



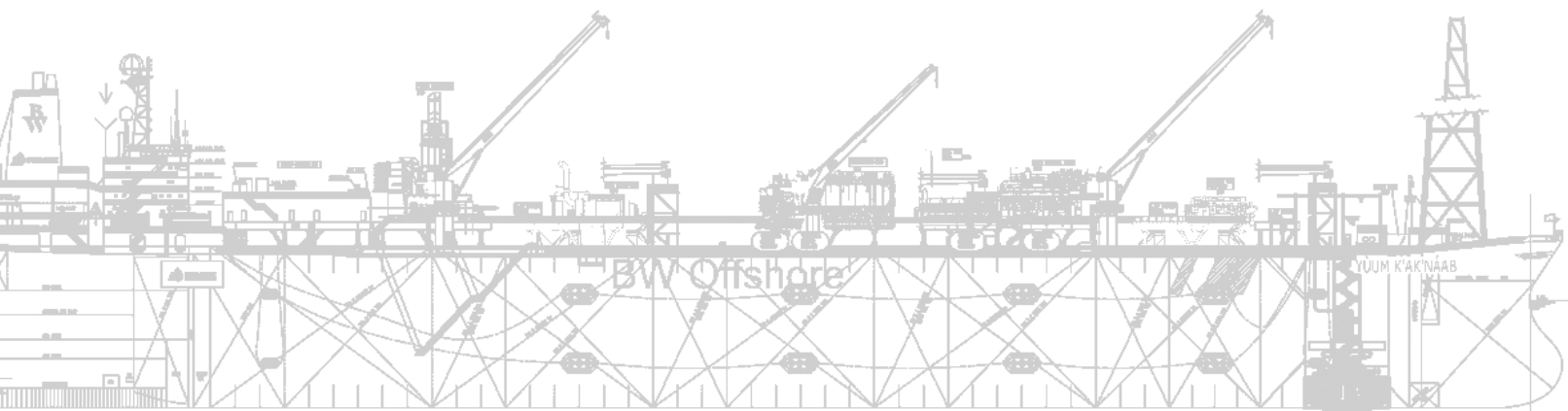
BW Offshore Limited



Fourth quarter 2007

HIGHLIGHTS

- EBITDA up from USD 12.2 million in fourth quarter 2006 to USD 18.8 million in fourth quarter 2007
- Contract award for Chinook Cascade FPSO to Petrobras
- Acquisition of additional 5.0 million shares in Prosafe SE, bringing total ownership up to 26.5%



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MAIN FIGURES

(Figures in brackets refer to corresponding figures for 2006)

EBITDA was USD 18.8 million (USD 12.2 million) in the fourth quarter. The increase in EBITDA is primarily attributable to increased activity arising from the acquisition of Advanced Production & Loading Plc (APL), an additional vessel (YÛUM K'AK'NÁAB) in operation and share of profit of associates.

Total revenue amounted to USD 116.8 million (USD 125.2 million). The decrease in revenue is a result of no revenue recorded in the fourth quarter 2007 related to YÛUM K'AK'NÁAB conversion (USD 91.7 million) set off by revenue from the inclusion of APL of USD 68.4 million (USD 0.0 million).

Operating expenses in the fourth quarter totaled USD 102.7 million (USD 113.0 million). Operating expenses for Floating production were reduced from USD 113.0 million in the fourth quarter 2006 to USD 47.0 million in the fourth quarter 2007, primarily attributable to no expenses included related to the YÛUM K'AK'NÁAB conversion. Operating expenses related to Technology and Installation services amounted to USD 55.7 million in the fourth quarter (USD 0.0 million).

Share of profit of associates amounting to USD 4.7 million (USD 0.0 million) relates to the Group's investments in Prosafe SE (USD 4.6 million) and Nexus Floating Production Limited (Nexus) (USD 0.1 million). At 31 December 2007, the Group owned 26.5% of the shares in Prosafe and 49.7% of the shares in Nexus.

Net financial items for the fourth quarter amounted to USD -17.8 million (USD -1.1 million). The reduction in net financial result relates to increased financing expenses arising from the acquisitions of shares in Prosafe and APL, increased capital expenditure related to vessels in operation and conversion candidates, and a loss in fair value on an interest collar agreement.

Net result after tax in the fourth quarter amounted to USD -16.0 million (USD 3.5 million).

Total assets amounted to USD 2,989.5 million at 31 December 2007 (USD 952.8 million). The increase in total assets is a result of the conversions of YÛUM K'AK'NÁAB and BW Peace, increased activity from the

acquisition of APL and Prosafe shares, and the acquisition of the vessels BW Carmen, BW Pioneer and M/T Tiara.

Total equity amounted to USD 1,511.1 million at 31 December 2007 (USD 383.4 million).

