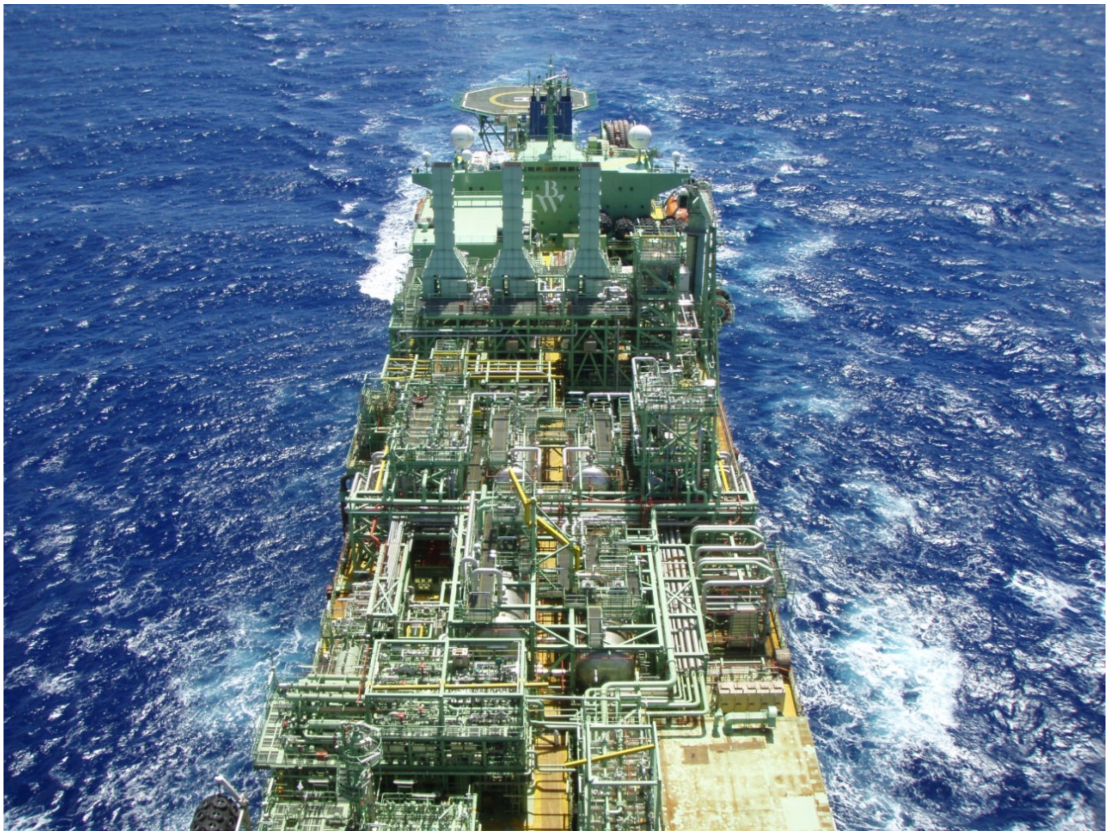
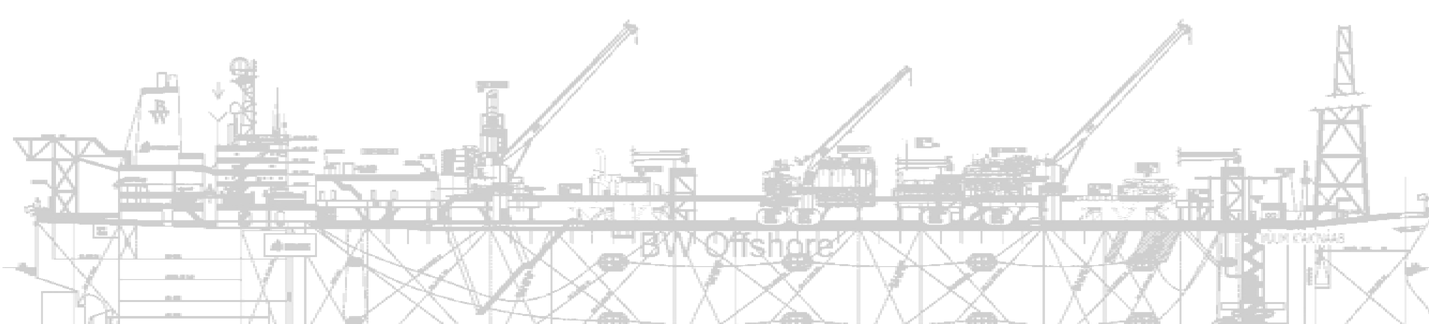
BW Offshore Limited



