



BW Offshore Limited



Picture of BW Joko Tole

HIGHLIGHTS

- EBITDA of USD 69.2 million in the first quarter 2012
- BW Pioneer commenced operation
- Successful placement of a NOK 500 million senior unsecured bond
- Sale of the FPSO Ningaloo Vision
- BW Joko Tole arrived on location in Indonesia on 6th April 2012
- BW Athena arrived on location in UK on 8th April 2012
- Papa Terra sail away delayed until third quarter 2012
- Dividend payment of USD 0.02 per share

FINANCIAL SUMMARY

FIRST QUARTER

Operating revenues for the first quarter of 2012 amounted to USD 217.5 million, an increase of USD 9.4 million (5%) compared to USD 208.1 million in the fourth quarter of 2011.

Operating expenses amounted to USD 148.4 million, an increase of USD 12.9 million (10%) compared to USD 135.5 million in the fourth quarter of 2011.

EBITDA for the quarter amounted to USD 69.2 million, a decrease of USD 3.6 million (5%) compared to USD 72.8 million in the previous quarter. The decrease in EBITDA is mainly a result of negative contribution from the Papa Terra project of USD 10.3 million, offset by insurance settlement of USD 6.4 million for loss of hire from Ningaloo Vision in the first quarter.

Depreciation amounted to USD 43.6 million, a decrease of USD 3.2 million (7%) compared to USD 46.8 million in the fourth quarter of 2011. The reduction in depreciation is attributable to the sale of the FPSO Ningaloo Vision on 10 January 2012. The sale of Ningaloo Vision resulted in a quarterly gain of USD 0.2 million.

Operating profit for the quarter amounted to USD 25.2 million compared to USD -114.1 million in the previous quarter, which was influenced by the impairment of Ningaloo Vision and BW Cidade de Sao Vicente.

The tax expense for the quarter amounted to USD 6.1 million compared to USD 27.4 million in the previous quarter. The tax expense for the previous quarter was negatively affected, by the expensing of the deferred tax asset related to the sale of Ningaloo Vision.

Net profit amounted to USD 3.4 million for the quarter compared to a net loss of USD 151.7 million in the previous quarter.

Total equity at 31 March 2012 amounted to USD 1,157.5 million, a decrease of USD 14.4 million (1%) compared to USD 1,171.9 million at 31 December 2011. The decrease is a result of the net comprehensive income of USD -0.7 million and by the dividend payment of USD 13.7 million. The equity ratio was 33.5% at the end of the quarter.

As of 31 March 2012, the Company had USD 1,659.8 million in interest-bearing loans and USD

141.4 million in letters of guarantee drawn under the USD 2,400.0 million credit facility. The committed amount of the facility is USD 1,975.5 million, following scheduled reductions and reductions related to the sale of the FPSO Ningaloo Vision. Total available liquidity as of 30 March 2012 amounts to USD 256.4 million.

During the quarter, the Company successfully completed the placement of a new NOK 500 million (USD 90 million) senior unsecured bond with maturity date on 15th March 2017. The proceeds from this loan will be used for general corporate purposes.

Net debt amounted to USD 1,734.4 million at 31 March 2012, compared to USD 1,702.4 million at 31 December 2011.

Net cash inflow from operating activities was USD 20.3 million compared to USD 137.9 million in the previous quarter. Net cash outflow from investing activities was USD 8.2 million compared to USD 94.0 million in the previous quarter. Capital expenditures on vessels amounted to USD 92.1 million. Net cash outflow from financing activities was USD 174.1 million compared to cash inflow of USD 44.3 million in the previous quarter.

OPERATIONS

BW Pioneer commenced operation and received full day rate from mid-March 2012.

Including ongoing conversions and after the sale of the FPSO Ningaloo Vision in 2012, BW Offshore's fleet consisted of 14 FPSOs and 2 FSOs.

The FPSO Polvo experienced some downtime in the quarter related to problems with the boilers. All other operating units had high and stable performance during the first quarter with an average uptime of 97.5%.

PROJECTS

BW Joko Tole arrived on location offshore Indonesia on 6th of April 2012 and has been hooked up to its mooring. The FPSO is now completing installation and commissioning activities.

