



BW Offshore Limited



Picture of YUUM K'AK'NAAB

HIGHLIGHTS

- EBITDA of USD 183.1 million in the second quarter and EBITDA of USD 296.0 million in the first half-year 2014
- Compensation for early termination by Murphy West Africa Limited for FPSO Azurite recognised during second quarter
- Stable operations with an uptime of 99.7% in the second quarter and 99.6% in the first half-year 2014
- Contract extension for BW Athena
- Completed USD 800 million bank loan for Catcher in July
- Agreement to take over 100% ownership for FPSO Petróleo Nautipa in July
- Dividend payment of USD 0.03 per share

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FINANCIAL SUMMARY

SECOND QUARTER

Operating revenues for the quarter amounted to USD 319.8 million, an increase of USD 82.5 million (35%) compared to USD 237.3 million in the previous quarter (first quarter of 2014).

Operating expenses amounted to USD 138.3 million, an increase of USD 13.3 million (11%) compared to USD 125.0 million in the previous quarter.

The increase in operating revenues for the quarter mainly represent early termination fee for Azurite. The compensation for the early termination by Murphy West Africa Limited for FPSO Azurite has been recognised during second quarter. The net effect from this termination is USD 70 million. The compensation is paid partially as a lump sum payment and partially as monthly payments over a period of 24 months from termination date which was 30 April. As BW Offshore has no further performance obligation under the contract the whole termination compensation is recognised in second quarter 2014.

EBITDA for the second quarter amounted to USD 183.1 million, an increase of USD 70.2 million (62%) compared to USD 112.9 million in the previous quarter.

Depreciation amounted to USD 52.6 million, a decrease of USD 2.7 million (5%) compared to USD 55.3 million in the previous quarter. The decrease in depreciations is mainly reflecting termination of the operation for FPSO Azurite. According to the depreciation plan for the FPSO, depreciations are straight line during the operational phase, and since there are no material wear and tear during layup, depreciations are put on hold in this period, while the vessel is being evaluated for new projects.

Operating profit for the quarter amounted to USD 130.1 million compared to USD 57.2 million in the previous quarter.

Tax expense for the quarter amounted to USD 10.6 million compared to USD 9.0 million in the previous quarter.

Net profit amounted to USD 101.2 million compared to USD 33.1 million in the previous quarter.

Total equity at 30 June 2014 amounted to USD 1,213.9 million, an increase of USD 71.5 million (6.3%) compared to USD 1,142.4 million at 31

March 2014. The equity ratio was 34.9% at the end of the quarter, up from 33.1% last quarter.

As of 30 June 2014, the Company had USD 1,189.9 million in interest-bearing loans and USD 67.5 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 1,531.1 million, following scheduled reductions. Total utilised credit facilities for the company, including bond loans and other facilities was USD 1,786.7 million. Total available liquidity as of 30 June 2014 amounted to USD 460.7 million.

On 24 July the Company successfully negotiated a USD 800 million 10 year combined construction and long term financing for the FPSO Catcher. See Note 12 for further details.

Net debt amounted to USD 1,574.1 million at 30 June 2014, compared to USD 1,638.5 million at 31 March 2014.

Net cash inflow from operating activities was USD 144.5 million compared to USD 146.1 million in the previous quarter. Net cash outflow from investing activities was USD 37.5 million compared to cash outflow of USD 126.0 million in the previous quarter. The main difference is due to the vessel BW Opal that was acquired during first quarter. Cash outflow on investing activities is mainly related to capitalisation of 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 outflow from financing activities was USD 92.6 million compared to cash inflow of USD 29.3 million in the previous quarter.

FIRST HALF-YEAR

EBITDA increased by USD 74.4 million to USD 296.0 million in the first-half of 2014 compared to an EBITDA of USD 221.6 million in first half-year 2013.

Operating profit increased by USD 96.4 million to USD 187.3 million in the first half-year of 2014 compared to USD 90.9 million in the same period of 2013.

The increase in operating profit is largely related to the recognition of the early termination fee for FPSO Azurite (details given under second quarter summary). BW Offshore also reviewed and amended the estimates used for defining useful life on the existing fleet during first quarter of 2014. This review resulted in a revised depreciation schedule on a number of FPSOs in the fleet which has reduced depreciation charges.