Second quarter and first half-year 2010 **BW Pioneer**

KEY EVENTS

- EBITDA of USD 22.4 million in Q2 2010, before results from associates
- Signed contract for a gas FPSO for the TSB project (Indonesia)
- Signed contract for the completion of FPSO OSX-1 (Brazil)
- Established a new bridging credit facility of USD 1.1 billion
- Voluntary exchange offer to acquire all issued and outstanding shares in Prosafe Production Limited



FINANCIAL SUMMARY

(Figures in brackets refer to corresponding figures for 2009)

SECOND QUARTER

Consolidated operating revenues were down USD 16.1 million to USD 98.8 million compared to USD 114.9 million in Q2 2009. Revenues from the FPSO segment increased by USD 22.2 million offset by a USD 38.3 million decrease in the APL segment.

The increase in revenues in the FPSO segment is mainly a result of the FPSO BW Cidade de São Vicente operating a full quarter, improved operation for the BW Offshore fleet and revenue recognised on the Papa Terra contract. The revenues in the FPSO segment in Q2 2009 included a settlement with insurance companies.

The decrease in revenue in the APL segment in Q2 2010 compared to Q2 2009 is due to the high activity level experienced in Q2 2009.

Consolidated operating expenses were down USD 8.7 million to USD 76.4 million compared to USD 85.1 million in Q2 2009. Expenses from the FPSO segment increased by USD 23.3 million, offset by a USD 32.0 million decrease in the APL segment.

The increase in expenses in the FPSO segment is mainly a result of expenses recognised on the Papa Terra project and the negative changes in fair market values of currency hedges of USD 5.7 million compared to a gain of USD 0.8 million in Q2 2009.

The EBITDA for the quarter was down USD 9.3 million to USD 22.5 million compared to USD 31.8 million in Q2 2009. The EBITDA before transactions related to associates was USD 22.4 million compared to USD 29.8 million in Q2 2009.

The share of profit of associates was USD 0.1 million (USD 2.0 million) in the quarter and relates to the investments in Prosafe Production Limited (PROD). At 30 June 2010, the Company held 23.9% of the shares in PROD.

Net financial items were down USD 35.2 million to a negative USD 28.9 million compared to a net gain of USD 6.3 million in Q2 2009. The company has hedging policies in place with the overall perspective to reduce the exposure in currency and interest rate fluctuations. The negative development in the financial items was mainly due to changes in fair market value on financial instruments of USD 19.3 million compared to a gain of USD 10.7 million in Q2 2009.

The result before tax was reduced by USD 47.3 million ending with a loss of USD 23.7 million compared to a profit of USD 23.6 million in Q2 2009. The development in interest rates and foreign currency movements during the quarter has affected the result for the quarter negatively by USD 27.9 million. The income tax expense increased by USD 2.3 million to USD 4.1 million compared to USD 1.8 million in Q2 2009.

Net loss was USD 27.8 million compared to a net profit of USD 21.8 million in Q2 2009.

At 30 June 2010, the total assets amounted to USD 2,402.6 compared to USD 2,324.4 million at 30 June 2009. The net increase of USD 78.2 million mainly relates to an increased book value of vessels' ongoing conversion, increased cash and deposits offset by reduced receivables and CIRR deposits.

The total equity was down USD 32.2 million to USD 891.3 million at 30 June 2010 compared to USD 923.5 million at 30 June 2009. The decrease reflects the total comprehensive loss for the period.

Net cash flow from the operating activities was USD 32.1 million (USD -18.1 million). The net cash outflow from the investing activities was USD 38.9 million (USD 93.9 million). The cash flow from the investing activities relates mainly to the conversion projects in the FPSO segment. The net cash outflow from financing activities was USD 106.9 million (cash inflow USD 95.5 million), mainly arising from a net repayment of USD 100.0 million on the loan facility.

