Condensed Interim
Consolidated Financial Information

BW Offshore

FIRST
QUARTER

2018

KEY EVENTS

- EBITDA of USD 108.5 million in the first quarter
- BW Catcher First Oil Certificate received in January
- Contract extension for FPSO Polvo
- Contract extension for Abo FPSO
- Successful completion of two first wells at Tortue in April and May
- Tuning of BW Catcher process facilities ongoing

FINANCIAL SUMMARY

FIRST QUARTER

Operating revenues for the quarter amounted to USD 192.5 million, an increase of USD 42.2 million (USD 150.3 million).[1]

Operating expenses were USD 84.5 million, an increase of USD 7.2 million (USD 77.3 million).

EBITDA for the first quarter was USD 108.5 million (USD 73.5 million). The increase is mainly related to a full quarter of income from BW Catcher, partly offset by no contribution from Berge Helene which is being demobilised after completing its contract at the end of the fourth quarter of 2017. In addition, the FPSO Sendje Berge provided lower contribution for the quarter the due to the revised contract with Addax.

Depreciation was USD 76.5 million, an increase of USD 18.9 million (USD 57.6 million), mainly related to depreciation on BW Catcher which started at first oil on 23 December 2017.

Operating profit for the quarter was USD 31.5 million (USD 15.2 million).

Net financial expense for the quarter was USD 3.9 million (USD 2.0 million). Interest rates increased during the first quarter and yielded a positive mark-to-market effect on interest rate hedges. The USD weakened against NOK, which had a positive impact on mark-to-market on cross-currency swaps.[2] These effects were partly offset by increased net interest expense as capitalisation of interest on BW Catcher ceased in the fourth quarter of 2017.

Tax expense was USD 9.5 million, compared to a tax income of USD 34.0 in the previous quarter. In the fourth quarter of 2017, BW Offshore released tax-provisions amounting to USD 32 million due to updated information indicating that changes to tax laws will not be applied retrospectively.

Net profit for the quarter was USD 18.1 million, compared to USD 47.2 million in the fourth quarter of 2017.

Total equity at 31 March 2018 was USD 1,269.4 million, an increase of USD 10.0 million (USD 1,259.4 million). The equity ratio was 37.4% at the end of the quarter (36.8%).

As of 31 March 2018, the Company had USD 225.2 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 719.2 million, following scheduled reductions. Total utilised debt facilities for the Company, including bond loans and other facilities were USD 1,397.1 million. Total available liquidity as of 31 March 2018, amounted to USD 596.6 million.

Net interest-bearing debt was USD 1,221.0 million at 31 March 2018 (USD 1,275.3 million).

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

Net cash inflow from operating activities was USD 187.5 million (USD 110.3 million). Net cash outflow on investing activities was USD 95.3 million (USD 128.5 million). Investing activities were mainly related to capitalisation on the Catcher and Dussafu projects, the Adolo (formally known as FPSO Azurite) redeployment 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 75.0 million (cash inflow of USD 15.1 million). The change from last quarter was mainly related to repayment of interest-bearing debt, while the Company received cash from ICBC Leasing in the fourth quarter as part of the equity investment in BW Catcher.

OPERATIONS

BW Offshore currently operates 11 units. The owned fleet includes 15 FPSOs and one FSO. Average commercial uptime during the first quarter was 99.98% (100.0%).

The first oil certificate on BW Catcher was achieved in January and crude oil production reached the 60 000 bopd nameplate capacity in mid-May. The export of excess associated gas into the SEGAL pipeline system started mid-May. The FPSO has operated on a reduced day rate from the second quarter due to delays in start-up activities. The company expects to record a one-off negative impact on the second quarter 2018 EBITDA in the range of USD 15-20 million reflecting this. BW Catcher has to date successfully offloaded five cargoes. The ongoing drilling programme on the Catcher field has in 2018 continued to yield results exceeding expectations with regards to reserves and reservoir quality, according to the operator Premier Oil.

