



# BW Offshore Limited



FPSO Cidade de São Mateus, 12 February 2015

## KEY EVENTS

- Explosion onboard FPSO Cidade de São Mateus
- EBITDA of USD 104.1 million in the fourth quarter and USD 520.3 for the year 2014
- Stable operations with an uptime of 99.8% during the fourth quarter and 99.6% for the full year
- Contract extension for FPSO Umuroa and FPSO Abo
- Dividend payment of USD 0.02 per share

## FINANCIAL SUMMARY

### FOURTH QUARTER

Operating revenues for the quarter amounted to USD 264.8 million, an increase of USD 16.3 million (7%) compared to USD 248.5 million in the previous quarter (third quarter of 2014).

Operating expenses amounted to USD 160.6 million, an increase of USD 12.6 million (9%) compared to USD 148.0 million in the previous quarter.

EBITDA for the fourth quarter amounted to USD 104.1 million, a decrease of USD 16.2 million (13%) compared to USD 120.3 million in the previous quarter.

Depreciation amounted to USD 57.1 million, an increase of USD 1.4 million (3%) compared to USD 55.7 million in the previous quarter.

Operating profit for the quarter amounted to USD 46.3 million compared to USD 64.1 million in the previous quarter.

Tax expense for the quarter amounted to USD 9.0 million compared to USD 9.5 million in the previous quarter.

Net profit amounted to USD 12.7 million compared to USD 40.4 million in the previous quarter.

Main change compared to last quarter relates to a gain of USD 19.7 million booked in third quarter as a result of the acquisition of the remaining 50% share of FPSO Petr leo Nautipa from Yinson Production.

Total equity at 31 December 2014 amounted to USD 1,132.2 million, a decrease of USD 75.4 million (6%) compared to USD 1,207.6 million at 30 September 2014. Equity has decreased mainly as a result of unrealised losses on cash flow hedges during the quarter. The equity ratio was 30.9% at the end of the quarter, down from 33.9% last quarter.

As of 31 December 2014, the Company had USD 1,238.6 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 1,419.9 million, following scheduled reductions. Total utilised debt facilities for the company, including bond loans and other facilities was USD 1,896.7 million. Total available liquidity as of 31 December 2014 amounted to USD 337.0 million.

Net debt amounted to USD 1,655.6 million at 31 December 2014, compared to USD 1,577.5 million at 30 September 2014.

Net cash inflow from operating activities was USD 133.2 million compared to USD 125.1 million in the previous quarter. Net cash outflow from investing activities was USD 168.5 million compared to USD 87.7 million in the previous quarter. Cash outflow on investing activities is mainly related to capitalisation on the Catcher project and capital expenditures for ongoing life extension activities. Most life extension activities are either covered on a cost plus basis or reimbursed through higher day rates. Net cash inflow from financing activities was USD 66.4 million compared to cash outflow of USD 49.3 million in the previous quarter.

### PRELIMINARY RESULT 2014

BW Offshore recorded a full year EBITDA of USD 520.3 million compared to USD 443.1 million in 2013. The increase of USD 77.2 million (17%) is mainly due to the early termination fee received for Azurite, gain recognised from acquisition of the remaining 50% share in FPSO Petr leo Nautipa and reduced project expenses compared to last year.

Depreciation amounted to USD 220.7 million, a decrease of USD 41.2 million (16%) compared to USD 261.9 million in 2013. The decrease is mainly due to the revised depreciation schedule from first quarter of 2014.

BW Offshore recorded a profit before tax of USD 225.4 million compared to USD 117.5 million in 2013.

Tax expense amounted to USD 38.2 million compared to USD 36.1 million in 2013. The increase in tax is mainly related to FPSO Petr leo Nautipa, included 100% from 1 July 2014.

Net result for the year amounted to USD 187.2 million compared to USD 81.4 million in 2013.

### OPERATIONS

BW Offshore operates 18 units. The owned fleet consists of 14 FPSOs, one FSO and one VLCC tanker. All operating units experienced stable performance with an average uptime of 99.8% during the fourth quarter.

The Company operates the FPSO Peregrino for Statoil and Sinochem on the Peregrino oil field offshore Brazil.