At 30 June 2010, the Company had USD 81.3 million (USD 43.7 million) in cash and deposits. Currently, the Company has drawn USD 843.3 million on the USD 1,500 million credit facility. Net debt amounted to USD 785.5 million at 30 June 2010 (USD 827.3 million).

FIRST HALF-YEAR

The first half-year EBITDA increased by USD 34.1 million resulting in an EBITDA of USD 55.2 million compared to an EBITDA of USD 21.1 million in the first half-year 2009.

The increase in EBITDA in the FPSO segment was USD 11.1 million while the increase in EBITDA in the APL segment was USD 23.0 million. The improved EBITDA from the FPSO segment mainly related to improved operations of the BW Offshore fleet, the FPSO BW Cidade de São Vicente in operation for a full half-year and profit recognised on the Papa Terra project. The first half-year 2009 EBITDA included a positive contribution from a settlement with insurance companies. The increase in EBITDA in the APL segment was mainly due to the change in share of profit of the investment in Nexus Floating Production Ltd (Nexus) which was USD 0.0 million in first half-year 2010 compared to a negative USD 39.5 million in first half-year 2009.

The first half-year EBITDA before share of profit related to associates was reduced by USD 4.7 million to an EBITDA of USD 53.6 million compared to an EBITDA of USD 58.3 million for the first half-year 2009. Changes in fair market values of operating currency hedging contracts included in EBITDA was negative by USD 8.0 million in Q2 2010 compared to positive changes in fair market values of such hedge contracts of USD 8.1 million in 2Q 2009, resulting in a negative net effect of USD 16.1 million.

The operating profit increased by USD 24.5 million to an operating profit of USD 20.6 million in the first half-year of 2010 compared to an operating loss of USD 3.9 million in the same period of 2009.

The operating profit in the FPSO segment amounted to USD 22.8 million (USD 24.3 million) while the operating loss in the APL segment amounted to USD 2.2 million (USD -28.2 million).

The operating expenses increased by USD 2.6 million from USD 155.9 million in the first half-year of 2009 to USD 158.5 million in the same period of 2010, mainly due to the start up of the Papa Terra project offset by the reduced activity level in the APL segment.

The net financial items were down USD 40.6 million to a net loss of USD 41.3 million compared to a net loss of USD 0.7 million in the first half-year 2009. The development of the fair market value of interest rate agreements had a negative impact of USD 28.8 million in first half-year 2010 compared to a gain of USD 7.4 million on the same financial instruments in first half-year 2009.

The result before tax was reduced by USD 16.1 million ending with a loss of USD 20.7 million compared to a loss of USD 4.6 million in first half-year 2009. The effect of the developments in interest rates and foreign currency during the period resulted in a negative effect of USD 56.2 million. The income tax expense increased by USD 3.5 million to USD 6.9 million compared to USD 3.4 million in first half-year 2009.

The net loss was USD 27.6 million compared to a net loss of USD 8.0 million in first half-year 2009. Earnings per share were USD -0.06 compared to USD -0.02 in the first half year 2009.

SEGMENTS

Floating Production

The revenues in the quarter were USD 74.6 million (USD 52.4 million). The EBITDA was USD 19.3 million (USD 22.3 million). The difference compared to Q2 2009 reflects the improved operation of the BW Offshore fleet, the FPSO BW Cidade de São Vicente in operation for a full quarter and the EBITDA included from the Papa Terra project. These effects were offset by the negative development on currency hedges in addition to the settlement with insurance companies included in Q2 2009. The cash flow from operating activities in the second quarter was USD 38.8 million (USD 14.7 million).

The FPSOs YÙUM K`AK`NÀAB, BW Cidade de São Vicente, Berge Helene and Sendje Berge experienced stable performance during the second quarter resulting in an oil process uptime of 99.9% during the period.

The FPSO BW Pioneer passed the initial inspections on the 25th August. The hook up to the buoy will commence as soon as all systems are ready to start with the pull-in. The FPSO will receive stand by day rate when the buoy is hooked up and the vessel is prepared to start operations.

The ongoing conversion of the FPSO P-63 (the Papa Terra project) for Petrobras is continuing in line with expectations. BW Offshore's main scope relates to the marine conversion of the vessel BW Nisa. The project is accounted for as a fixed-price construction contract, so the revenue from this project is recognised in accordance with the "percentage of completion" (POC) accounting method. The Company is receiving milestone payments from Petrobras throughout the project period.