BW Offshore signed an agreement with Petrorio for a one-year extension for the lease and operation of the FPSO Polvo. The firm period has been extended to the third quarter of 2019 (from third quarter 2018), with options until the third quarter of 2022.

BW Offshore received notice from the client of the exercise of a one-year extension of the contracts relating to the FPSO Cidade de São Mateus. The Company will continue its dialogue with the client towards finalising a firm plan for the FPSO. The FPSO Cidade de São Mateus remains in lay-up.

The demobilisation of the FPSO Berge Helene continued through the quarter. The unit is currently underway to Singapore where it is expected to arrive in the third quarter.

In April 2018, 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 2019. The contract comprises a firm period of 2 months and a 9-month extension period on the same terms.

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

PROJECTS

BW Adolo (formerly known as Azurite) is at the Keppel yard in Singapore for necessary upgrades before relocating to Gabon to be installed and commence operation on the Dussafu field. Project activities progressed well during the quarter, and the project has now reached the mechanical completion and the commissioning phase. The FPSO is on track to leave Singapore to support the planned start-up of operations on Dussafu in the second half of 2018.

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 Offshore successfully drilled and completed the first development well, DTM-2H, located in the Tortue field, within the Dussafu License on 7 April. Drilling of the development well commenced in late January 2018 and was completed with no safety-related incidents, on schedule and within budget. Interpretation of the logging results indicates that the well was entirely consistent with pre-drill prognosis and objectives. DTM-2H was drilled and completed as a horizontal production well in the Dentale D6 reservoir and encountered a long horizontal section of oil-saturated Dentale D6 sandstone.

Following demobilisation at the DTM-2H well, the Borr Norve drilling rig was moved to the second well location before it commenced drilling on the DTM-3 appraisal well to the northwest on the Tortue field. On 14 May, BW Offshore announced the successful completion of the DTM-3 appraisal well. The DTM-3 appraisal wellbore was designed to appraise the western flank of the Tortue field attempting to extend the known distribution of hydrocarbon resources within the Gamba and Dentale formations. The key objectives for the appraisal well were achieved and are currently being assessed for what appears to be a material upgrade of the reserves.

Following completion of DTM-3, the rig commenced drilling and completion of the second horizontal development well, DTM-3H, in the Gamba sandstone.

The Company plans to drill a second additional appraisal well to test one of several prospects that have been mapped in the Ruche area of the Dussafu Licence. The drilling campaign on the Ruche North East prospect is planned to commence mid-2018, following completion of the two production wells and the appraisal well at the Tortue field. The objective is to identify additional resources in the greater Ruche area, which will be aggregated with the existing Ruche discoveries and form the basis for future development phases.

The Dussafu development is performing according to plan and budget for first oil in the second half of 2018.

OUTLOOK

Offshore production of oil and gas is expected to decline after several years of low investments. This will likely become more evident in coming years, as production tied to investments made in the previous up-cycle now has commenced and will start to decline. The overall market balance has improved with a reduced oversupply of crude oil. In addition, the industry has become more effective with lower break-even costs for new developments. This is expected to lead to sanction of new projects which will improve the market outlook for offshore field developments. Initially, the Company expects increased focus on incremental investments to existing infrastructure, while more green-field investments may emerge later in the cycle.

BW Offshore's service offering and ability to partner with field owners to provide cost effective solutions have been well received in the market. BW Offshore still expects outsourcing of production to be cost-effective for oil and gas companies as they increase their specialisation.

BW Offshore is seeing improved market activity for FPSOs. The Company will take a commercially disciplined approach to new investments by bidding selectively on new projects.

The majority of BW Offshore's fleet remains on long-term contracts with national and independent oil companies. The fleet should continue to generate a significant cash flow in the time ahead. The FPSO Catcher will be a significant contributor to Group cash flow in 2018 and in the years following the start-up of production in late 2017.

BW Offshore has reduced leverage and a solid financial position with the additional financial capacity from the ICBC Leasing partnership, and strong liquidity. Proactive balance sheet management of is a key part of the strategy and enables the Group to grow from a position of strength by taking advantage of attractive opportunities when they arise.

