

The following table sets out the maturity profile of the Company's interest bearing debt based on contractual undiscounted payments.

	Q3 17	Q4 17	Q1 18	Q2 18	2017*	2018	2019-2021	2022 and beyond	Total
USD 2,400 million facility	46.3	-	46.3	-	46.3	92.6	408.9	-	547.8
Joko Tole USD 250 million facility	9.4	9.4	9.4	7.0	18.8	16.3	-	-	35.1
BWO04 - NOK 900 million bond**	-	-	-	-	-	-	35.1	81.9	117.0
BWO03 - NOK 750 million bond**	-	-	-	-	-	-	124.0	-	124.0
BWO02 - NOK 500 million bond**	-	-	-	-	-	-	86.8	-	86.8
BWO01 - NOK 500 million bond**	-	-	-	-	-	-	65.0	-	65.0
Catcher USD 800 million facility	-	-	28.6	28.6	-	114.3	342.9	151.9	609.0
Petroleo Nautipa USD 80 million facility	5.8	-	5.8	-	5.8	11.6	31.3	8.0	56.7
Umuroa USD 130 million facility	1.0	1.0	22.0	-	2.0	22.0	-	-	24.0
Total	**62.5**	**10.4**	**112.1**	**35.6**	**72.9**	**256.9**	**1,093.9**	**241.8**	**1,665.4**

Covenants

All bank loan facilities are subject to certain covenants, including minimum book equity of at least 20% of total assets, debt to EBITDA of maximum 6.0, minimum USD 75.0 million available liquidity and interest coverage ratio of minimum 3.0.

Bond loans are subject to certain covenants, including minimum book equity of at least 20% of total assets and minimum USD 75 million available liquidity including undrawn amounts available for utilisation by the Company.

As per end of second quarter 2017, the Company is in compliance with all financial covenants. The equity ratio as per end of second quarter 2017 is 29.7%, and available liquidity amounts to USD 352.9 million.

Note 6 – Investments in associates and joint ventures

Investments in associates relates mainly to the 50% shareholding in OCS Services Limited, providing primarily manning services.

Investments in joint ventures relates to the 49% shareholding in BW Offshore Nigeria Limited, providing primarily services to the FPSO business.

The Company has accounted for its shareholding in these investments according to the equity method.

Note 7 – Gain/ (loss) on financial instruments

	Q2 17	Q1 17	Q2 16	H1 2017	H1 2016
Gain / (loss) on financial instruments	5.5	10.0	(6.1)	15.5	(10.0)
Net gain / (loss) on financial instruments	**5.5**	**10.0**	**(6.1)**	**15.5**	**(10.0)**

Note 8 – Other long-term liabilities

Other long-term liabilities comprise of upfront payments related to charter contracts. Payments received under operating leases are recognised as operating revenue on a straight-line basis over the lease term. This implies that there might be significant timing differences between cash flow and recognised revenue from a particular lease.

Note 9 – Related party transactions

Capital injection of USD 16.0 million from Maple Company Limited, a fully owned subsidiary of BW Group Limited, for its 33.33% holding in BW Energy Holdings Pte. Ltd. received in June.

Note 10 – Capital commitments

Total unrecognised contractual capital commitments at 30 June 2017 amounted to USD 209.2 million (corresponding figure for 30 June 2016 was USD 352.2 million). This commitment is related to the Catcher project, ongoing life extension activities, operations as well as commitments on long-term office rental.

Note 11 – Depreciation

The level of depreciation depends on the estimated useful life of the different components of the vessels and the residual value at the end of useful life. The estimated useful life used for depreciations are based on experience and knowledge of the vessels owned by the Company. Estimated useful life has from 2017 been amended for certain vessels, resulting in an increase in depreciation for the same vessels. This increase is offset by a reduction in depreciation due to impairment of certain vessels in 2016.

Note 12 – Impairment

The Company has during the quarter reversed the main part of the impairment of trade receivables related to Sendje Berge with the amount of USD 45.5 million due to client settlement.