BW Athena arrived on location offshore UK and was hooked up to the preinstalled STP buoy on 8th April 2012.

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The EPC conversion project P-63 (Papa Terra) is under construction in China being readied for a third quarter departure before final hookup and commissioning in Brazil. Due to the extended yard stay the forecasted cost has been revised, and as a result a net loss of USD 10.3 million has been reported for the quarter. The Papa Terra project is accounted for as a fixed-price construction contract where revenue is recognised in accordance with the "Percentage of Completion" (POC) accounting method. BW Offshore is receiving milestone payments from the client Petrobras throughout the project period.

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 8th June 2012. The dividend will be payable on or about 22nd June 2012 to shareholders of record on 12th June 2012.

OUTLOOK

The outlook for the energy market in general and BW Offshore's position in particular remains strong. Based on BW Offshore's diversification, presence, financial scale and competence, the Company's aim is to continue to play a significant role in the FPSO market with profitable growth.

BW Offshore's cash flow from the operating vessels is secure and based on long term contracts with large national oil companies and solid independent oil companies.

The commencement of operation for the FPSOs BW Athena, BW Joko Tole, as well as the recent commencement of production from BW Pioneer, will contribute significantly to growing the EBITDA in 2012 and beyond.

BW Offshore is currently pursuing several prospective projects that meet the Company's financial targets.

Bermuda, 9 May 2012

Dr. Helmut Sohmen
Chairman

Ronny Johan Langeland
Vice Chairman

Carine Smith Ihenacho

Christophe Pettenati-Auzière

Maarten Scholten

Andreas Sohmen-Pao

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INCOME STATEMENT

(Unaudited figures in USD million)

<i>Continuing operations</i>	Notes	Q1 12	Q4 11	Q1 11
Operating revenue		217.5	208.1	193.5
Operating expenses		(148.4)	(135.5)	(117.9)
Share of profit/(loss) of associates	5	0.1	0.2	0.0
Operating profit before depreciation/amortisation		69.2	72.8	75.6
Depreciation		(43.6)	(46.8)	(40.4)
Amortisation		(0.6)	(1.6)	(0.8)
Gain on sale of assets and impairment		0.2	(138.5)	0.6
Operating profit / (loss)		25.2	(114.1)	35.0
Interest income		0.0	0.4	0.8
Gain/(loss) on financial instruments	6	(1.1)	3.1	7.1
Interest expense		(14.1)	(12.5)	(12.1)
Other financial items		(0.5)	(0.5)	(0.9)
Net finance expense		(15.7)	(9.5)	(5.1)
Profit/(loss) before tax		9.5	(123.6)	29.9
Income tax expense		(6.1)	(27.4)	(5.4)
Net profit/(loss) from continuing operations		3.4	(151.0)	24.5
Discontinued operations				
<i>Net profit/(loss) from discontinued operations incl sales gain</i>		<i>0.0</i>	<i>(0.7)</i>	<i>0.0</i>
Net profit/(loss) for the period		3.4	(151.7)	24.5
Net profit/(loss) attributable to owners of the Company		3.4	(151.7)	24.5
Basic/diluted earnings/(loss) per share (USD from continuing operations)		0.00	(0.22)	0.04
Basic/diluted earnings/(loss) per share (USD) from discontinued operations		0.00	0.00	0.00
Basic/diluted earnings/(loss) per share (USD) net		0.00	(0.22)	0.04

COMPREHENSIVE INCOME STATEMENT

(Unaudited figures in USD million)

	Q1 12	Q4 11	Q1 11
Net profit (loss) for the period	3.4	(151.7)	24.5
Other comprehensive income			
Currency translation differences	0.0	0.2	0.0
Net profit/(losses) on cash flow hedges	(4.1)	(0.9)	(2.7)
Share of other comprehensive income of associates	0.0	0.0	0.0
Total other comprehensive income for the period net of tax	(4.1)	(0.7)	(2.7)
Total comprehensive income	(0.7)	(152.4)	21.8

The notes in pages 7-9 are an integral part of these consolidated interim financial statements