Bermuda, 30 May 2018

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

STATEMENT OF INCOME

(Unaudited figures in USD million)

	Notes	Q1 18	Q4 17	Q1 17
Operating revenue	12	192.5	150.3	159.6
Operating expenses		(84.5)	(77.3)	(97.6)
Share of profit/(loss) from equity accounted investments	6	0.5	0.5	-
Operating profit /(loss) before depreciation/amortisation		**108.5**	**73.5**	**62.0**
Depreciation	11	(76.5)	(57.6)	(56.6)
Amortisation		(0.5)	(0.7)	(0.7)
Operating profit/(loss)		**31.5**	**15.2**	**4.7**
Interest income		0.5	0.5	0.2
Interest expense		(18.9)	(8.8)	(11.2)
Gain/(loss) on financial instruments	7	29.4	(4.3)	10.0
Other financial items		(14.9)	10.6	(9.7)
Net financial income/(expense)		**(3.9)**	**(2.0)**	**(10.7)**
Profit/(loss) before tax		**27.6**	**13.2**	**(6.0)**
Income tax expense		(9.5)	34.0	(9.1)
Net profit/(loss) for the period		**18.1**	**47.2**	**(15.1)**
Attributable to shareholders of the parent		16.5	45.5	(15.1)
Attributable to non-controlling interests		1.6	1.7	-
Basic/diluted earnings/(loss) per share (USD) net		0.09	0.25	(0.08)

STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in USD million)

	Q1 18	Q4 17	Q1 17
Net profit/(loss) for the period	18.1	47.2	(15.1)
Currency translation differences	0.1	(1.4)	(0.2)
Net profit/(loss) on cash flow hedges	1.1	1.1	5.4
Net items to be reclassified to profit or loss:	**1.2**	**(0.3)**	**5.2**
Actuarial gains/(losses) on defined benefit plans	-	0.6	-
Net items not to be reclassified to profit or loss:	**-**	**0.6**	**-**
Other comprehensive income, net of tax	**1.2**	**0.3**	**5.2**
Total comprehensive income	**19.3**	**47.5**	**(9.9)**
Attributable to shareholders of the parent	17.7	45.8	(9.9)
Attributable to non-controlling interests	1.6	1.7	-

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

STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	31.03.2018	31.12.2017	31.03.2017
Vessels and vessels under construction	2,11	2,778.2	2,808.4	2,637.4
Property and other equipment		10.2	10.1	10.4
Oil and gas tangible assets	13	109.4	63.3	-
Intangible assets		6.9	6.7	3.7
Equity accounted investments	6	8.3	7.9	7.8
Finance lease receivables	3	72.6	77.5	91.6
Deferred tax assets		10.5	11.5	2.6
Pension assets		0.8	0.5	1.9
Derivatives		15.6	7.7	7.4
Other non-current assets		6.4	5.4	3.2
Total non-current assets		**3,018.9**	**2,999.0**	**2,766.0**
Inventories		37.1	31.8	20.5
Trade receivables and other current assets		171.3	245.0	172.2
Derivatives		2.5	1.5	0.3
Cash and cash equivalents		162.7	145.5	379.1
Total current assets		**373.6**	**423.8**	**572.1**
TOTAL ASSETS		**3,392.5**	**3,422.8**	**3,338.1**

EQUITY AND LIABILITIES				
Shareholders' equity	4	987.6	971.5	910.1
Non-controlling interests	4	281.8	287.9	-
Total equity		**1,269.4**	**1,259.4**	**910.1**
Interest-bearing long-term debt	5	1,117.1	1,198.0	1,577.4
Pension obligations		4.3	4.2	3.8
Other long-term liabilities	8	338.0	337.9	295.1
Derivatives		79.8	101.9	128.8
Total non-current liabilities		**1,539.2**	**1,642.0**	**2,005.1**
Trade and other payables		305.8	287.8	208.1
Derivatives		0.5	1.1	7.3
Interest-bearing short-term debt	5	266.6	222.8	179.3
Income tax liabilities		11.0	9.7	28.2
Total current liabilities		**583.9**	**521.4**	**422.9**
Total liabilities		**2,123.1**	**2,163.4**	**2,428.0**
TOTAL EQUITY AND LIABILITIES		**3,392.5**	**3,422.8**	**3,338.1**

