Condensed Interim Consolidated Financial Information
FIRST QUARTER 2017

KEY EVENTS

- EBITDA of USD 62.0 million (USD 75.7 million before loss provision)
- Catcher project progressing on schedule for first oil in Q4 2017
- Agreement for insurance settlement for FPSO Cidade de São Mateus
- Sendje Berge arbitration award
- Contract extension for Abo FPSO
- Short-term extension for Berge Helene
- Signed cooperation agreement with ICBC Financial Leasing Co. Ltd in April
- Closing of the acquisition of ownership in the Dussafu field in April
- Termination notice for the contract on Sendje Berge received in May

FINANCIAL SUMMARY

FIRST QUARTER

Operating revenues for the quarter amounted to USD 159.6 million, a decrease of USD 138.6 million (USD 298.2 million).[1]

Operating expenses were USD 97.6 million, a decrease of USD 36.3 million (USD 133.9 million).

EBITDA for the first quarter was USD 62.0 million, a decrease of USD 102.5 million (USD 164.5 million). The decrease in EBITDA was mainly a result of the insurance settlement for FPSO Cidade de São Mateus recorded in fourth quarter 2016 and an adjustment to loss provisions recorded in first quarter. The underlying EBITDA for the first quarter excluding the one-off loss provision was USD 75.7 million.

Depreciation was USD 56.6 million, an increase of USD 0.7 million (USD 55.9 million).

Operating profit for the quarter amounted to USD 4.7 million, an increase of USD 120.0 million (USD -115.3 million) from the fourth quarter of 2016. The fourth-quarter operating profit was affected by impairment charges, partly offset by insurance revenues from the settlement with insurers, while the one-off adjustment to loss provisions affected the first-quarter operating result.

Net financial expense for the quarter was USD 10.7 million, an increase in financial expenses of USD 16.5 million (Compared with net financial income of USD 5.8 million). The increase in net financial expense was largely related to negative currency effects from revaluation of bond loans, offset by a gain from the currency rate hedging contracts as USD weakened against NOK during the quarter[2].

Tax expenses for the quarter were USD 9.1 million, an increase of USD 4.2 million (USD 4.9 million). Taxes have increased mainly because fourth quarter 2016 was affected by some one-off adjustments due to reversal of tax provisions.

Net loss for the quarter was USD 15.1 million compared to a net loss USD 114.4 million in fourth quarter 2016.

Total equity at 31 March 2017 was USD 910.1 million, a decrease of USD 9.8 million (USD 919.9 million). The equity ratio was 27.3% at the end of the quarter (27.3%).

As of 31 March 2017, the Company had USD 778.7 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 974.9 million, following scheduled reductions. Total utilised debt facilities for the Company, including bond loans and other facilities was USD 1,776.9 million. Total available liquidity as of 31 March 2017 amounted to USD 270.5 million.

Net debt was USD 1,377.6 million at 31 March 2017 (USD 1,634.9 million).

Net cash inflow from operating activities was USD 346.6 million (USD 78.6 million). The increase compared to fourth quarter was mainly related to proceeds from the insurance settlement received in the first quarter 2017. Net cash outflow on investing activities was USD 55.1 million (USD 75.9 million). Cash outflow on investing activities was mainly related to capitalisation on the Catcher project and capital expenditures for ongoing life extension activities. 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 19.3 million (USD 8.9 million).

OPERATIONS

BW Offshore currently operates 12 units. The owned fleet includes 15 FPSOs (of which one is under construction) and one FSO. Average uptime during the first quarter was 99.97% (97.83%). FPSO Cidade de São Mateus continues to be excluded from the average uptime.

The Company operates the FPSO Peregrino for Statoil and Sinochem on the Peregrino oil field offshore Brazil. During third quarter 2016, BW Offshore was notified that Statoil, due to a change in the operating model, would not exercise options for

[1] Figures presented are compared to previous quarter (fourth quarter of 2016 in brackets)
[2] The Company does not use hedge accounting related to bonds and underlying swaps.

extension of the contract beyond June 2017. The Company is now working with Statoil for handover of the operation at the end of the contract.

During the first quarter, BW Offshore signed an extension agreement for the Abo FPSO with Nigerian Agip Exploration Ltd, a subsidiary of ENI S.p.A., until 31 March 2018 with options until 2023.