APL

The revenues in the quarter were USD 29.6 million (USD 77.2 million) with an EBITDA of USD 3.2 million (USD 8.7 million), resulting in an EBITDA-margin of 10.8%. Cash flow from operating activities in the quarter was USD -6.7 million (USD -32.8 million).

APL's main projects during the quarter have been the Cascade and Chinook project for the FPSO division, terminal systems for the Hibernia project, Pazflor for Total and Peregrino for Maersk. The projects have progressed according to schedule.

During the quarter APL has increased its backlog with signed agreements for delivering of systems to the Goliat FPSO, to the OSX-1 FPSO and to the TSB FPSO.

OUTLOOK

The activity has improved during the first half-year and is progressing in line with BW Offshore's expectations. The company expects a continued increase in activity during the course of 2010.

BW Offshore is fully funded for all ongoing projects. The operating cash flow from existing vessels is secure and long term, and arises from large national oil companies. Additional financial capacity is available for new projects if they should meet BW Offshore's targeted returns.

The commencement of operation of the FPSO BW Pioneer, as well as the FPSO projects for Papa Terra and OSX, will contribute to a significant growth in the EBITDA for the FPSO segment in the second half of 2010. The two new FPSO contracts for the TSB and Athena fields will contribute to further growth in the EBITDA in 2011 and 2012.

The APL segment, although still affected by the general reduction in Exploration and Production in the energy sector, is experiencing an improved activity level within both execution and business development. It is expected that this will result in higher EBITDA for the second half year of 2010 and onwards.

DECLARATION FROM THE BOARD

We confirm to the best of our knowledge that the interim Consolidated Financial Information for the first half year of 2010 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 2010 and their impact on the interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining half year of 2010, as well as major related parties transactions.

Bermuda, 30 August 2010

Dr. Helmut Sohmen
Chairman

Christophe Pettenati-Auzière
Vice Chairman

Kathie Child-Villiers

David Gairns

René Huck

Maarten Scholten

Andreas Sohmen-Pao

INCOME STATEMENT

(Unaudited figures in USD million)

	Notes	Q2 10	Q1 10	Q2 09	H1 10	H1 09
Operating revenue	**7**	**98.8**	**113.3**	**114.9**	**212.1**	**214.2**
Operating expenses	**7**	**(76.4)**	**(82.1)**	**(85.1)**	**(158.5)**	**(155.9)**
Share of profit/(loss) of associates	5	0.1	1.5	2.0	1.6	(37.2)
Operating profit/(loss) before depreciation/amortisation		**22.5**	**32.7**	**31.8**	**55.2**	**21.1**
Depreciation		(13.7)	(12.9)	(9.2)	(26.6)	(15.1)
Amortisation		(3.6)	(4.4)	(5.3)	(8.0)	(10.7)
Gain/(loss) on sale of assets		0.0	0.0	0.0	0.0	0.8
Operating profit/(loss)		**5.2**	**15.4**	**17.3**	**20.6**	**(3.9)**
Net currency exchange gain/(loss)		(2.9)	0.6	1.0	(2.3)	1.6
Interest income		1.5	1.5	2.7	3.0	5.4
Gain/(loss) on financial instruments	6	(19.3)	(9.5)	10.7	(28.8)	7.4
Interest expense		(6.8)	(4.6)	(6.7)	(11.4)	(13.4)
Other financial items		(1.4)	(0.4)	(1.4)	(1.8)	(1.7)
Net financial items		**(28.9)**	**(12.4)**	**6.3**	**(41.3)**	**(0.7)**
Profit/(loss) before tax		**(23.7)**	**3.0**	**23.6**	**(20.7)**	**(4.6)**
Income tax expense		(4.1)	(2.8)	(1.8)	(6.9)	(3.4)
Net profit/(loss)		**(27.8)**	**0.2**	**21.8**	**(27.6)**	**(8.0)**
Profit/(loss) attributable to owners of the Company		(27.8)	0.2	21.8	(27.6)	(8.0)
Basic and diluted earnings/(loss) per share (USD)		(0.06)	0.00	0.05	(0.06)	(0.02)