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STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	31/03/2012	31/12/2011	31/03/2011
Vessels	2	2,669.5	2,620.4	2,813.4
Property and other equipment		6.6	6.7	4.8
Goodwill and intangibles		190.3	190.5	189.6
Finance lease receivables		185.1	188.6	200.7
Investments in associates	5	3.2	3.1	0.0
Non-current deposits		0.2	0.1	68.3
Deferred tax assets		0.2	0.2	21.5
Total non-current assets		3,055.1	3,009.6	3,298.3
Inventory		7.2	5.3	8.1
Trade receivables and other current assets	10	290.2	150.3	149.9
Restricted deposits CIRR		22.8	22.8	0.0
Cash and deposits		81.7	243.6	344.1
Assets of disposal group held for sale		0.0	185.0	7.1
Total current assets		401.9	607.0	509.2
TOTAL ASSETS		3,457.0	3,616.6	3,807.5
EQUITY AND LIABILITIES				
Total equity attributable to owners of the Company	3	1,157.5	1,171.9	1,384.8
Total equity		1,157.5	1,171.9	1,384.8
Interest-bearing long term debt	4	1,580.2	1,689.8	1,634.2
Pension obligations		6.4	6.9	4.7
Other long-term liabilities	7	125.4	129.6	135.5
Derivatives		73.4	75.5	81.3
Total non-current liabilities		1,785.4	1,901.8	1,855.7
Trade and other payables		226.3	230.7	273.5
Derivatives		11.8	16.3	7.8
Interest-bearing short term debt	4	258.7	279.0	261.7
Income tax liabilities		17.3	16.9	16.9
Liabilities of disposal group held for sale		0.0	0.0	7.1
Total current liabilities		514.1	542.9	567.0
Total liabilities		2,299.5	2,444.7	2,422.7
TOTAL EQUITY AND LIABILITIES		3,457.0	3,616.6	3,807.5

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STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

	Share capital	Share premium	Other equity	Total
1Q 12				
Equity at 1 January 2012	6.9	1,084.8	80.2	1,171.9
Dividend distribution	0.0	0.0	(13.7)	(13.7)
Total comprehensive income for the period	0.0	0.0	(0.7)	(0.7)
Total equity at 31 March 2012	6.9	1,084.8	65.8	1,157.5

	Share capital	Share premium	Other equity	Total
4Q 11				
Equity at 1 October 2011	6.9	1,084.8	258.3	1,350.0
Dividend distribution	0.0	0.0	(27.4)	(27.4)
Total other comprehensive income for the period	0.0	0.0	(150.7)	(150.7)
Total equity 31 December 2011	6.9	1,084.8	80.2	1,171.9

	Share capital	Share premium	Other equity	Total
1Q 11				
Equity at 1 January 2011	6.9	1,334.8	21.3	1,363.0
Total comprehensive income for the period	0.0	0.0	21.8	21.8
Total equity 31 March 2011	6.9	1,334.8	43.1	1,384.8

CASH FLOW STATEMENT

(Unaudited figures in USD million)

	Q1 12	Q4 11	Q1 11
Profit/ (loss) before taxes	9.5	(123.6)	24.5
Unrealised currency exchange losses	(4.8)	(5.3)	(4.2)
Depreciation and amortisation	44.2	48.4	41.2
Taxes paid	(5.7)	(9.1)	(5.1)
Share of loss/ (profit) of associated companies	(0.1)	(0.2)	0.0
Loss/ (gain) on sale of shares and fixed assets	(0.2)	0.0	(0.6)
Impairment / reversal of impairment	0.0	138.5	0.0
Change in fair value of derivatives	1.1	(3.1)	(5.3)
Change in working capital	(45.4)	76.7	(34.5)
Add back of net interest expense	14.2	12.1	11.3
Other items	7.5	3.5	1.3
<i>Cash flows from operating activities discontinued operations</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Net cash flow from operating activities	20.3	137.9	28.6
Investment in fixed assets	(93.2)	(94.5)	(100.3)
Investments in subsidiaries	0.0	(0.8)	0.0
Sale of fixed assets	85.0	0.9	2.9
Interest received	0.0	0.4	0.8
<i>Cash flows from investing activities discontinued operations</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Net cash flow from investing activities	(8.2)	(94.0)	(96.6)
Proceeds from new interest bearing debt	215.0	150.0	1,710.1
Repayment of interest-bearing debt	(348.0)	(55.4)	(1,514.1)
Dividend paid	(13.7)	(27.4)	0.0
Interest paid	(27.4)	(22.9)	(12.1)
<i>Cash flows from financing activities discontinued operations</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Net cash flow from financing activities	(174.1)	44.3	183.9
Net change in cash and cash equivalents	(162.0)	88.2	115.9
<i>Cash and cash equivalents discontinued operations</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Cash and cash equivalents at beginning of period	243.6	155.3	228.2
Cash and cash equivalents at end of period	81.7	243.6	344.2