On 28 February, BW Offshore received an arbitration award relating to the claim against Addax Petroleum Exploration (Addax) for the payment of all outstanding day rates in respect of the hire of Sendje Berge, currently operating in Nigeria. The award found entirely in BW Offshore's favour, requiring the claimed day rates to be paid. The arbitration tribunal has further declared that no deduction may be made by Addax from future hire payments. Prior to the award, BW Offshore received payment of approximately USD 18.7 million from Addax as partial payment of the outstanding hire payable. On 5 May, BW Offshore received termination notice for the FPSO Sendje Berge from Addax. The termination will have effect from 6 November 2017 and Addax has requested BW Offshore to provide a demobilisation plan for the FPSO. BW Offshore will continue the process for the enforcement of the arbitration award for all outstanding claims against Addax. The outstanding gross claim at the end of the first quarter 2017 was USD 61.8 million.

FPSO Cidade de São Mateus remains in lay-up. An agreement with insurers for an early repair-cost settlement of approximately USD 250 million was signed in January 2017, and proceeds were received later in the same quarter. The Company is advancing the dialogue with Petrobras regarding a firm plan for the field, and expects to reach an agreement within the second quarter of 2017.

In the first quarter, BW Offshore agreed to extend the contract for the FPSO Berge Helene beyond the original termination date in May 2017, with 75 days' termination notice, until the client is ready to commence disconnection and demobilisation. BW Offshore has during the quarter 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 well maintained and can be deployed on the Dussafu field with only minor investments required. The FPSO has been moved to the Keppel yard.

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

PROJECTS

The Catcher project continue to perform within budget with first oil expected in the fourth quarter of 2017. Project progress was according to plan in the first quarter.

Topside integration is now mainly completed and the project is moving into the final commissioning phase. The FPSO is scheduled for sail away to the UK in the summer of 2017.

BW Offshore is closely monitoring progress and safety in all project activities, ensuring that mitigating actions are implemented in a timely manner if any deviations are detected. The safety performance of the project continued to be very satisfactory with zero Lost Time Incidents (LTI) during the quarter.

The Company is further 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.

CLOSING OF THE ACQUISITION OF STAKE IN DUSSAFU FIELD

BW Energy Gabon Pte. Ltd ("BWEG"), a subsidiary of BW Offshore, in April completed the acquisition of 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 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 as earlier communicated 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.

BWEG is owned by BW Energy Holdings Pte. Ltd. (BWEH). As of 31 March 2017, the company has been established by BW Offshore, but will, going forward, be a joint venture company between BW Offshore (66.67%) and Maple Company Limited (33.33%), a wholly owned subsidiary of BW Group Limited, for the purpose of ownership in 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 has offered the Gabon Oil Company (GOC) a 10% participation in the field subject to certain conditions.

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 development. Once production is established, the Dussafu licence also holds other discoveries and a number of 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 leaves the Company well positioned and 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 is delivering on its strategy to secure continued use of existing assets and where appropriate, to find alternative business models that allow a better risk-reward balance. By acquiring the stake in Dussafu, the Company is developing its capability to participate in, and be a partner in development of proven hydrocarbon resources offshore. The Company believes the climate for new investments is improving, and that the timing for new investments is attractive.

BW Offshore in February 2017 acquired a stake in the proven Kudu gas field offshore Namibia. The agreement requires BW Offshore to pay USD 2.4 million upon approval of field equity transfer, with a further commitment of USD 7.5 million subject to the project reaching final investment decision. The final investment decision is targeted for fourth quarter of 2017 but subject to a decision to build an 850 MW power station.

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, like the Kudu project. 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.

Bermuda, 28 May 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	Q1 17	Q4 16	Q1 16
Operating revenue	14	159.6	298.2	214.4
Operating expenses		(97.6)	(133.9)	(117.1)
Share of profit/(loss) of associates and joint ventures	6	0.0	0.2	0.1
Operating profit before depreciation/amortisation		**62.0**	**164.5**	**97.4**
Depreciation	11	(56.6)	(55.9)	(59.7)
Amortisation		(0.7)	(0.7)	(0.7)
Impairment vessels, goodwill and other assets	12	0.0	(223.2)	(0.8)
Operating profit / (loss)		**4.7**	**(115.3)**	**36.2**
Interest income		0.2	0.3	0.5
Gain/(loss) on financial instruments	7	10.0	(3.7)	(3.9)
Interest expense		(11.2)	(11.8)	(11.6)
Other financial items		(9.7)	21.0	(14.4)
Net financial income/(expense)		**(10.7)**	**5.8**	**(29.4)**
Profit/(loss) before tax		**(6.0)**	**(109.5)**	**6.8**
Income tax expense		(9.1)	(4.9)	(9.7)
Net profit/(loss) for the period		**(15.1)**	**(114.4)**	**(2.9)**
Net profit/(loss) attributable to shareholders of the parent		(15.1)	(114.4)	(2.9)
Basic/diluted earnings/(loss) per share (USD) net*		(0.08)	(0.62)	(0.21)