COMPREHENSIVE INCOME STATEMENT

(Unaudited figures in USD million)

	Q2 10	Q2 10	Q2 09	H1 10	H1 09
Net profit (loss) for the period	(27.8)	0.2	21.8	(27.6)	(8.0)
Other comprehensive income					
Currency translation differences	(0.9)	(0.1)	2.6	(1.0)	0.0
Net losses on cash flow hedges	3.9	(0.2)	0.0	3.7	2.3
Share of other comprehensive income of associates	(3.1)	(1.6)	5.1	(4.7)	5.8
Total other comprehensive income for the period net of tax	**(0.1)**	**(1.9)**	**7.7**	**(2.0)**	**8.1**
Total comprehensive income	**(27.9)**	**(1.7)**	**29.5**	**(29.6)**	**0.1**

The notes in pages 8-11 are an integral part of these consolidated interim financial statements

STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)

ASSETS	Notes	30/06/2010	30/06/2009	31/12/2009
Vessels	2	1,246.9	1,017.2	1,205.9
Property and other equipment		20.2	20.1	21.9
Goodwill and intangibles		338.4	347.1	344.2
Finance lease receivables		208.0	219.7	214.0
Investments in associates	5	181.9	195.0	185.0
Non-current deposits		130.1	217.1	163.3
Other non-current assets		1.4	2.8	0.5
Total non-current assets		**2,126.9**	**2,019.0**	**2,134.8**
Inventory		8.2	13.7	10.7
Trade receivables and other current assets		130.1	167.9	128.4
Due from customer for contract work	8	56.1	80.1	51.6
Cash and deposits		81.3	43.7	68.0
Total current assets		**275.7**	**305.4**	**258.7**
TOTAL ASSETS		**2,402.6**	**2,324.4**	**2,393.5**
EQUITY AND LIABILITIES				
Total equity attributable to owners of the Company	3	891.3	923.5	920.9
Total equity		**891.3**	**923.5**	**920.9**
Interest-bearing long term debt	4	996.6	1,087.7	1,080.3
Pension obligations		13.4	10.7	14.0
Other long-term liabilities	9	143.4	29.4	143.2
Total non-current liabilities		**1,153.4**	**1,127.8**	**1,237.5**
Trade and other payables		348.2	260.8	219.4
Interest-bearing short term debt	4	0.3	0.4	0.3
Income tax liabilities		9.4	11.9	15.4
Total current liabilities		**357.9**	**273.1**	**235.1**
Total liabilities		**1,511.3**	**1,400.9**	**1,472.6**
TOTAL EQUITY AND LIABILITIES		**2,402.6**	**2,324.4**	**2,393.5**

The notes in pages 8-11 are an integral part of these consolidated interim financial statements

STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

H1 2010	Share capital	Share premium	Other equity	Total
Equity at 1 January 2010	4.6	918.8	(2.5)	920.9
Total comprehensive income for the period	0.0	0.0	(29.6)	(29.6)
Total equity at 30 June 2010	**4.6**	**918.8**	**(32.1)**	**891.3**

H1 2009	Share capital	Share premium	Other equity	Total
Equity at 1 January 2009	4.6	1,444.6	(525.8)	923.4
Reduction of share premium against other equity	0.0	(525.8)	525.8	0.0
Total comprehensive income for the period	0.0	0.0	0.1	0.1
Total equity at 30 June 2009	**4.6**	**918.8**	**0.1**	**923.5**

CASH FLOW STATEMENT

(Unaudited figures in USD million)