During the second quarter the Company recorded an impairment charge of USD 25.0 million for Sendje Berge to reflect the termination of the contract by the client.

An impairment charge of USD 2.4 million has also been recorded for Espoir Ivoirien. The impairment was related to replacement of equipment on the FPSO.

Note 13 - Subsequent events

BW Offshore announced the sail away of the FPSO BW Catcher on 26 August 2017. The vessel has left Keppel Shipyard in Singapore and is currently in transit to the Catcher field in the central North Sea. BW Catcher is expected to reach UK waters early in the fourth quarter, depending on prevailing weather conditions.

Note 14 – Segments

The Company`s activities have been construction, ownership and operation of FPSOs and FSOs. From 2017 this has been expanded to focus on oil and gas activities with the acquisition of Dussafu and Kudu. The assets and liabilities are allocated based on the operations of the segment. Sales between segments are presented net of intercompany transactions.

Segment data for the second quarter of 2017 and 2016 is presented below. The reported measure of segment profit is net operating income (EBIT). Deferred tax assets, pension assets and non-current financial assets are not allocated to the segments. The line item capital expenditure excludes movements related to changes in asset retirement obligations.

Second quarter of 2017	FPSO	Oil & Gas	Eliminations	Total
Revenues from third parties	163.4	0.0	0.0	163.4
Revenues inter-segment	1.0	0.0	(1.0)	0.0
Total revenues	**164.4**	**0.0**	**(1.0)**	**163.4**
Share of profit / (loss) of associates and joint ventures	0.5	0.0	0.0	0.5
Operating expenses	(42.1)	(1.5)	1.0	(42.6)
General and administrative expenses	(2.7)	0.0	0.0	(2.7)
EBITDA	**120.1**	**(1.5)**	**0.0**	**118.6**
Depreciation, amortisation and impairment	(85.2)	0.0	0.0	(85.2)
EBIT	**34.9**	**(1.5)**	**0.0**	**33.4**
Capital expenditure	65.4	52.7	0.0	118.1
Balance sheet information				
Investments in associates and joint ventures	7.5	0.0	0.0	7.5
Non-current segment assets	2,719.3	53.6	0.0	2,772.9
Non-current assets, not allocated to segments				13.1
Total non-current assets				**2,793.5**

Revenues by geographic areas

The classification of revenue per region is determined by the final destination of the FPSO

Americas	61.5
Europe/Africa	76.3
Asia and the Pacific	25.6
Total revenues	**163.4**

Non-current assets by region	
Americas	735.1
Europe/Africa	1,483.0
Asia and the Pacific	466.2
Total non-current assets*	**2,684.3**

*Excluding deferred tax assets, pension assets and non-current financial assets

Second quarter of 2016	FPSO	Oil & Gas	Eliminations	Total
Revenues from third parties	172.5	0.0	0.0	172.5
Revenues inter-segment	0.0	0.0	0.0	0.0
Total revenues	**172.5**	**0.0**	**0.0**	**172.5**
Share of profit / (loss) of associates and joint ventures	0.0	0.0	0.0	0.0
Operating expenses	(82.2)	0.0	0.0	(82.2)
General and administrative expenses	(5.7)	0.0	0.0	(5.7)
EBITDA	**84.6**	**0.0**	**0.0**	**84.6**
Depreciation, amortisation and impairment	(59.7)	0.0	0.0	(59.7)
EBIT	**24.9**	**0.0**	**0.0**	**24.9**
Capital expenditure	118.3	0.0	0.0	118.3
Balance sheet information				
Investments in associates and joint ventures	7.8	0.0	0.0	7.8
Non-current segment assets	2,893.5	0.0	0.0	2,893.5
Non-current assets, not allocated to segments				15.9
Total non-current assets				**2,917.2**

Revenues by geographic areas

The classification of revenue per region is determined by the final destination of the FPSO

Americas	68.4
Europe/Africa	78.0
Asia and the Pacific	26.1
Total revenues	**172.5**