**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)

	Q1 17	Q4 16	Q1 16
Net profit/(loss) for the period	**(15.1)**	**(114.4)**	**(2.9)**
Other comprehensive income			
Items to be reclassified to profit or loss:			
Currency translation differences	(0.2)	(0.2)	0.5
Net profit/(loss) on cash flow hedges	5.4	(4.2)	7.3
Net items to be reclassified to profit or loss:	**5.2**	**(4.4)**	**7.8**
Items not to be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	0.0	0.2	(0.5)
Net items not to be reclassified to profit or loss:	**0.0**	**0.2**	**(0.5)**
Other comprehensive income, net of tax	**5.2**	**(4.2)**	**7.3**
Total comprehensive income	**(9.9)**	**(118.6)**	**4.4**

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	31.03.2017	31.12.2016	31.03.2016
Vessels and vessels under construction	2,11,12	2,637.4	2,639.5	2,723.8
Property and other equipment		10.4	10.2	11.0
Intangible assets		3.7	3.7	4.3
Finance lease receivables	3	91.6	96.2	109.3
Deferred tax assets		2.6	2.6	4.1
Pension assets		1.9	1.8	0.0
Investments in associates and joint ventures	6	7.8	7.8	7.8
Derivatives		7.4	7.1	0.6
Other non-current assets		3.2	2.4	3.0
Total non-current assets		**2,766.0**	**2,771.3**	**2,863.9**
Inventories		20.5	13.9	8.0
Trade receivables and other current assets		172.2	475.7	404.3
Derivatives		0.3	0.1	1.6
Cash and cash equivalents		379.1	106.9	109.9
Total current assets		**572.1**	**596.6**	**523.8**
TOTAL ASSETS		**3,338.1**	**3,367.9**	**3,387.7**

EQUITY AND LIABILITIES				
Total equity attributable to owners of the Company	4	910.1	919.9	948.7
Total equity		**910.1**	**919.9**	**948.7**
Interest-bearing long-term debt	5	1,577.4	1,567.4	1,405.0
Pension obligations		3.8	3.6	12.3
Other long-term liabilities	8	295.1	296.2	269.8
Derivatives		128.8	142.4	103.8
Total non-current liabilities		**2,005.1**	**2,009.6**	**1,790.9**
Trade and other payables		208.1	227.9	242.4
Derivatives		7.3	10.8	45.5
Interest-bearing short-term debt	5	179.3	174.4	336.2
Income tax liabilities		28.2	25.3	24.0
Total current liabilities		**422.9**	**438.4**	**648.1**
Total liabilities		**2,428.0**	**2,448.0**	**2,439.0**
TOTAL EQUITY AND LIABILITIES		**3,338.1**	**3,367.9**	**3,387.7**

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	Total
Equity at 1 January 2017	92.5	1,095.4	(9.0)	(15.9)	(17.9)	(225.2)	919.9
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Profit/ (loss) for the period	0.0	0.0	0.0	0.0	0.0	(15.1)	(15.1)
Other comprehensive income, net of tax	0.0	0.0	0.0	(0.2)	5.4	0.0	5.2
Total equity at 31 March 2017	**92.5**	**1,095.4**	**(9.0)**	**(16.1)**	**(12.5)**	**(240.2)**	**910.1**

2016	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Total
Equity at 1 January 2016	6.9	1,085.0	(9.0)	(15.3)	(31.2)	(92.0)	944.4
Share-based payments	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.1)
Profit/ (loss) for the period	0.0	0.0	0.0	0.0	0.0	(2.9)	(2.9)
Other comprehensive income, net of tax	0.0	0.0	0.0	0.5	7.3	(0.5)	7.3
Total equity at 31 March 2016	**6.9**	**1,085.0**	**(9.0)**	**(14.8)**	**(23.9)**	**(95.5)**	**948.7**

CASH FLOW STATEMENT

(Unaudited figures in USD million)