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

STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

At 31 March 2017	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other elements	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2017	92.5	1,095.5	(9.1)	(15.9)	(17.9)	(225.2)	919.9	-	919.9
Share-based payments	-	-	-	-	-	0.1	0.1	-	0.1
Profit/(loss) for the period	-	-	-	-	-	(15.1)	(15.1)	-	(15.1)
Other comprehensive income, net of tax	-	-	-	(0.2)	5.4	-	5.2	-	5.2
Total equity at 31 March 2017	**92.5**	**1,095.5**	**(9.1)**	**(16.1)**	**(12.5)**	**(240.2)**	**910.1**	-	**910.1**

At 31 March 2018	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other elements	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2018	92.5	1,095.5	(2.9)	(16.7)	(4.6)	(192.3)	971.5	287.9	1,259.4
Profit/(loss) for the period	-	-	-	-	-	16.5	16.5	1.6	18.1
Other comprehensive income, net of tax	-	-	-	0.1	1.1	-	1.2	-	1.2
Dividend to non-controlling interest	-	-	-	-	-	(1.6)	(1.6)	(1.6)	(3.2)
Transactions with non-controlling interests	-	-	-	-	-	-	-	(6.1)	(6.1)
Total equity at 31 March 2018	**92.5**	**1,095.5**	**(2.9)**	**(16.6)**	**(3.5)**	**(177.4)**	**987.6**	**281.8**	**1,269.4**

STATEMENT OF CASH FLOW

(Unaudited figures in USD million)

	Q1 18	Q4 17	Q1 17
Profit/(loss) before taxes	27.6	13.2	(6.0)
Unrealised currency exchange loss/(gain)	14.1	(11.1)	8.9
Depreciation and amortisation	77.0	58.3	57.3
Taxes paid	(6.5)	(7.2)	(6.3)
Share of loss/(profit) from equity accounted investments	(0.5)	(0.5)	-
Change in fair value of derivatives	(29.4)	4.3	(10.0)
Change in working capital	84.2	45.9	276.3
Add back of net interest expense	18.4	8.3	11.0
Other items	2.6	(0.9)	15.4
Net cash flow from operating activities	**187.5**	**110.3**	**346.6**
Investment in operating fixed assets and intangible assets	(95.8)	(128.9)	(55.3)
Interest received	0.5	0.5	0.2
Cash outflow on business combinations	-	(0.1)	-
Net cash flow from investing activities	**(95.3)**	**(128.5)**	**(55.1)**
Proceeds from new interest-bearing debt	56.0	33.0	100.0
Repayment of interest-bearing debt	(108.5)	(275.4)	(96.8)
Interest paid	(19.5)	(21.4)	(22.5)
Cash transfer from non-controlling interests*	(3.0)	278.9	-
Net cash flow from financing activities	**(75.0)**	**15.1**	**(19.3)**
Net change in cash and cash equivalents	**17.2**	**(3.1)**	**272.2**
Cash and cash equivalents at beginning of period	145.5	148.6	106.9
Cash and cash equivalents at end of period	**162.7**	**145.5**	**379.1**

*Cash transfer from non-controlling interests includes equity investment and loan

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

NOTES TO THE ACCOUNTS

(Figures in brackets refer to corresponding figures for 2017)

Note 1 - Accounting principles

The interim condensed consolidated financial statements for the first quarter ended 31 March 2018, have been prepared in accordance with IAS 34, "Interim Financial Reporting".
The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2017, 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 2017, except for the adoption of new standards effective as of January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these new standards did not have a material impact on the Company.

Implementation of IFRS 9 Financial Instruments

The Group has adopted IFRS 9 Financial Instruments for reporting periods beginning on and after 1 January 2018. IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement. The new standard sets out new requirements for the accounting of financial instruments including classification, measurement, impairment and hedge accounting.