Non-current assets by region	
Americas	949.3
Europe/Africa	1,337.7
Asia and the Pacific	510.6
Total non-current assets*	**2,797.6**

*Excluding deferred tax assets, pension assets and non-current financial assets

Note 15 – Business combinations

During the quarter, BW Energy Gabon Pte. Ltd (“BWEG”), a subsidiary of BW Offshore, completed the acquisition of the 100% interest in Harvest Dussafu B.V. from Harvest Energia B.V, a wholly-owned subsidiary of Harvest Natural Resources, Inc. (NYSE: HNR). Harvest Dussafu B.V. owned a 66.667% interest in the Dussafu production sharing contract offshore Gabon.

The provisional fair value of the net identifiable assets acquired (purchase price allocation) at the date of acquisition were USD 34.4 million related to tangible oil and gas assets.

During the quarter, BWEG also completed the acquisition of 25% working interest in the Dussafu production sharing contract from Pan-Petroleum Gabon B.V. (PPGBV), a wholly-owned subsidiary of Panoro Energy ASA. The acquisition price was USD 12 million. As this was a direct investment in the production sharing contract, this acquisition has been concluded to be an asset acquisition.

KEY FIGURES

	Note	Q2 17	Q1 17	Q2 16	H1 2017	H1 2016
EBITDA-margin	1	72.6%	38.8%	49.0%	55.9%	47.0%
Equity ratio	2	29.7%	27.3%	27.7%	29.7%	27.7%
Return on equity	3	0.6%	-9.9%	0.1%	-3.8%	-0.5%
Return on capital employed	4	6.6%	0.8%	4.0%	3.8%	4.9%
Net interest bearing debt (USD million)	5	1,406.6	1,377.6	1,660.5	1,406.6	1,660.5
Cash flow per share (USD)*	6	0.6	1.9	7.8	2.4	16.7
EPS - basic and diluted (USD)*	7	0.0	-0.1	-0.3	-0.1	-0.5
Shares-end of period (million)		185.0	185.0	13.8	185.0	13.8
Share price (NOK)		21.0	21.0	38.5	21.0	38.5
Market cap (NOKm)		3,884	3,884	530	3,884	530
Market cap (USDm)		463	453	63	463	63

**Weighted average number of ordinary shares have been adjusted retrospectively to reflect the reverse share split in Q4 2016.*

Notes to key figures

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

FLEET AND CONTRACTS

Name of unit	Location	Counterparty	Converted	Contract period
FPSOs				
Sendje Berge	Nigeria	Addax/Sinopec	2000	2005-2017
Abo FPSO	Nigeria	Agip/ENI	2003	2003-2018 + options until 2023
Espoir Ivoirien	Ivory Coast	CNR	2002	2002-2022 + options until 2036
Berge Helene	Mauritania	Petronas	2005	2006-2017*
Petróleo Nautipa	Gabon	Vaalco Energy	2002	2002-2020 + options until 2022
YÙUM K`AK`NÀAB	Mexico	Pemex	2006	2007-2022 + options until 2025
BW Cidade De São Vicente	Brazil	Petrobras	2009	2009-2019 + options until 2024
FPSO Cidade De São Mateus	Brazil	Petrobras	2009	2009-2018 + options until 2024
FPSO Polvo	Brazil	Petrorio (HRT)	2007	2007-2018 + options until 2022
BW Pioneer	US	Petrobras	2010	2012-2020
Umuroa	New Zealand	Tamarind Management	2007	2007-2017 + options until 2022
BW Joko Tole	Indonesia	Kangean Energy	2012	2012-2022 + options until 2026
BW Catcher	UK	Premier Oil	Ongoing	2017-2024 + options until 2042
Available FPSO's and FSO's				
BW Athena	UK	Available	2012	
Azurite	Indonesia	Available	2009	
Belokamenka	Indonesia	Available	2003	
Operating and maintenance agreement FPSO's				
FPSO Peregrino	Brazil	Statoil		2013-2017**

**75 days' notice of termination*
*** Contract completed June 2017*