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Net financial expenses increased by USD 9.1 million to USD 33.4 million compared to USD 24.3 million in the first half-year 2013. The negative development was partly due to a change of USD 13.0 million in market to market value on interest rate swaps compared to the first half-year 2013. Interest expenses have decreased by USD 0.5 million in first half year 2014 compared to the same period of 2013 mainly due to reduced interest bearing debt.

Net result before tax increased by USD 87.3 million to USD 153.9 million compared to USD 66.6 million in first half-year 2013.

Tax expense increased by USD 2.6 million to USD 19.6 million compared to USD 17.0 million in first half-year 2013.

Net profit was USD 134.3 million compared to USD 49.6 million in first half-year 2013. Earnings per share were USD 0.20 compared to USD 0.07 in the first half year 2013.

OPERATIONS

BW Offshore owns and 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 99.7% during the second quarter.

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

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.

The termination from Murphy West Africa Limited for FDP SO Azurite was effective May 2014. The vessel is currently being marketed for new projects. The Company is being compensated for the early termination of the contract. The compensation is reflecting the value of the remaining period of the original fixed term of the contract.

During the second quarter the Company received a contract extension for the FPSO BW Athena with Ithaca Energy. The primary term of the contract expires in second quarter of 2015, and Ithaca Energy has exercised the option for a secondary term of up to five years. Ithaca Energy has the right to terminate the contract on a rolling 12-month notice.

BW Offshore is currently on a short term extension contract until end of fourth quarter 2014 for FPSO Abo with Nigerian Agip Exploration Ltd, a subsidiary of ENI S.p.A. The extension has been agreed to secure operational continuity while joint work to detail a longer term program for investment and production is completed. The Company is currently performing life extension activities on the unit, which are being compensated on a reimbursable cost plus basis.

All other FPSOs and FSOs are currently on longer term contracts.

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 is owned by Premier Oil (50% operator), Cairn Energy (30%) and MOL (20%).

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.

BW Offshore's scope includes the delivery of the FPSO, mooring system, installation and operation of the unit throughout the charter period. BW Offshore will order a new built hull from Japan for the project, while conversion and integration work will be performed in Singapore. The FPSO shall be ready for production mid-2017.

The project is financed by a project specific bank facility of USD 800 million in addition to BW Offshore's existing liquidity.

At the time of this report, the Catcher project is now well underway. Project team mobilisation has been completed and major subcontracts for the new built hull and the turret mooring system have been executed. The project is now ramping up planned engineering and procurement activities.

DIVIDEND

The Board has declared a cash dividend of USD 0.03 per share for the quarter. The shares will be traded ex-dividend as of 9 September 2014. The dividend will be payable on or about 18 September 2014 to shareholders of record on 11 September 2014.

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OUTLOOK

The outlook for BW Offshore's products and services remains good due to the geographical presence, scale and competence of the Company.

BW Offshore's cash flow from the operating units is secure and based on long term contracts with national and independent oil companies. The fleet of BW Offshore will continue to generate a steady cash flow in the time ahead, providing a sound basis for dividend payments as well as for further investments in new assets.

BW Offshore is currently evaluating several projects meeting the Company's financial targets. In addition the Company is in negotiations for contract extensions for existing units.

BW Offshore intends to grow selectively and expects to see a continued improvement in the risk and reward balance for new FPSO projects.

BW Offshore will carry on with the efforts to constantly improve safety, efficiency, planning,

disciplined execution and financial control in all its operations.

DECLARATION FROM THE BOARD

We confirm to the best of our knowledge that the Condensed Interim Consolidated Financial Information for the first half year of 2014 has been prepared in accordance with IAS 34 (Interim Financial Reporting) and gives a true and fair view of BW Offshore Limited's consolidated assets, liabilities, financial position and income statement as a whole. We also confirm to the best of our knowledge, that the Financial Summary includes a fair review of important events that have taken place during the first half year of 2014 and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining half year of 2014, as well as major related parties transactions.