BW Offshore Limited  
Condensed Interim Consolidated Financial Information  
Fourth quarter and preliminary results 2014

The Company also operates the FPSO P-63 owned by Petrobras and Chevron on the Papa Terra field offshore Brazil. BW Offshore will operate the FPSO for three years in a joint venture with Queiroz Galvão Óleo e Gás S.A. (“QGOG”). The operation started in November 2013.

BW Offshore formally completed the transaction with Yinson Holding Berhad to take over remaining 50% of FPSO Petróleo Nautipa in October 2014 and has before the year end taken over all operations. Based on agreements in place, the vessel owning company has been consolidated as a subsidiary from the beginning of third quarter 2014.

During the quarter, BW Offshore signed a one year contract extension for the lease and operation of the FPSO Umuroa. The FPSO is operating on the Umuroa field offshore New Zealand for AWE. The firm period has been extended to fourth quarter 2016.

In December 2014, BW Offshore signed a Letter of Intent for a two years extension for FPSO Abo with Nigerian Agip Exploration Ltd, a subsidiary of ENI S.p.A. until fourth quarter 2016, with options for additional seven years (until fourth quarter 2023). The Company is currently performing life extension activities on the unit, which are being compensated on a reimbursable cost plus basis.

The termination from Murphy West Africa Limited for FDPSO Azurite was effective May 2014. The vessel is currently being marketed for new projects. The Company was compensated for the early termination of the contract. The compensation reflected the value of the remaining period of the original fixed term of the contract, and was recognised at time of termination.

The VLCC, BW Opal, is marketed for new projects. All other FPSOs and FSO are on contract per the end of the year. Continuation of the current low oil price may affect the likelihood of contract extensions being exercised for units coming to the end of their contracts going forward.

## PROJECTS

On 30 April 2014 BW Offshore signed a contract with Premier Oil for a FPSO to operate on the Catcher oil field in the UK North Sea. The field was by 31 December owned by Premier Oil (50% operator), Cairn Energy (30%) and MOL (20%). After the year end Dyas UK has acquired a 10% interest in the field from Cairn Energy. The firm charter period of the contract is seven years, with extension options of up to 18 years. Based on a field life of 10 years, the contract value is USD 2.3 billion including FPSO charter rate and opex.

During the last quarter of 2014, significant progress was made on engineering, procurement and construction activities. Notably fabrication on the turret mooring system is progressing well and a major topside fabrication contract has been awarded. BWO is regularly visiting and will continue to work closely with all subcontractors to ensure focus on cost and schedule.

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

## DIVIDEND

The Board has declared a cash dividend of USD 0.02 per share for the quarter. The shares will be traded ex-dividend as of 3 March 2015. The dividend will be payable on or about 11 March 2015 to shareholders of record on 4 March 2015.

## OUTLOOK

The outlook for BW Offshore's products and services has changed recently due to the drop in oil price. The short term demand situation for new leased units is currently uncertain. BW Offshore still expects outsourcing of production to be a cost effective solution for oil companies to pursue oil development initiatives in the future.

BW Offshore's cash flow from the operating units is secure and mainly based on long term contracts with national and independent oil companies. The fleet of BW Offshore will continue to generate a healthy cash flow in the time ahead. The trend of continued production outside the initially planned period has so far continued as seen from the recent extensions.

BW Offshore Limited  
Condensed Interim Consolidated Financial Information  
Fourth quarter and preliminary results 2014

Bermuda, 15 February 2015

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Carsten Mortensen

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BW Offshore Limited  
Condensed Interim Consolidated Financial Information  
Fourth quarter and preliminary results 2014

## INCOME STATEMENT

(Unaudited figures in USD million)