	Q2 10	Q1 10	Q2 09	H1 10	H1 09
Profit/ (loss) before taxes	(23.7)	3.0	23.6	(20.7)	(4.6)
Unrealised currency exchange losses	4.3	(5.3)	0.0	(1.0)	0.0
Depreciation and amortisation	17.3	17.3	14.5	34.6	25.8
Taxes paid	(1.2)	(3.5)	(7.7)	(4.7)	(10.9)
Share of loss/ (profit) of associated companies	(0.1)	(1.5)	(2.0)	(1.6)	37.2
Loss/ (gain) on sale of shares and fixed assets	0.0	0.0	0.0	0.0	(0.8)
Change in fair value of derivatives	17.3	5.8	(16.2)	23.1	(23.5)
Change in w orking capital	9.5	107.9	(33.0)	117.4	(38.2)
Add back of net interest expense	5.3	3.1	0.0	8.4	0.0
Other items	3.4	(2.6)	2.7	0.8	8.4
Net cash flow from operating activities	**32.1**	**124.2**	**(18.1)**	**156.3**	**(6.6)**
Investment in fixed assets	(40.4)	(44.0)	(94.6)	(84.4)	(228.6)
Investment in non-current bank deposit	0.0	0.0	0.0	0.0	35.4
Proceeds from sale of shares and fixed assets	0.0	0.0	0.2	0.0	5.5
Interest received	1.5	1.5	0.5	3.0	1.0
Net cash flow from investing activities	**(38.9)**	**(42.5)**	**(93.9)**	**(81.4)**	**(186.7)**
Proceeds from new interest bearing debt	0.0	100.0	100.0	100.0	230.0
Repayment of interest-bearing debt	(100.1)	(50.1)	0.0	(150.2)	(50.0)
Interest paid	(6.8)	(4.6)	(4.5)	(11.4)	(10.7)
Net cash flow from financing activities	**(106.9)**	**45.3**	**95.5**	**(61.6)**	**169.3**
Net change in cash and cash equivalents	(113.7)	**127.0**	**(16.5)**	13.3	**(24.0)**
Cash and cash equivalents at beginning of period	195.0	68.0	60.2	68.0	67.7
Cash and cash equivalents at end of period	**81.3**	**195.0**	**43.7**	**81.3**	**43.7**

The notes in pages 8-11 are an integral part of these consolidated interim financial statements

NOTES TO THE ACCOUNTS (UNAUDITED)

Note 1 - Accounting principles

This condensed consolidated interim financial information for the second quarter and first half-year, ended 30 June 2010, has been prepared pursuant to IAS 34, "interim financial reporting". The condensed consolidated interim financial reporting should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRS.

The accounting policies implemented are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in the annual financial statements for 2009. None of the new accounting standards or amendments that came into effect from 1 January 2010 had a significant impact on the interim consolidated financial information of BW Offshore for the first half of 2010.

Note 2 – Vessels, vessels under conversion and conversion candidates

The book value of operating vessels and vessels under conversion amounted to USD 1,161.1 million (USD 940.0 million) at 30 June 2010. The book value of conversion candidates and the uncommitted FPSOs at 30 June 2010 amounted to USD 85.8 million (USD 77.2 million).

The capital expenditure related to vessels, vessels under conversion and conversion candidates in the second quarter 2010, amounted to USD 37.5 million (USD 80.6 million).

Note 3 - Equity

The number of issued shares was 456,213,515 at 30 June 2010. There were no changes in shares issued in the second quarter 2010. There were 500,000,000 authorised shares at 30 June 2010.

The Company held a total of 2,798,159 (2,797,731) own shares at 30 June 2010.

Note 4 - Interest-bearing debt

Long-term debt

The Company had the following long-term debts at 30 June:

	2010	2009
USD 1.5 billion loan facility	843.3	872.3
NOK APL bond loan	18.7	18.8
NOK Mortgage loan	4.4	4.5
USD CIRR financing schemes	130.2	192.1
Total	996.6	1,087.7

The USD 1.5 billion loan facility is a five year unsecured revolving credit facility, maturing on 13 May 2013, with BW Group Limited with financial covenants related to equity, equity ratio and debt to borrowing base. Pursuant to the terms of the agreement, interest is charged on amounts drawn at floating interest rate of LIBOR + 1.25%.

Short-term debt

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

	2010	2009
Installments due within one year	0.3	0.4
Total	0.3	0.4

Note 5 – Investments in associates

Subsequent to the negative share of profit included in the first quarter 2009, the carrying value of the shares in Nexus is USD 0.0 million. Any further potentially negative results from Nexus will therefore not have any impact on the financial statements.