Bermuda, 28 August 2014

Dr. Helmut Sohmen
Chairman

Ronny Johan Langeland
Vice Chairman

Clare Spottiswoode

Christophe Pettenati-Auzière

Maarten Scholten

Andreas Sohmen-Pao

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INCOME STATEMENT

(Unaudited figures in USD million)

	Notes	Q2 14	Q1 14	Q2 13*	H1 14	H1 13*
Operating revenue		319.8	237.3	247.7	557.1	463.4
Operating expenses		(138.3)	(125.0)	(145.4)	(263.3)	(248.1)
Share of profit/(loss) of associates and joint ventures	6	1.6	0.6	2.7	2.2	6.3
Operating profit before depreciation/amortisation		183.1	112.9	105.0	296.0	221.6
Depreciation	11	(52.6)	(55.3)	(64.9)	(107.9)	(129.5)
Amortisation		(0.5)	(0.5)	(0.6)	(1.0)	(1.1)
Gain on sale of assets		0.1	0.1	(0.1)	0.2	(0.1)
Operating profit / (loss)		130.1	57.2	39.4	187.3	90.9
Interest income		0.2	0.1	0.6	0.3	0.8
Gain/(loss) on financial instruments	7	(3.8)	(0.6)	8.3	(4.4)	8.6
Interest expense		(16.0)	(14.8)	(17.7)	(30.8)	(31.3)
Other financial items		1.3	0.2	(1.4)	1.5	(2.4)
Net finance expense		(18.3)	(15.1)	(10.2)	(33.4)	(24.3)
Profit/(loss) before tax		111.8	42.1	29.2	153.9	66.6
Income tax expense		(10.6)	(9.0)	(8.4)	(19.6)	(17.0)
Net profit/(loss) for the period		101.2	33.1	20.8	134.3	49.6
Net profit/(loss) attributable to owners of the Company		101.2	33.1	20.8	134.3	49.6
Basic/diluted earnings/(loss) per share (USD) net		0.15	0.05	0.03	0.20	0.07

COMPREHENSIVE INCOME STATEMENT

(Unaudited figures in USD million)

	Q2 14	Q1 14	Q2 13*	H1 2014	H1 2013*
Net profit/(loss) for the period	101.2	33.1	20.8	134.3	49.6
Other comprehensive income					
<i>Items to be reclassified to profit or loss:</i>					
Currency translation differences	0.7	1.4	0.2	2.2	0.1
Net profit/(loss) on cash flow hedges	(9.9)	4.4	(3.6)	(5.4)	(11.5)
Net items to be reclassified to profit or loss:	(9.1)	5.8	(3.4)	(3.2)	(11.4)
<i>Items not to be reclassified to profit or loss:</i>					
Actuarial gains/(losses) on defined benefit plans	0.0	0.0	0.0	0.0	0.0
Net items not to be reclassified to profit or loss:	0.0	0.0	0.0	0.0	0.0
Other comprehensive income, net of tax	(9.1)	5.8	(3.4)	(3.2)	(11.4)
Total comprehensive income	92.1	38.9	17.4	131.0	38.2

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.

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STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	30.06.2014	31.03.2014	31.12.2013*	30.06.2013*
Vessels	2,11	2,565.7	2,580.5	2,509.9	2,588.0
Property and other equipment		11.5	12.0	12.4	7.6
Goodwill and intangibles		190.2	190.2	189.9	189.6
Finance lease receivables	3	149.8	154.1	158.2	166.4
Investments in associates and joint ventures	6	44.3	42.7	42.2	38.2
Derivatives		1.6	2.7	2.0	2.3
Deferred assets		29.2	4.2	3.9	4.5
Total non-current assets		2,992.3	2,986.4	2,918.5	2,996.6
Inventory		4.5	6.4	6.5	6.5
Trade receivables and other current assets		282.6	273.4	283.0	241.1
Derivatives		0.6	0.3	0.0	0.0
Cash and deposits		196.2	181.8	132.4	121.9
Total current assets		483.9	461.9	421.9	369.5
TOTAL ASSETS		3,476.2	3,448.3	3,340.4	3,366.1
EQUITY AND LIABILITIES					
Total equity attributable to owners of the Company	4	1,213.9	1,142.4	1,124.1	1,143.4
Total equity		1,213.9	1,142.4	1,124.1	1,143.4
Interest-bearing long-term debt	5	1,426.5	1,479.0	1,459.3	1,542.5
Pension obligations		6.6	6.0	6.8	2.8
Other long-term liabilities	8	212.3	210.6	202.9	176.1
Derivatives		43.1	37.4	44.4	47.1
Total non-current liabilities		1,688.4	1,733.0	1,713.4	1,768.5
Trade and other payables		196.1	196.3	176.1	195.1
Derivatives		5.7	3.4	5.7	8.7
Interest-bearing short-term debt	5	343.8	341.3	290.1	231.0
Income tax liabilities		28.3	31.9	31.0	19.4
Total current liabilities		573.9	572.9	502.9	454.2
Total liabilities		2,262.3	2,305.9	2,216.3	2,222.7
TOTAL EQUITY AND LIABILITIES		3,476.2	3,448.3	3,340.4	3,366.1