The notes in pages 7-9 are an integral part of these consolidated interim financial statements

NOTES TO THE ACCOUNTS (UNAUDITED)

(Figures in brackets refer to corresponding figures for 2011)

Note 1 - Accounting principles

This Condensed Interim Consolidated interim financial information for the first quarter, ended 30 March 2012 has been prepared pursuant to IAS 34, "interim financial reporting". The Condensed Interim Consolidated financial reporting should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with IFRS, as adopted by the European Union.

The accounting policies implemented are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in the annual financial statements for 2011. None of the new accounting standards or amendments that came into effect from 1 January 2012 had a significant impact on the Condensed Interim Consolidated financial information of BW Offshore for the first quarter of 2012.

Note 2 – Vessels and vessels under conversion

The book value of operating vessels and vessels under conversion amounted to USD 2,669.5 million (USD 2,813.4 million) at 31 March 2012.

Capital expenditure related to vessels and vessels under conversion in the first quarter 2012, amounted to USD 92.1 million (USD 97.9 million).

Note 3 - Equity

The number of issued shares was 688,006,004 at 31 March 2012. There were no changes in shares issued in the first quarter 2012. There were 700,000,000 authorised shares at 31 March 2012.

The Company held a total of 2,798,159 own shares at 31 March 2012.

Note 4 - Interest-bearing debt

Non-current debt

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

	2012	2011
USD 2.4 billion loan facility	1,415.7	1,469.3
NOK 500 million Bond loan	88.7	0.0
USD CIRR financing schemes	0.0	68.3
Umuroa loan	75.8	91.0
Nautipa loan	0.0	5.6
Total	1,580.2	1,634.2

The NOK 500.0 million bond loan that was completed in first quarter 2012 is a five year unsecured bond. Coupon rate on the bond is 3 months NIBOR + 4.25% p.a., with quarterly interest payments. The loan has been swapped to USD currency equivalent to USD 88.7 million and the interest rate has been fixed.

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Current debt

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

	2012	2011
USD 2.4 billion loan facility	213.5	242.9
USD CIRR financing schemes	22.8	0.0
Umuroa loan (current part)	16.7	16.8
Nautipa loan (current part)	5.7	2.1
Total	258.7	261.8

Note 5 – Investments in associates

Investments in associates relates to the 49.7% shareholding in Nexus Floating Production Ltd and the 50% shareholding in OCS Services Limited, incorporated in the British Virgin Islands, providing primarily manning services.

Note 6 – Gain/ (loss) on financial instruments

	Q1 12	Q4 11	Q1 11
Change in fair value of interest swaps	(1.1)	3.1	7.1
Net gain/ (loss) on financial instruments	(1.1)	3.1	7.1

Note 7 – Other long term liabilities

Other long term liabilities comprise of upfront payments related to charter contracts. The upfront payments will be accounted for as operating revenue during the course of the firm contract as these amounts are earned.

Note 8 – Related party transactions

No related party transactions considered to be material to the BW Offshore group occurred in the quarter.

Note 9 – Capital commitments

Total capital committed on conversion projects and operations at 31 March 2012 amounted to USD 207.3 million (USD 255.5 million).