Share of profit/ (loss)

	Q2 10	Q2 10	Q2 09	H1 10	H1 09
Nexus Floating Production Ltd	0.0	0.0	0.0	0.0	(39.5)
Prosafe Production Plc	0.1	1.5	2.0	1.6	2.3
Share of profit/ (loss) of associates	0.1	1.5	2.0	1.6	(37.2)

Note 6 – Gain/ (loss) on financial instruments

	Q2 10	Q1 10	Q2 09	H1 10	H1 09
Change in fair value of interest swaps	(19.3)	(9.5)	10.7	(28.8)	7.4
Net gain/ (loss) on financial instruments	(19.3)	(9.5)	10.7	(28.8)	7.4

Note 7 – Segment information

The activities of the Company are within two reportable segments; a floating production segment in which recognised revenue and expenses derive from the ownership and operations of FPSOs and FSOs, and an APL segment. The Company's Management group monitors the performance of the Company's operating segments as measured by operating revenues and operating profit. Pursuant to IFRS 8, the operating segments can be amalgamated and presented as the two reportable segments below. The Company`s business is not considered seasonal or cyclical.

The segmentation is in line with the Company's internal management and reporting structure.

Floating Production

	Q2 10	Q1 10	Q2 09	H1 10	H1 09
Operating revenues	74.6	79.9	52.4	154.5	97.0
Operating expenses	(55.4)	(50.2)	(32.1)	(105.6)	(59.9)
Share of profit of associates	0.1	1.5	2.0	1.6	2.3
Operating profit (loss) before depreciation	**19.3**	**31.2**	**22.3**	**50.5**	**39.4**
Gain on sale of vessel	0.0	0.0	0.0	0.0	0.8
Depreciation, amortisation and write-down	(14.2)	(13.5)	(9.6)	(27.7)	(15.9)
Operating profit (loss)	**5.1**	**17.7**	**12.7**	**22.8**	**24.3**
Segment assets	1,919.0	1,997.6	1,796.7	1,919.0	1,796.7

APL

	Q2 10	Q1 10	Q2 09	H1 10	H1 09
Operating revenue	29.6	36.0	77.2	65.6	152.9
Operating expenses	(26.4)	(34.1)	(68.5)	(60.5)	(131.6)
Share of profit of associates	0.0	0.0	0.0	0.0	(39.5)
Impairment charge of associates	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) before depreciation	**3.2**	**1.9**	**8.7**	**5.1**	**(18.2)**
Depreciation, amortisation and write-down	(3.1)	(3.8)	(4.9)	(6.9)	(9.9)
Operating profit (loss)	**0.1**	**(1.9)**	**3.8**	**(1.8)**	**(28.1)**
Segment assets	483.6	498.2	527.7	483.6	527.7

Eliminations

	Q2 10	Q1 10	Q2 09	H1 10	H1 09
Inter-company revenue	*(5.4)*	*(2.6)*	*(14.7)*	*(8.0)*	*(35.7)*
Inter-company expenses	*5.4*	*2.2*	*15.5*	*7.6*	*35.6*
Share of profit of associates	0.0	0.0	0.0	0.0	0.0
Impairment charge of associates	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) before depreciation	**0.0**	**(0.4)**	**0.8**	**(0.4)**	**(0.1)**
Depreciation, amortisation and write-down	0.0	0.0	0.0	0.0	0.0
Operating profit (loss)	**0.0**	**(0.4)**	**0.8**	**(0.4)**	**(0.1)**

Note 8 – Due from customer for contract work

Trade receivables not invoiced relate to ongoing projects accounted for pursuant to IAS 11.

Note 9 – Other long term liabilities

Other long term liabilities have increased compared to 2009 due to the accounting of upfront payments received from the counterparty related to the Cascade and Chinook contract. The upfront payments will be accounted for as operating revenue during the course of the firm contract as these amounts are earned.

Note 10 – Related party transactions

BW Offshore entered into a loan facility agreement with BW Group Limited (note 4) in May 2008. Interest and other fees expensed pursuant to this facility in the second quarter amounted to USD 5.7 million (USD 5.9 million).

No other related party transactions considered to be material to the BW Offshore group occurred in the second quarter 2010.

Note 11 – Capital commitments

Total capital committed at 30 June 2010 amounted to USD 60.3 million (USD 112.3 million).

Note 12 – Subsequent events

On 1 July 2010, APL, a division of BW Offshore, signed a contract with ENI Norge AS for the supply of a complete offloading system. The system will be installed on the Goliat FPSO, which will operate in the Arctic waters of the Norwegian Continental Shelf. The delivery of the system is scheduled for 2012. The contract has a value of approximately USD 15 million.