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

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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
2014							
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	(41.1)	(41.1)
Profit (loss) for the period	0.0	0.0	0.0	0.0	0.0	134.2	134.2
Other comprehensive income	0.0	0.0	0.0	2.2	(5.4)	0.0	(3.2)
Total equity at 30 June 2014	6.9	1,085.0	(9.1)	(2.0)	(21.7)	154.9	1,213.9

	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Other equity	Total
2013*							
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	(27.4)	(27.4)
Profit (loss) for the period	0.0	0.0	0.0	0.0	0.0	49.6	49.6
Other comprehensive income	0.0	0.0	0.0	0.1	(11.5)	0.0	(11.4)
Total equity at 30 June 2013	6.9	1,085.0	(9.1)	0.9	(15.2)	74.9	1,143.4

CASH FLOW STATEMENT

(Unaudited figures in USD million)

	Q2 14	Q1 14	Q2 13*	H1 2014	H1 2013*
Profit/ (loss) before taxes	111.8	42.1	29.2	153.9	66.6
Unrealised currency exchange losses/(gains)	(0.9)	0.5	3.7	(0.4)	4.0
Depreciation and amortisation	53.1	55.8	65.5	108.9	130.6
Taxes paid	(14.1)	(8.6)	(10.6)	(22.7)	(17.3)
Share of loss/ (profit) of associated companies	(1.6)	(0.6)	(2.7)	(2.1)	(6.3)
Loss/ (gain) on sale of shares and fixed assets	(0.1)	(0.1)	0.1	(0.2)	0.1
Change in fair value of derivatives	3.6	(0.6)	(8.3)	3.0	(8.6)
Change in working capital	(6.0)	37.6	0.7	31.6	(60.1)
Add back of net interest expense	15.7	14.7	17.1	30.4	30.5
Other items	(17.1)	5.3	1.6	(11.8)	4.5
Net cash flow from operating activities	144.5	146.1	96.4	290.6	144.0
Investment in fixed assets	(37.7)	(126.2)	(21.8)	(163.9)	(41.5)
Sale of fixed assets	0.0	0.1	(0.1)	0.1	(0.1)
Interest received	0.2	0.1	0.6	0.3	0.8
Net cash flow from investing activities	(37.5)	(126.0)	(21.2)	(163.5)	(40.8)
Proceeds from new interest bearing debt	30.0	309.0	25.0	339.0	136.8
Repayment of interest-bearing debt	(83.9)	(240.1)	(29.2)	(324.0)	(144.6)
Dividend paid	(20.6)	(20.6)	(27.5)	(41.1)	(27.5)
Interest paid	(18.2)	(19.0)	(21.2)	(37.2)	(44.0)
Net cash flow from financing activities	(92.6)	29.3	(52.8)	(63.4)	(79.3)
Net change in cash and cash equivalents	14.3	49.4	22.4	63.8	24.0
Cash and cash equivalents at beginning of period	181.8	132.4	99.6	132.4	98.0
Cash and cash equivalents at end of period	196.2	181.8	121.9	196.2	121.9

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 second quarter, ended 30 June 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 conversion amounted to USD 2,565.7 million (USD 2,588.0 million) at 30 June 2014.