	Q1 17	Q4 16	Q1 16
Profit/ (loss) before taxes	(6.0)	(109.5)	6.8
Unrealised currency exchange loss/ (gain)	8.9	(21.1)	13.7
Depreciation and amortisation	57.3	56.6	60.4
Taxes paid	(6.3)	(6.5)	(9.4)
Share of loss/ (profit) of associated companies	0.0	(0.2)	(0.1)
Impairment	0.0	223.2	0.8
Change in fair value of derivatives	(10.0)	3.8	6.1
Change in working capital	276.3	(91.3)	37.2
Add back of net interest expense	11.0	11.5	11.1
Other items	15.4	12.1	(4.1)
Net cash flow from operating activities	**346.6**	**78.6**	**122.5**
Investment in fixed assets	(55.3)	(76.2)	(89.7)
Interest received	0.2	0.3	0.5
Net cash flow from investing activities	**(55.1)**	**(75.9)**	**(89.2)**
Proceeds from new interest bearing debt	100.0	34.0	159.0
Repayment of interest-bearing debt	(96.8)	(21.0)	(182.8)
Interest paid	(22.5)	(21.9)	(21.4)
Net cash flow from financing activities	**(19.3)**	**(8.9)**	**(45.1)**
Net change in cash and cash equivalents	272.2	(6.2)	(11.9)
Cash and cash equivalents at beginning of period	106.9	113.1	121.8
Cash and cash equivalents at end of period	**379.1**	**106.9**	**109.9**

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 first quarter, ended 31 March 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.

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 2,637.4 million (USD 2,723.8 million) at 31 March 2017.

Capital expenditure related to vessels and vessels under construction in the first quarter 2017, amounted to USD 53.7 million (USD 88.4 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 31 March 2017. There were 214,000,000 authorised shares at 31 March 2017.

Following the reverse share split, the Company held a total of 48,627 own shares at 31 March 2017.

Note 5 - Interest-bearing debt

Non-current debt

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

	2017	2016
USD 2,400 million facility	663.2	626.1
Joko Tole USD 250 million facility	7.0	44.0
BWO04 - NOK 900 million Bond	103.7	107.9
BWO03 - NOK 750 million Bond	86.7	90.3
BWO02 - NOK 500 million Bond	57.9	60.4
BWO01 - NOK 500 million Bond	41.7	0.0
Catcher USD 800 million facility	572.4	395.1
Petróleo Nautipa USD 80 million facility	44.8	56.3
Umuroa USD 130 million facility	0.0	24.9
Total	**1,577.4**	**1,405.0**

Current debt

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

	2017	2016
USD 2,400 million facility	108.7	219.8
Joko Tole USD 250 million facility	37.1	42.9
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	0.0	60.3
Catcher USD 800 million facility	(2.3)	(1.5)
Petróleo Nautipa USD 80 million facility	11.5	11.5
Umuroa USD 130 million facility	24.9	4.0
Total	**179.3**	**336.2**

Instalment overview

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

	Q2 17	Q3 17	Q4 17	Q1 18	2017*	2018	2019-2021	2022 and beyond	Total
USD 2,400 million facility	0.0	55.6	-	55.6	55.6	111.2	611.9	-	778.7
Joko Tole USD 250 million facility	9.4	9.4	9.4	9.4	28.1	16.3	-	-	44.5
BWO04 - NOK 900 million Bond**	0.0	-	-	-	-	-	35.1	81.9	117.0
BWO03 - NOK 750 million Bond**	0.0	-	-	-	-	-	124.0	-	124.0
BWO02 - NOK 500 million Bond**	0.0	-	-	-	-	-	86.8	-	86.8
BWO01 - NOK 500 million Bond**	0.0	-	-	-	-	-	65.0	-	65.0
Catcher USD 800 million facility	0.0	-	-	28.6	-	114.3	342.9	122.9	580.0
Petroleo Nautipa USD 80m facility	0.0	5.8	-	5.8	5.8	11.6	31.3	8.0	56.7
Umuroa USD 130 million facility	1.0	1.0	1.0	22.0	3.0	22.0	-	-	25.0
Total	**10.4**	**71.8**	**10.4**	**121.4**	**92.6**	**275.5**	**1,296.8**	**212.8**	**1,877.6**

*) Q2 17 - Q4 17

**) Bond loan illustrated at swapped USD/NOK rate

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 first quarter 2017, the Company is in compliance with all financial covenants. The equity ratio as per end of first quarter 2017 is 27.3%, and available liquidity amounts to USD 270.5 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

	Q1 17	Q4 15	Q1 16
Gain/(loss) on financial instruments	10.0	(3.7)	(3.9)
Net gain/ (loss) on financial instruments	**10.0**	**(3.7)**	**(3.9)**

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

No related party transactions considered material to BW Offshore occurred during the quarter.