On 16 July 2010 BW Offshore signed a contract with Kangean Energy Indonesia ("KEI") for a gas FPSO to operate on the Terang Sirasun Batur ("TSB") fields in Indonesia. BW Offshore's scope includes the delivery of the FPSO, risers, umbilicals and mooring system. BW Offshore will also be responsible for the installation and operation of the unit. The design, fabrication and installation of the mooring system will be executed by BW Offshore's technology division APL. The charter contract is for a fixed period of 10 years, plus additional options of up to 4 years. The total contract value is approximately USD 875 million. First gas is planned for early 2012. The unit intented for this project is the newly acquired M/T Genie, renamed BW Genie.

On 27 July 2010, BW Offshore established a new bridging credit facility of USD 1.1 billion with BW Group Limited on competitive terms, with expiry in November 2011. The key financial covenants are similar to the key financial covenants under the USD 1,500 million facility. Interest on drawn amounts will be payable at a rate of 195 basis points over the applicable LIBOR. Furthermore, a commitment fee of 0.95% is paid on available, undrawn amounts under this facility.

On 27 July 2010, BW Offshore put forward a voluntary exchange offer to acquire all issued and outstanding shares in Prosafe Production Limited. The initial offer period has been extended and the current offer expires on 8 September 2010 at 17:30.

On 2 August 2010, BW Offshore signed a contract for the completion of the FPSO OSX-1, a project with an approximate value of the scope of USD 150 million. BW Offshore will act as the project manager, assisting the owner, a subsidiary of the Brazilian publicly traded company OSX Brasil S/A, providing engineering services, detailing the equipment required for the customization activity, and supporting the procurement process.

The scope of work includes, among others, topside modifications for heavy oil processing, water separation and power generation. The scope also includes the delivery of a Submerged Turret Production (STP) system from APL, a division of BW Offshore. The project will be completed mid 2011.

KEY FIGURES
(Unaudited)

	Note	Q2 10	Q1 10	Q2 09	1H 10	1H 09
EBITDA-margin	1	22.8 %	28.9 %	27.7 %	26.0 %	9.9 %
Equity ratio	2	37.1 %	36.8 %	39.7 %	37.1 %	39.7 %
Return on equity	3	-2.9 %	3.2 %	3.0 %	-1.3 %	-2.9 %
Return on capital employed	4	1.7 %	4.4 %	5.0 %	3.2 %	10.5 %
Net interest bearing debt (USD million)	5	785.5	774.1	827.3	785.5	827.3
Cash flow per share (USD)	6	0.07	0.27	(0.04)	0.34	(0.01)
EPS - basic and diluted (USD)	7	(0.06)	0.00	0.05	(0.06)	(0.02)
Shares - end of period (million)		456.2	456.2	456.2	456.2	456.2
Share price (NOK)		7.60	10.60	8.00	7.60	8.00
Market cap (NOKm)		3,467.0	4,836.0	3,649.7	3,467.0	3,649.7
Market cap (USDm)		534.0	808.0	570.3	534.0	570.3

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
7 Net profit / Weighted average number of shares

FLEET AND CONTRACTS

Name of unit	Location	Counterparty	Converted	Contract period
FPSOs				
Sendje Berge	Nigeria	Sinopec	2000	2005-2011 + options until 2013
Berge Helene	Mauritania	Petronas	2005	2006-2013 + options until 2021
YÙUM K'AK'NÁAB	Mexico	Pemex	2006	2007-2022
BW Cidade de São Vicente	Brazil	Petrobras	2009	2009-2019 + options until 2024
BW Pioneer	USA	Petrobras	2010	2010-2015 + options until 2018
BW Carmen	UK	Ithaca Energy	Ongoing	2011-2014 + options
BW Nisa	Brazil	Petrobras	Ongoing	EPC + 3 years operation
BW Genie	Indonesia	Kangean Energy Indonesia	Ongoing	2012-2021 + options until 2025
FSO				
Belokamenka	Russia	Sovcomflot	2003	2004-2018
Conversion candidate				
BW Ara (294,739 dwt)	Malaysia			

BW Carmen – Letter of Intent

Front page picture with the courtesy of Petrobras