The implementation impact of IFRS 9 is immaterial, and BW Offshore's equity as at January 2018 have consequently not been adjusted upon adoption of the standard.

Implementation of IFRS 15 Revenue from Contracts with customers

IFRS 15 covers the recognition of revenue in the financial statements and related disclosure, and has replaced existing revenue recognition guidance, including IAS 18 Revenue and IAS 11 Construction contracts. BW Offshore has implemented IFRS 15 retrospectively, with the cumulative effect recognised at the date of initial application. The impact to BW Offshore's equity is immaterial. As allowed by the standard, prior periods have not been restated. Total revenues in the Consolidated statement of income has not been impacted materially by the implementation of IFRS 15. Consequently, these interim financial statements do not include detailed disclosures of the amounts by which line items are affected by the application of IFRS 15 compared to revenue standards no longer in effect.

Presently, BW Offshore's revenues comprises chartering and rendering of operational services related to FPSOs.

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 amounted to USD 2,778.2 million (USD 2,637.4 million) at 31 March 2018.

Capital expenditure related to vessels and vessels under construction in the first quarter 2018, amounted to USD 46.9 million (USD 55.4 million). This is related to capital expenditures on the Catcher and Dussafu projects, the BW Adolo redeployment 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

The number of issued shares was 184,956,320 at 31 March 2018. There were 214,000,000 authorised shares at 31 March 2018. The Company held a total of 15,312 own shares at 31 March 2018.

The investment in BW Energy Holdings 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 Holdings 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.

BW Offshore Limited has closed an agreement with a nominee of the financial leasing firm, ICBC Financial Leasing Co., Ltd. (ICBCL), whereby such nominee becomes an equity partner in BW Catcher Limited. BW Catcher Limited has issued preference shares with a preferential dividend right to ICBCL, for an aggregate subscription price of USD 275.000.000. The company plans to redeem the preference shares in full over an estimated term of 12 years. The aggregate redemption and dividend payments on the preference shares are estimated to reflect approximately 25-30% of the estimated free cash flow after debt servicing in the Catcher contract over a similar term. The net proceeds from the issue of the preference shares will be used for general corporate purposes. The investment by ICBCL 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 31 March:

	2018	2017
USD 2,400 million facility	85.2	663.2
Joko Tole USD 250 million facility	-	7.0
BWO04 - NOK 900 million bond	113.9	103.7
BWO03 - NOK 750 million bond	95.2	86.7
BWO02 - NOK 500 million bond	63.5	57.9
BWO01 - NOK 500 million bond	45.8	41.7
Catcher USD 800 million facility	680.2	572.4
Petróleo Nautipa USD 80 million facility	33.3	44.8
Total	**1,117.1**	**1,577.4**

Current debt

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

	2018	2017
USD 2,400 million facility	136.7	108.7
Joko Tole USD 250 million facility	6.9	37.1
BWO04 - NOK 900 million bond	(0.3)	(0.3)
BWO03 - NOK 750 million bond	(0.2)	(0.2)
BWO02 - NOK 500 million bond	(0.1)	(0.1)
BWO01 - NOK 500 million bond	(0.1)	-
Catcher USD 800 million facility	112.2	(2.3)
Petróleo Nautipa USD 80 million facility	11.5	11.5
Umuroa USD 130 million facility	-	24.9
Total	**266.6**	**179.3**

Instalment overview

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

	Q2 18	Q3 18	Q4 18	Q1 19	2018	2019	2020-2022	2023 and beyond	Total
USD 2,400 million facility	-	46.3	-	92.6	46.3	138.9	40.0	-	225.2
Joko Tole USD 250 million facility	7.0	-	-	-	7.0	-	-	-	7.0
BWO04 - NOK 900 million bond**	-	-	-	-	-	-	117.0	-	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	28.5	28.6	85.7	114.3	342.9	257.1	800.0
Petroleo Nautipa USD 80 million facility	-	5.8	-	5.8	5.8	11.6	27.7	-	45.1
Total	**35.6**	**80.7**	**28.5**	**127.0**	**144.8**	**264.8**	**803.4**	**257.1**	**1,470.1**

**) 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 2018, the Company is in compliance with all financial covenants. The equity ratio as per end of first quarter 2018 is 37.4%, and available liquidity amounts to USD 596.6 million.