Note 10 – Capital commitments

Total unrecognised contractual capital commitments at 31 March 2017 amounted to USD 227.7 million (corresponding figure for 31 March 2016 was USD 413.8 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 impaired trade receivables in the amount of USD 19.4 million to cater for doubtful receivables.

Note 13 - Subsequent events

On 7 April 2017, BW Offshore Limited signed a cooperation agreement with 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 for the global oil and gas industry, leveraging ICBCL's leading position as an arranger of financing to the offshore sector and BW Offshore's expertise in designing, developing and operating FPSOs.

On 10 April 2017, BW Offshore completed the acquisition of 100% interest in Harvest Dussafu B.V. from Harvest Energia B.V., a wholly owned subsidiary of Harvest Natural Resources, Inc. Closing is in line with the terms and conditions previously communicated in the stock exchange release made on 22 December 2016. The acquired company has no operating revenues. The main assets relate to the interest in the Dussafu production sharing contract offshore Gabon. Further, the company has no material external debt. As such, the acquisition price of USD 34m will in all majority be allocated to the license. The final purchase price allocation is not yet completed.

BW Kudu Limited, a wholly owned subsidiary of BW Offshore, has entered into a Farm-Out Agreement for a 56% stake of the Kudu license offshore Namibia. National Petroleum Corporation of Namibia (NAMCOR), the Namibian state-owned oil company, will hold the remaining 44% of the license. BW Kudu will become operator of the Kudu license. On 20 April 2017, the transfer of field interest was completed, requiring BW Offshore to pay USD 2.4 million.

On 28 April 2017, BW Energy Gabon Pte. Ltd.(BWEG), a subsidiary of BW Offshore Limited, completed the acquisition of 25% working interest in the Dussafu sharing contract from Pan-Petroleum Gabon B.V., a wholly-owned subsidiary of Panoro Energy ASA. Closing is in line with the terms and conditions previously communicated in the stock exchange release made in 22 February 2017. Following the above-mentioned closing, BW Energy Gabon Pte. Ltd. Holds a 91.667% working interest in the Dussafu production sharing contract, while Panoro Energy ASA holds the remaining 8.33%. BWEG has offered the Gabon Oil Company (GOC) a 10% participation in the field subject to certain conditions.

On 5 May 2016, Sendje Berge Limited, a wholly-owned subsidiary of BW Offshore 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. BW Offshore will continue the process with the enforcement of the arbitration award for all outstanding claims against Addax. The outstanding gross claim at the end of the first quarter 2017 was USD 61.8 million.

Note 14 – Segments

The Company`s activities are focused on construction, ownership and operation of FPSOs and FSOs. The assets and liabilities are allocated based on the operations of the segment. Sales between segments are presented net of intercompany transactions.

FPSO activity	Q1 17	Q1 16
Revenues from third parties	159.6	214.4
General and administrative expenses	(7.1)	(1.7)
EBITDA	**62.0**	**97.4**
Net gain on sale of tangible fixed assets	0.0	0.0
Depreciation, amortisation and impairment	(57.3)	(61.2)
EBIT	**4.7**	**36.2**
Other segment information		
Capital expenditure	55.4	89.7
Non-current assets (excl finance items)	2,674.4	2,754.6
Investments in associates and joint ventures	7.8	7.8
Geographical information - Revenue		
The classification of revenue per region is determined by the final destination of the FPSO		
Americas	60.3	108.5
Europe/Africa	73.4	80.1
Asia and the Pacific	25.9	25.8
Total revenue	**159.6**	**214.4**
The FPSOs by region can be analysed as follows:		
Americas	748.8	942.5
Europe/Africa	1,421.5	1,266.9
Asia and the Pacific	467.1	514.4
Total non-current assets	**2,637.4**	**2,723.8**

KEY FIGURES

	Note	Q1 17	Q4 16	Q1 16
EBITDA-margin	1	38.8%	55.2 %	45.4 %
Equity ratio	2	27.3%	27.3 %	28.0 %
Return on equity	3	-9.9%	-45.6 %	0.0 %
Return on capital employed	4	0.8%	-20.2 %	5.8 %
Net interest bearing debt (USD million)	5	1,377.6	1,634.9	1,631.3
Cash flow per share (USD)	6	1.87	0.42	8.90
EPS - basic and diluted (USD)*	7	-0.08	-0.62	-0.21
Shares - end of period (million)		185.0	185.0	13.8
Share price (NOK)		21.00	27.70	65.00
Market cap (NOKm)		3,884	5,123	894
Market cap (USDm)		453	594	108

**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*