Note 10 – Trade receivables

Trade receivables per 31 March 2012 include USD 100.0 million outstanding for the sale of Ningaloo Vision which is due six months after the sale of the vessel 10 January 2012.

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Note 11 – 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.

Q1 12	FPSO/FSO activity	Other	Consolidated
Revenues from third parties	217.5		217.5
EBIT	33.1		33.1
General and administrative		(12.7)	(12.7)
Currency hedges and other currency effects		4.8	4.8
EBIT	33.1	(7.9)	25.2
EBITDA			
EBIT	33.1	(7.9)	25.2
Net gain on sale of tangible fixed assets	(0.2)		(0.2)
Depreciation, amortization and impairment	44.2		44.2
EBITDA	77.1	(7.9)	69.2
Other segment information			
Capital expenditure	93.2		
Non-current assets (excl finance items)	2,864.3		
Investments in associates	3.2		
Geographical information_Revenue			
Americas	83.2		
Europe/Africa	95.2		
Asia	39.1		
Total revenue	217.5		
The FPSOs/FSO by region can be analyzed as follows:			
Americas	1,453.6		
Europe/Africa	874.0		
Asia	336.4		
Total non-current assets	2,664.0		
Q1 11	FPSO/FSO activity	Other	Consolidated
Revenues from third parties	193.5		193.5
EBIT	38.7		38.7
General and administrative		(10.8)	(10.8)
Currency hedges and other currency effects		7.1	7.1
EBIT	38.7	(3.7)	35.0
EBITDA			
EBIT	38.7	(3.7)	35.0
Net gain on sale of tangible fixed assets	(0.6)		(0.6)
Depreciation, amortization and impairment	41.2		41.2
EBITDA	79.3	(3.7)	75.6
Other segment information			
Capital expenditure	97.9		
Non-current assets (excl finance items)	3,029.3		
Investments in associates	0.0		
Geographical information_Revenue			
Americas	109.1		
Europe/Africa	66.6		
Asia	17.8		
Total revenue	193.5		
The FPSOs/FSO by region can be analyzed as follows:			
Americas	1,547.9		
Europe/Africa	837.8		
Asia	427.7		
Total non-current assets	2,813.4		

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KEY FIGURES

(Unaudited)

	Note	Q1 12	Q4 11	Q1 11
EBITDA-margin	1	31.8%	35.0%	39.1%
Equity ratio	2	33.5%	32.4%	36.6%
Return on equity	3	0.7%	-24.4%	2.7%
Return on capital employed	4	3.8%	-16.3%	5.4%
Net interest bearing debt (USD million)	5	1,734.40	1,702.40	1,483.50
Cash flow per share (USD)	6	0.03	0.21	0.04
EPS-basic/diluted	7	0.00	-0.22	0.04
Shares-end of period (million)		688	688	688
Share price (NOK)		7.59	9.45	14.8
Market cap (NOKm)		5,222	6,502	10,182
Market cap (USDm)		917	1,085	1,847

Notes to key figures

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

FLEET AND CONTRACTS

Name of unit	Location	Counterparty	Converted	Contract period
FPSOs				
Sendje Berge	Nigeria	Addax/Sinopec	2000	2005-2013
Abo	Nigeria	Agip	2003	2003-2013
Espoir Ivoirien	Ivory Coast	CNR	2002	2002-2013+options until 2022
Berge Helene	Mauritania	Petronas	2005	2006-2013+options until 2021
Petróleo Nautipa (50%owned)	Gabon	Vaalco Energy	2002	2002-2015+options until 2017
Azurite	Congo	Murphy	2009	2009-2016+options until 2024
YÛUM K`AK`NÀAB	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	BP	2007	2007-2014+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	2012-2015+options until 2023
BW Joko Tole	Indonesia	Kangean Energy	2012	2012-2021+options until 2025
FSO				
Belokamenka	Russia	Rosneft	2003	2004-2018
Endeavor	India		1997	
EPC				
Papa Terra/P-63	Brazil	Petrobras	Ongoing	EPC Contract + 3 year operation
Operating and maintenance agreement (FPSO sold 10 January 2012)				
Ningaloo Vision	Australia	Apache		Jan 2012-Sept 2012