Note 6 – Equity accounted investments
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 18	Q4 17	Q1 17
Gain/(loss) on interest rate swaps	9.8	5.4	2.4
Gain/(loss) on forward exchange contracts	1.7	(1.1)	0.9
Gain/(loss) on cross-currency swaps	19.8	(6.3)	12.0
Gain/(loss) on other financial instruments	(1.9)	(2.3)	(5.3)
Net gain/(loss) on financial instruments	**29.4**	**(4.3)**	**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
During the first quarter of 2018, Maple Company Limited, a wholly owned subsidiary of BW Group Limited, provided a short-term loan amounting to USD 3.6 million to BW Energy Holdings Pte. Ltd. Total short-term loan amounted to USD 14.9 million as per end of the first quarter 2018.

Note 10 – Capital commitments
Total unrecognised contractual capital commitments at 31 March 2018 amounted to USD 75.3 million (corresponding figure for 31 March 2017 was USD 227.7 million). This commitment is related to the Catcher project, the BW Adolo redeployment 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.

Note 12 – 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 first quarter of 2018 and 2017 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.

Q1 18	FPSO	Oil and gas	Eliminations	Total
Revenues from third parties	192.5	-	-	192.5
Revenues inter-segment	1.7	-	(1.7)	-
Total revenues	**194.2**	-	**(1.7)**	**192.5**
Share of profit/(loss) from equity accounted investments	0.5	-	-	0.5
Operating expenses	(77.4)	(2.0)	1.7	(77.7)
General and administrative expenses	(6.8)	-	-	(6.8)
EBITDA	**110.5**	**(2.0)**	-	**108.5**
Depreciation, amortisation and impairment	(77.0)	-	-	(77.0)
EBIT	**33.5**	**(2.0)**	-	**31.5**
Capital expenditure	46.9	46.4	-	93.3
Balance sheet information				
Equity accounted investments	8.3	-	-	8.3
Non-current segment assets	2,879.1	113.6	-	2,992.7
Non-current assets, not allocated to segments				17.9
Total non-current assets				**3,018.9**

Q1 17	FPSO	Oil and gas	Eliminations	Total
Revenues from third parties	159.6	-	-	159.6
Revenues inter-segment	-	-	-	-
Total revenues	**159.6**	-	-	**159.6**
Share of profit/(loss) from equity accounted investments	-	-	-	-
Operating expenses	(90.5)	-	-	(90.5)
General and administrative expenses	(7.1)	-	-	(7.1)
EBITDA	**62.0**	-	-	**62.0**
Depreciation, amortisation and impairment	(57.3)	-	-	(57.3)
EBIT	**4.7**	-	-	**4.7**
Capital expenditure	55.4	-	-	55.4
Balance sheet information				
Equity accounted investments	7.8	-	-	7.8
Non-current segment assets	2,743.8	-	-	2,743.8
Non-current assets, not allocated to segments				14.4
Total non-current assets				**2,766.0**

Non-current assets by region	31.03.2018	31.12.2017	31.03.2017
Americas	688.8	704.4	750.6
Europe/Africa	1,748.7	1,716.4	1,425.3
Asia and the Pacific	467.2	467.7	475.6
Total non-current assets*	**2,904.7**	**2,888.5**	**2,651.5**

*Excluding deferred tax assets, pension assets, finance lease receivables, derivatives investments in associates and joint ventures and other non-current assets

Revenues by geographic areas*	Q1 18	Q4 17	Q1 17
Americas	54.6	57.3	60.3
Europe/Africa	109.1	65.0	73.4
Asia and the Pacific	28.8	28.0	25.9
Total revenues	**192.5**	**150.3**	**159.6**

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

Note 13 – Business combinations

During the second quarter of 2017, 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 34.3 million related to intangible oil and gas assets, later reclassified to tangible oil and gas assets when development started.