	Notes	Q4 14	Q3 14	Q4 13*	2014	2013*
<b>Operating revenue</b>		<b>264.8</b>	<b>248.5</b>	<b>260.6</b>	<b>1,070.4</b>	<b>956.2</b>
<b>Operating expenses</b>		<b>(160.6)</b>	<b>(148.0)</b>	<b>(156.8)</b>	<b>(571.9)</b>	<b>(524.8)</b>
Share of profit/(loss) of associates and joint ventures	6	(0.1)	19.8	3.6	21.8	11.7
<b>Operating profit before depreciation/amortisation</b>		<b>104.1</b>	<b>120.3</b>	<b>107.4</b>	<b>520.3</b>	<b>443.1</b>
Depreciation	11	(57.1)	(55.7)	(66.6)	(220.7)	(261.9)
Amortisation		(0.7)	(0.5)	(0.4)	(2.3)	(2.0)
Gain on sale of assets		0.0	0.0	(0.2)	0.2	(0.3)
<b>Operating profit / (loss)</b>		<b>46.3</b>	<b>64.1</b>	<b>40.2</b>	<b>297.5</b>	<b>178.9</b>
Interest income		1.5	0.3	0.8	2.1	2.4
Gain/(loss) on financial instruments	7	(6.9)	4.1	(0.7)	(7.1)	3.7
Interest expense		(17.4)	(16.9)	(15.2)	(65.1)	(63.1)
Other financial items		(1.8)	(1.8)	(0.9)	(2.0)	(4.4)
<b>Net financial income/(expense)</b>		<b>(24.6)</b>	<b>(14.3)</b>	<b>(16.0)</b>	<b>(72.1)</b>	<b>(61.4)</b>
<b>Profit/(loss) before tax</b>		<b>21.7</b>	<b>49.8</b>	<b>24.2</b>	<b>225.4</b>	<b>117.5</b>
Income tax expense		(9.0)	(9.5)	(10.0)	(38.2)	(36.1)
<b>Net profit/(loss) for the period</b>		<b>12.7</b>	<b>40.4</b>	<b>14.2</b>	<b>187.2</b>	<b>81.4</b>
Net profit/(loss) attributable to owners of the Company		12.7	40.4	14.2	187.2	81.4
Basic/diluted earnings/(loss) per share (USD) net		0.02	0.06	0.02	0.27	0.12

## COMPREHENSIVE INCOME STATEMENT

(Unaudited figures in USD million)

	Q4 14	Q3 14	Q4 13*	2014	2013*
<b>Net profit/(loss) for the period</b>	12.7	40.4	14.2	187.2	81.4
<b>Other comprehensive income</b>					
<i>Items to be reclassified to profit or loss:</i>					
Currency translation differences	(3.0)	(3.5)	(5.1)	(4.2)	(5.0)
Net profit/(loss) on cash flow hedges	(54.4)	(22.7)	(2.0)	(82.4)	(12.5)
<b>Net items to be reclassified to profit or loss:</b>	<b>(57.3)</b>	<b>(26.1)</b>	<b>(7.1)</b>	<b>(86.7)</b>	<b>(17.5)</b>
<i>Items not to be reclassified to profit or loss:</i>					
Actuarial gains/(losses) on defined benefit plans	(10.2)	0.0	(3.8)	0.0	(3.8)
<b>Net items not to be reclassified to profit or loss:</b>	<b>(10.2)</b>	<b>0.0</b>	<b>(3.8)</b>	<b>(10.2)</b>	<b>(3.8)</b>
<b>Other comprehensive income, net of tax</b>	<b>(67.5)</b>	<b>(26.1)</b>	<b>(10.9)</b>	<b>(96.8)</b>	<b>(21.3)</b>
<b>Total comprehensive income</b>	<b>(54.8)</b>	<b>14.3</b>	<b>3.3</b>	<b>90.4</b>	<b>60.1</b>

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

\*The financial information for 2013 has been restated as the company has adopted IFRS11 effective 1 January 2014.

BW Offshore Limited  
Condensed Interim Consolidated Financial Information  
Fourth quarter and preliminary results 2014

## STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

<b>ASSETS</b>	<b>Notes</b>	<b>31.12.2014</b>	<b>30.09.2014</b>	<b>31.12.2013*</b>
Vessels	2,11	2,747.7	2,694.1	2,509.9
Property and other equipment		12.2	11.6	12.4
Goodwill and intangibles		191.2	190.4	189.9
Finance lease receivables	3	140.9	145.4	158.2
Investments in associates and joint ventures	6	4.7	4.7	42.2
Derivatives		1.1	2.6	2.0
Deferred assets		18.6	29.1	3.9
<b>Total non-current assets</b>		<b>3,116.4</b>	<b>3,077.9</b>	<b>2,918.5</b>
Inventory		6.6	3.9	6.5
Trade receivables and other current assets		324.5	289.7	283.0
Derivatives		6.0	3.1	0.0
Cash and deposits		215.4	184.3	132.4
<b>Total current assets</b>		<b>552.5</b>	<b>481.0</b>	<b>421.9</b>
<b>TOTAL ASSETS</b>		<b>3,668.9</b>	<b>3,558.9</b>	<b>3,340.4</b>
<b>EQUITY AND LIABILITIES</b>				
Total equity attributable to owners of the Company	4	1,132.2	1,207.6	1,124.1
<b>Total equity</b>		<b>1,132.2</b>	<b>1,207.6</b>	<b>1,124.1</b>
Interest-bearing long-term debt	5	1,499.8	1,435.1	1,459.3
Pension obligations		14.3	6.3	6.8
Other long-term liabilities	8	219.3	215.8	202.9
Derivatives		100.4	54.5	44.4
<b>Total non-current liabilities</b>		<b>1,833.8</b>	<b>1,711.7</b>	<b>1,713.4</b>
Trade and other payables		263.0	259.1	176.1
Derivatives		33.1	15.4	5.7
Interest-bearing short-term debt	5	371.2	326.7	290.1
Income tax liabilities		35.6	38.4	31.0
<b>Total current liabilities</b>		<b>702.9</b>	<b>639.6</b>	<b>502.9</b>
<b>Total liabilities</b>		<b>2,536.7</b>	<b>2,351.3</b>	<b>2,216.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,668.9</b>	<b>3,558.9</b>	<b>3,340.4</b>

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

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BW Offshore Limited  
Condensed Interim Consolidated Financial Information  
Fourth quarter and preliminary results 2014

## STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Total
<b>2014</b>							
Equity at 1 January 2014	6.9	1,085.0	(9.1)	(4.2)	(16.3)	61.8	1,124.1
Dividend distribution	0.0	0.0	0.0	0.0	0.0	(82.2)	(82.2)
Profit (loss) for the period	0.0	0.0	0.0	0.0	0.0	187.2	187.2
Other comprehensive income	0.0	0.0	0.0	(4.2)	(82.4)	(10.2)	(96.8)
<b>Total equity at 31 December 2014</b>	<b>6.9</b>	<b>1,085.0</b>	<b>(9.1)</b>	<b>(8.4)</b>	<b>(98.7)</b>	<b>156.6</b>	<b>1,132.2</b>

	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Total
<b>2013*</b>							
Equity at 1 January 2013	6.9	1,085.0	(9.1)	0.8	(3.7)	52.7	1,132.6
Dividend distribution	0.0	0.0	0.0	0.0	0.0	(68.5)	(68.5)
Profit (loss) for the period	0.0	0.0	0.0	0.0	0.0	81.4	81.4
Other comprehensive income	0.0	0.0	0.0	(5.0)	(12.5)	(3.8)	(21.3)
<b>Total equity at 31 December 2013</b>	<b>6.9</b>	<b>1,085.0</b>	<b>(9.1)</b>	<b>(4.2)</b>	<b>(16.3)</b>	<b>61.8</b>	<b>1,124.1</b>

## CASH FLOW STATEMENT

(Unaudited figures in USD million)