Capital expenditure related to vessels and vessels under conversion in the second quarter 2014, amounted to USD 36.5 million (USD 19.1 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 30 June 2014. There were no changes in shares issued in the second quarter 2014. There were 700,000,000 authorised shares at 30 June 2014.

The Company held a total of 2,609,535 own shares at 30 June 2014.

Note 5 - Interest-bearing debt

Non-current debt

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

	2014	2013
USD 2.4 billion loan facility	960.4	1,314.8
Joko Tole loan	130.3	0.0
BWO03 - NOK 750 million Bond	122.7	0.0
BWO02 - NOK 500 million Bond	86.1	85.7
BWO01 - NOK 500 million Bond	89.5	88.7
Umuroa loan	37.5	53.3
Total	1,426.5	1,542.5

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Current debt

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

	2014	2013
USD 2.4 billion loan facility	217.5	214.9
Joko Tole loan (current part)	57.4	0.0
USD 50 million unsecured term loan	53.2	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)
Umuroa loan (current part)	16.7	16.7
Total	343.8	231.0

Note 6 – Investments in associates and Joint ventures

Investments in associates relates to the 49.7% shareholding in Nexus Floating Production Ltd and 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’ and Tinworth Pte Ltd.

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 shareholdings in LLC “Oil Terminal Belokamenka’ and Tinworth Pte Ltd as joint ventures and have accounted for its shareholdings according to the equity method. The change is applied retrospectively, and the table below shows the effects on the restated comparative consolidated numbers.

On 24 July 2014 a sale and purchase agreement with Yinson to take 100% ownership of Tinworth Pte Ltd and consequently the FPSO Petr leo Nautipa was signed. Completion of the transaction is expected within third quarter of 2014. Ref note 12 Subsequent Events. A purchase price allocation for the acquisition will be performed. When the purchase price allocation is completed, the Company will consolidate 100% of the activities of Tinworth Pte Ltd and its subsidiary.

STATEMENT OF FINANCIAL POSITION

	31.12.2013	30.06.2013
Vessels and other equipment	(28.2)	(21.8)
Investments in associates and joint ventures	37.5	33.7
Other non-current assets	(1.5)	0.0
Other current assets	(19.0)	(10.4)
Cash and deposits	(3.1)	(1.8)
Equity	0.0	0.3
Non-current liabilities	0.0	1.3
Current liabilities	(14.3)	(1.9)

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INCOME STATEMENT

	31.12.2013	Q2 2013
Operating revenue	(6.1)	(7.4)
Operating expenses	2.6	2.4
Share of profit/(loss) of associates and joint ventures	3.6	2.4
Depreciation and amortisation	0.9	0.5
Income tax expense	(1.0)	0.6
Net profit/(loss) for the period	0.0	(1.5)

CASH FLOW STATEMENT

	31.12.2013	Q2 2013
Net cash flow from operating activities	(7.1)	0.6
Net cash flow from investing activities	7.9	0.1
Net cash flow from financing activities	0.0	0.0
Net change in cash and cash equivalents	0.8	0.6
Cash and cash equivalents at beginning of period	(3.9)	(2.4)
Cash and cash equivalents at end of period	(3.1)	(1.8)

Note 7 – Gain/ (loss) on financial instruments

	Q2 14	Q1 14	Q2 13	H1 2014	H1 2013
Gain/(loss) on financial instruments	(3.8)	(0.6)	8.3	(4.4)	8.6
Net gain/ (loss) on financial instruments	(3.8)	(0.6)	8.3	(4.4)	8.6

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 30 June 2014 amounted to USD 419.6 million (USD 84.0 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 24 July 2014, BW Offshore signed a sale and purchase agreement with Yinson to take 100% ownership of the FPSO Petr6leo Nautipa, owned through Tinworth Pte. Ltd. The price paid for the remaining 50% stake in the FPSO Petr6leo Nautipa is USD 49.3 million, plus approximately USD 10 million consideration for the working capital in Tinworth Pte Ltd and its subsidiary. Completion of the transaction is expected within third quarter 2014.