During the second quarter of 2017, 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.

Note 14 - Subsequent events

On 9 April 2018, the first development well, DTM-2H, was successfully completed. Drilling of the oil production well commenced in late January 2018 and was completed with no safety-related incidents, on schedule and within budget. Interpretation of the logging results indicates that the well was entirely consistent with pre-drill prognosis and objectives.

On 14 May 2018, the DTM-3 appraisal well located at the Tortue field within the Dussafu licence offshore Gabon was successfully completed. The operation followed the previously announced drilling and completion of the DTM-2H horizontal well which targeted the Dentale D6 reservoir. Future planned operations include an additional horizontal development well, the DTM-3H, which will target the Gamba Sandstone formation in the central part of the field.

On 16 May 2018, BW Offshore announced that the company plans to drill an additional appraisal well to test one of several prospects that have been mapped in the Ruche area, within the Dussafu Licence, offshore Gabon. The drilling campaign on the Ruche North East prospect is planned to commence mid-2018, following completion of the two production wells and the appraisal well at the Tortue field. The objective of the appraisal well is to identify additional resources in the greater Ruche area, which will be aggregated with the existing Ruche discoveries and form the basis for future development phases.

On 16 May 2018, BW Offshore reported that Crude oil production of BW Catcher recently reached the nameplate capacity at 60 000 bopd. BW Offshore is currently operating on a reduced day rate due to delays in the ongoing start-up activities. The export of excess associated gas into the SEGAL pipeline system is expected to start shortly to sustain stable plateau production. The company expects to record a one off negative impact on Q2 2018 EBITDA in the range of USD 15-20 million reflecting the prolonged start-up activities. BW Catcher has to date successfully offloaded five cargoes. The ongoing drilling programme on the Catcher field has in 2018 continued to yield results exceeding expectations with regards to reserves and reservoir quality, according to a statement from Premier Oil.

KEY FIGURES

	Note	Q1 18	Q4 17	Q1 17
EBITDA-margin	1	56.4%	48.9 %	38.8 %
Equity ratio	2	37.4%	36.8 %	27.3 %
Return on equity	3	-1.8%	18.3 %	-9.9 %
Return on capital employed	4	4.0%	1.9 %	0.8 %
Net interest-bearing debt (USD million)	5	1,221.0	1,275.3	1,377.6
Cash flow per share (USD)	6	1.01	0.60	1.87
EPS - basic and diluted (USD)	7	0.09	0.25	(0.08)
Shares - end of period (million)		185.0	185.0	185.0
Share price (NOK)		42.8	35.8	21.0
Market cap (NOKm)		7,916	6,621	3,884
Market cap (USDm)		1,018	807	453

Notes to key figures and definition of Alternative Performance Measures

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

BW Offshore discloses alternative performance measures in addition to those required by IFRS, as we believe these provide useful information regarding our historical financial performance.

FLEET AND CONTRACTS

Name of unit FPSOs	Location	Counterparty	Converted	Contract period
Sendje Berge	Nigeria	Addax/Sinopec	2000	2005-2021 + options until 2023
Abo FPSO	Nigeria	Agip/ENI	2003	2003-2018 + options until 2019
Espoir Ivoirien	Ivory Coast	CNR	2002	2002-2022 + options until 2036
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	2009-2019 + options until 2024
FPSO Polvo	Brazil	Petrorio (HRT)	2007	2007-2019 + options until 2022
BW Pioneer	US	Petrobras	2010	2012-2020
Umuroa	New Zealand	Tamarind Management	2007	2007-2018 + options until 2022
BW Joko Tole	Indonesia	Kangean Energy	2012	2012-2022 + options until 2026
BW Catcher	UK	Premier Oil	2017	2018-2025 + options until 2043
BW Adolo*	Singapore	BW Energy	Ongoing	2018-2023 + options until 2038
Available FPSOs and FSOs				
BW Athena	UK	Available	2012	
Belokamenka	Indonesia	Available	2003	
Berge Helene	Mauritania	Available	2005	

*Previously named Azurite