	Q4 14	Q3 14	Q4 13*	2014	2013*
Profit/ (loss) before taxes	21.7	49.8	24.2	225.4	117.5
Unrealised currency exchange losses/(gains)	1.8	2.4	1.3	3.8	5.1
Depreciation and amortisation	57.8	56.2	67.0	223.0	263.9
Taxes paid	(9.5)	(3.6)	(2.4)	(35.8)	(24.6)
Share of loss/ (profit) of associated companies	0.1	(19.7)	(3.6)	(21.8)	(11.8)
Loss/ (gain) on sale of shares and fixed assets	(0.0)	0.0	0.2	(0.2)	0.3
Change in fair value of derivatives	12.0	(0.6)	0.7	14.4	(3.7)
Change in working capital	(30.5)	60.1	(20.9)	61.2	(97.8)
Add back of net interest expense	15.9	16.6	14.4	62.9	60.7
Other items	64.1	(36.1)	2.4	16.2	9.9
<b>Net cash flow from operating activities</b>	<b>133.2</b>	<b>125.1</b>	<b>83.2</b>	<b>548.9</b>	<b>319.6</b>
Investment in fixed assets	(112.9)	(88.1)	(26.9)	(364.8)	(102.6)
Acquisition of subsidiaries	(57.1)	0.0	0.0	(57.1)	0.0
Sale of fixed assets	0.0	0.0	0.4	0.1	0.3
Interest received	1.5	0.3	0.8	2.1	2.4
<b>Net cash flow from investing activities</b>	<b>(168.5)</b>	<b>(87.7)</b>	<b>(25.8)</b>	<b>(419.7)</b>	<b>(99.9)</b>
Proceeds from new interest bearing debt	126.0	168.0	25.0	633.0	486.8
Repayment of interest-bearing debt	(18.9)	(165.1)	(18.9)	(508.0)	(518.6)
Dividend paid	(20.6)	(20.6)	(20.5)	(82.2)	(68.5)
Interest paid	(20.2)	(31.6)	(17.8)	(89.0)	(84.9)
<b>Net cash flow from financing activities</b>	<b>66.4</b>	<b>(49.3)</b>	<b>(32.2)</b>	<b>(46.3)</b>	<b>(185.2)</b>
<b>Net change in cash and cash equivalents</b>	<b>31.1</b>	<b>(11.9)</b>	<b>25.3</b>	<b>83.0</b>	<b>34.4</b>
Cash and cash equivalents at beginning of period	184.3	196.2	107.1	132.4	98.0
<b>Cash and cash equivalents at end of period</b>	<b>215.4</b>	<b>184.3</b>	<b>132.4</b>	<b>215.4</b>	<b>132.4</b>

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

\*The financial information for 2013 has been restated as the company has adopted IFRS11 effective 1 January 2014.

## NOTES TO THE ACCOUNTS (UNAUDITED)

(Figures in brackets refer to corresponding figures for 2013)

### Note 1 - Accounting principles

This Interim Condensed Consolidated financial information for the fourth quarter, ended 31 December 2014 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 2013, 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 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

BW Offshore has from 1 January 2014 adopted *IFRS11 Joint arrangements*, that require restatement of previous financial statements. As required by IAS 34, the nature and the effect of these changes are disclosed below. Several other new standards and amendments apply for the first time in 2014. However, they do not impact the annual consolidated financial statements of the Company or the Interim Condensed Consolidated financial statements of the Company. A detailed description of these changes is given in BW Offshore's annual consolidated financial statements for the year ended 31 December 2013.

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

### Note 2 – Vessels

The book value of operating vessels and vessels under construction amounted to USD 2,747.7 million (USD 2,509.9 million) at 31 December 2014.

Capital expenditure related to vessels and vessels under construction in the fourth quarter 2014, amounted to USD 109.6 million (USD 32.4 million). This is related to capital expenditures on the Catcher project and capital expenditures for ongoing life extension activities. Most life extension activities are either on a reimbursable cost plus basis or covered through higher day rates.

### Note 3 – Finance lease receivables

Amortisation of finance lease receivables on FPSO YÙUM K'AK'NÀAB and FSO Belokamenka.

### Note 4 - Equity

The number of issued shares was 688,006,004 at 31 December 2014. There were no changes in shares issued in the fourth quarter 2014. There were 700,000,000 authorised shares at 31 December 2014.

The Company held a total of 2,609,535 own shares at 31 December 2014.

BW Offshore Limited  
Condensed Interim Consolidated Financial Information  
Fourth quarter and preliminary results 2014

## Note 5 - Interest-bearing debt

### Non-current debt

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

	2014	2013
USD 2.4 billion loan facility	1,011.2	1,079.3
Joko Tole loan	101.4	159.0
BWO03 - NOK 750 million Bond	122.8	0.0
BWO02 - NOK 500 million Bond	86.2	86.0
BWO01 - NOK 500 million Bond	89.7	89.4
USD 800 million credit facility	88.6	0.0
Umuroa loan	0.0	45.5
<b>Total</b>	<b>1,499.8</b>	<b>1,459.3</b>

### Current debt

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

	2014	2013
USD 2.4 billion loan facility	218.1	216.8
Joko Tole loan (current part)	57.6	57.2
USD 50 million unsecured term loan	50.8	0.0
BWO03 - NOK 750 million Bond	(0.4)	0.0
BWO02 - NOK 500 million Bond	(0.3)	(0.3)
BWO01 - NOK 500 million Bond	(0.3)	(0.3)
USD 800 million credit facility (current part)	(0.7)	0.0
Umuroa loan	46.3	16.7
<b>Total</b>	<b>371.2</b>	<b>290.1</b>

## Note 6 – Investments in associates and Joint ventures

Investments in associates relates to the 50% shareholding in OCS Services Limited, providing primarily manning services. Investments in Joint Ventures relates to the 50% shareholding in LLC "Oil Terminal Belokamenka" as at end of fourth quarter. The Investment in Tinworth Pte Ltd was reclassified as a subsidiary as BW Offshore acquired 100% of the company during third quarter. This has led to a significant reduction of investments in associates and joint ventures in the balance sheet.

IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. Instead of consolidating the assets, liabilities, revenues and expenses, the Group will present its share of equity in joint venture as investment in shares in joint ventures and its share of result from joint ventures on one line as revenues from joint ventures. The Group has considered the shareholding in LLC "Oil Terminal Belokamenka" as a joint venture, and have accounted for its shareholding according to the equity method. The change is applied retrospectively, and the table below shows the effects on the restated comparative consolidated numbers.

### STATEMENT OF FINANCIAL POSITION

	31.12.2013
Vessels and other equipment	(28.2)
Investments in associates and joint ventures	37.5
Other non-current assets	(1.5)
Other current assets	(19.0)
Cash and deposits	(3.1)
Equity	0.0
Non-current liabilities	0.0
Current liabilities	(14.3)

BW Offshore Limited  
Condensed Interim Consolidated Financial Information  
Fourth quarter and preliminary results 2014

**INCOME STATEMENT**

	31.12.2013	Q4 2013
Operating revenue	(26.2)	(6.1)
Operating expenses	10.9	2.6
Share of profit/(loss) of associates and joint ventures	11.1	3.6
Depreciation and amortisation	1.7	0.9
Income tax expense	0.3	(1.0)
<b>Net profit/(loss) for the period</b>	<b>(2.2)</b>	<b>0.0</b>

**CASH FLOW STATEMENT**

	31.12.2013	Q4 2013
Net cash flow from operating activities	(7.1)	(5.9)
Net cash flow from investing activities	7.9	7.8
Net cash flow from financing activities	0.0	0.0
<b>Net change in cash and cash equivalents</b>	<b>0.8</b>	<b>2.0</b>
Cash and cash equivalents at beginning of period	(3.9)	(5.0)
<b>Cash and cash equivalents at end of period</b>	<b>(3.1)</b>	<b>(3.1)</b>

**Note 7 – Gain/ (loss) on financial instruments**

	Q4 14	Q3 14	Q4 13	2014	2013
Gain/(loss) on financial instruments	(6.9)	4.1	(0.7)	(7.1)	3.7
<b>Net gain/ (loss) on financial instruments</b>	<b>(6.9)</b>	<b>4.1</b>	<b>(0.7)</b>	<b>(7.1)</b>	<b>3.7</b>

**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 to be material to BW Offshore occurred during the quarter.

**Note 10 – Capital commitments**

Total unrecognised contractual capital commitments at 31 December 2014 amounted to USD 601.3 million (USD 153.9 million). This commitment is related to the Catcher project, ongoing life extension activities, operations as well as commitments on long term office rental. The increase is mainly related to the Catcher project.

**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. BW Offshore has during first quarter reviewed and amended the estimates used for defining useful life on the existing fleet. This review has resulted in a revised depreciation schedule on a number of FPSOs in the fleet.

**Note 12 – Subsequent events**

On 11 February 2015 an explosion occurred onboard the FPSO Cidade de São Mateus, operating on the Camarupim and Camarupim Norte fields for Petrobras in Espírito Santo littoral. Production has been stopped and the unit has been shut down. For further information regarding this tragic event, BW Offshore refer to public statements that will be given on the Company's website.

BW Offshore Limited  
Condensed Interim Consolidated Financial Information  
Fourth quarter and preliminary results 2014

On 13 February 2015 the Company settled a USD 50 million unsecured one-year term loan with Itaú Bank, established during first quarter 2014.