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On 15 July 2014, a facility agreement for the new USD 800 million 10 year senior secured credit facility for the Catcher FPSO project was signed. The facility is a combined construction and long-term financing facility. The financing is scheduled to be repaid over 7 years after the construction period, and has a final maturity in July 2024. The margin on the financing is USD Libor plus 2.50% during the construction period, and USD Libor plus 2.25 % p.a. thereafter. The Equity Ratio covenant (equity to total assets) in the Catcher facility is 25%, in line with BW Offshore's three bond loans. BW Offshore has also received consent from all lenders to amend the Equity Ratio covenant for the remaining bank loans from 30% to 25% in alignment with the Catcher facility. The other main covenants remain unchanged.

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.

FPSO/FSO activity	Q2 14	Q2 13*
Revenues from third parties	319.8	247.7
General and administrative	(12.8)	(10.7)
Currency hedges and other currency effects	0.2	(3.7)
EBITDA	183.1	105.0
Net gain on sale of tangible fixed assets	0.1	(0.1)
Depreciation, amortization and impairment	(53.1)	(65.5)
EBIT	130.1	39.4
Other segment information		
Capital expenditure	36.5	19.1
Non-current assets (excl finance items)	2,842.5	2,830.2
Investments in associates	44.3	38.2
Geographical information_ Revenue		
<i>The classification of revenue per region is determined by the final destination of the FPSO/FSO</i>		
Americas	105.4	106.8
Europe/Africa	187.1	105.4
Asia**	27.3	35.5
Total revenue	319.8	247.7
The FPSOs/FSO by region can be analyzed as follows:		
Americas	1,271.8	1,384.6
Europe/Africa	859.6	826.8
Asia	434.3	376.6
Total non-current assets	2,565.7	2,588.0

*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.

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KEY FIGURES

	Note	Q2 14	Q1 14	Q2 13*	H1 14	H1 13*
EBITDA-margin	1	57.3%	47.6%	42.4%	53.1%	47.8%
Equity ratio	2	34.9%	33.1%	34.0%	34.9%	34.0%
Return on equity	3	35.3%	11.8%	5.1%	23.4%	8.0%
Return on capital employed	4	14.3%	6.3%	4.1%	10.3%	4.7%
Net interest bearing debt (USD million)	5	1,574.1	1,638.5	1,651.6	1,574.1	1,651.6
Cash flow per share (USD)	6	0.21	0.21	0.14	0.42	0.21
EPS-basic/diluted	7	0.15	0.05	0.03	0.20	0.07
Shares-end of period (million)		688.0	688.0	688.0	688.0	688.0
Share price (NOK)		9.00	7.75	7.29	9	7.29
Market cap (NOKm)		6,192	5,332	5,016	6,192	5,016
Market cap (USDm)		1006	891	832	1,006	832

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
FPSOs				
Sendje Berge	Nigeria	Addax/Sinopec	2000	2005-2018 + options until 2020
Abo	Nigeria	Agip/ENI	2003	2003-2014
Espoir Ivoirien	Ivory Coast	CNR	2002	2002-2017 + options until 2036
Berge Helene	Mauritania	Petronas	2005	2006-2015 + options until 2021
Petróleo Nautipa (50% owned)	Gabon	Vaalco Energy	2002	2002-2020 + options until 2022
YÛUM K' AK' NÅAB	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	HRT	2007	2007-2015 + options until 2022
BW Pioneer	US	Petrobras	2010	2012-2017 + options until 2020
Umuroa	New Zealand	AWE	2007	2007-2015 + options until 2022
BW Athena	UK	Ithaca Energy and partners	2012	2012-2016 + options until 2020
BW Joko Tole	Indonesia	Kangean Energy	2012	2012-2022 + options until 2026
FSO				
Belokamenka	Russia	Rosneft	2003	2004-2019
Conversion candidates				
BW Opal	Singapore	Available		
Azurite	Singapore	Available		
Operating and maintenance agreement				
Peregrino (FPSO)	Brazil	Statoil		2013-2018 + options until 2033
P-63 (FPSO)	Brazil	Petrobras		2013-2016