### Note 13 – 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.

<b>FPSO/FSO activity</b>	<b>Q4 14</b>	<b>Q4 13*</b>
Revenues from third parties	264.8	260.6
General and administrative	(12.4)	(16.4)
Currency hedges and other currency effects	(5.1)	(1.3)
<b>EBITDA</b>	<b>104.1</b>	<b>107.4</b>
Net gain on sale of tangible fixed assets	0.0	(0.2)
Depreciation, amortization and impairment	(57.8)	(67.0)
<b>EBIT</b>	<b>46.3</b>	<b>40.2</b>
<b>Other segment information</b>		
Capital expenditure	109.6	32.4
Non-current assets (excl finance items)	2,975.5	2,760.3
Investments in associates	4.7	42.2
<b>Geographical information_ Revenue</b>		
<i>The classification of revenue per region is determined by the final destination of the FPSO/FSO</i>		
Americas	102.6	114.1
Europe/Africa	133.2	108.9
Asia**	29.0	37.6
<b>Total revenue</b>	<b>264.8</b>	<b>260.6</b>
<b>The FPSOs/FSO by region can be analyzed as follows:</b>		
Americas	1,221.5	1,324.4
Europe/Africa	1,107.4	824.7
Asia	418.9	360.7
<b>Total non-current assets</b>	<b>2,747.7</b>	<b>2,509.9</b>

\*The financial information for 2013 has been restated as the company has adopted IFRS11 effective 1 January 2014.

\*\*Includes the VLCC BW Opal which is in layup.

BW Offshore Limited  
Condensed Interim Consolidated Financial Information  
Fourth quarter and preliminary results 2014

## KEY FIGURES

	Note	Q4 14	Q3 14	Q4 13*	2014	2013*
EBITDA-margin	1	39.3%	48.4 %	41.2 %	48.6 %	46.3 %
Equity ratio	2	30.9%	33.9 %	33.7 %	30.9 %	33.7 %
Return on equity	3	6.1%	12.3 %	5.2 %	16.6 %	7.2 %
Return on capital employed	4	6.0%	5.7 %	4.7 %	8.9 %	5.3 %
Net interest bearing debt (USD million)	5	1,655.6	1577.5	1617.0	1655.6	1617.0
Cash flow per share (USD)	6	0.19	0.17	0.12	0.80	0.46
EPS - basic and diluted (USD)	7	0.02	0.06	0.02	0.27	0.12
Shares - end of period (million)		688.0	688.0	688.0	688.0	688.0
Share price (NOK)		7.51	8.04	7.25	7.51	7.25
Market cap (NOKm)		5,167	5,532	4,988	5,167	4,988
Market cap (USDm)		695	857	820	695	820

### Notes to key figures

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

\*The financial information for 2013 has been restated as the company has adopted IFRS11 effective 1 January 2014.

## FLEET AND CONTRACTS

Name of unit	Location	Counterparty	Converted	Contract period
<b>FPSOs</b>				
Sendje Berge	Nigeria	Addax/Sinopec	2000	2005-2018 + options until 2020
Abo	Nigeria	Agip/ENI	2003	2003-2016 + options until 2023
Espoir Ivoirien	Ivory Coast	CNR	2002	2002-2017 + options until 2036
Berge Helene	Mauritania	Petronas	2005	2006-2017 + options until 2021
Petróleo Nautipa	Gabon	Vaalco Energy	2002	2002-2020 + options until 2022
YÛUM K' AK' NÁAB	Mexico	Pemex	2006	2007-2022 + options until 2025
BW Cidade De São Vicente	Brazil	Petrobras	2009	2009-2019 + options until 2024
Cidade De São Mateus	Brazil	Petrobras	2009	2009-2018 + options until 2024
Polvo	Brazil	Petrorio (HRT)	2007	2007-2015 + options until 2022
BW Pioneer	US	Petrobras	2010	2012-2017 + options until 2020
Umuroa	New Zealand	AWE	2007	2007-2016 + options until 2022
BW Athena	UK	Ithaca Energy and partners	2012	2012-2015 + options until 2020
BW Joko Tole	Indonesia	Kangean Energy	2012	2012-2022 + options until 2026
<b>FSO</b>				
Belokamenka	Russia	Rosneft	2003	2004-2019
<b>Conversion candidates</b>				
BW Opal	Singapore	Available		
Azurite	Singapore	Available		
<b>Operating and maintenance agreement</b>				
Peregrino (FPSO)	Brazil	Statoil		2013-2018 + options until 2033
P-63 (FPSO)	Brazil	Petrobras		2013-2016