Cash flow from operating activities in the fourth quarter 2007 was USD 15.2 million (USD 5.7 million). The positive cash flow relates to an decrease in working capital in the technology segment. Cash flow from investing activities was negative due to the acquisitions of M/T Tiara and additional shares in Prosafe SE, and expenditures related to the Cascade Chinook project and the conversion of BW Peace.

BUSINESS SEGMENTS

Floating production

EBITDA for the fourth quarter amounted to USD 6.0 million (USD 12.2 million). The reduction is primarily a result of high operating expenses for YÛUM K'AK'NÁAB (which commenced operation in July 2007) and the other vessels in operation, high tender activity and increased administrative expenses arising from the strengthening of NOK against USD. Share of profit of associates (Prosafe SE) amounting to USD 4.6 million (USD 0.0 million) are included in the fourth quarter 2007 figures.

Cash flow from operating activities in the fourth quarter 2007 was USD 4.2 million (USD 5.7 million). The positive cash flow relates to a decrease in working capital.

Technology & Installation Services

EBITDA for the fourth quarter amounted to USD 12.8 million. The EBITDA-margin was 18.7%. The revenues in the fourth quarter were USD 68.4 million, of which the most significant events were the delivery of the swivel on the Maari project and the Aker Floating Production Reliance MAD6 Buoy and Mooring. Share of profit from associates (Nexus Floating Production) amounted to USD 0.1 million in the fourth quarter.

Cash flow from operating activities in the fourth quarter was positive by USD 11.0 million. Reduction in working capital related to ongoing projects is the main reason for this development.

Board of Directors, 14 February 2008

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INCOME STATEMENT

(Unaudited figures in USD million)

	Notes	4Q 07	3Q 07 *	2Q 07 *	4Q 06	2007	2006
Operating revenue		116.8	182.6	265.5	125.2	662.6	450.8
Operating expenses		(102.7)	(140.1)	(225.6)	(113.0)	(557.7)	(407.3)
Share of profit of associates	6	4.7	6.8	5.2	0.0	17.7	0.0
Operating profit before depreciation/ amortisation		18.8	49.3	45.1	12.2	122.6	43.5
Depreciation		(6.2)	(6.0)	(5.8)	(5.4)	(23.5)	(26.5)
Amortisation		(5.1)	(5.1)	(3.4)	0.0	(13.6)	0.0
Gain (loss) on sale of assets		(0.8)	0.0	0.0	(0.1)	(0.8)	0.0
Write-down		0.0	(3.6)	0.0	0.0	(3.6)	0.0
Operating profit		6.7	34.6	35.9	6.7	81.1	17.0
Currency exchange gain (loss) – net		(1.5)	0.0	0.5	0.0	(1.6)	(1.0)
Interest income		8.1	3.5	0.6	0.9	12.8	6.7
Fair value gain (loss) on financial instruments		(3.8)	(1.5)	1.6	(1.0)	23.7	2.3
Interest expense		(20.6)	(18.6)	(6.1)	(1.0)	(46.2)	(13.6)
Net financial items		(17.8)	(16.6)	(3.4)	(1.1)	(11.3)	(5.6)
Profit (loss) before tax		(11.1)	18.0	32.5	5.6	69.8	11.4
Income tax expense		(4.9)	(2.6)	(6.0)	(2.1)	(15.2)	(6.9)
Net profit (loss)		(16.0)	15.4	26.5	3.5	54.6	4.5
Profit (loss) attributable to equity shareholders		(16.0)	15.3	25.0	3.5	53.0	4.5
Minority interest		-	0.1	1.5	-	1.6	-
Basic earnings/(loss) per share (USD)		(0.04)	0.03	0.06	0.02	0.12	0.03
Diluted earnings/(loss) per share (USD)		(0.04)	0.03	0.06	0.02	0.12	0.03

* The figures for 3Q 07 and 2Q 07 have been restated in order to reflect the effects of the final purchase price allocation related to the acquisition of APL (note 8)

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BALANCE SHEET

(Unaudited figures in USD million)

ASSETS	Notes	31.12.2007	30.09.2007 *	30.06.2007 *	31.12.2006 **
Goodwill and intangibles	8	517.6	522.7	403.2	0.0
Vessels and vessels under conversion	2	610.7	556.1	529.5	400.3
Buildings, vehicles and other fixed assets		17.9	17.4	15.4	4.3
Finance lease receivables		244.0	244.9	224.5	31.0
Investments in associates	6	978.9	935.4	898.2	0.0
Other non-current assets		12.1	12.5	12.0	4.1
Non-current cash deposits	5	320.3	284.9	0.0	74.7
Total non-current assets		2,701.5	2,573.9	2,082.8	514.4
Inventory		7.0	8.9	7.3	1.8
Trade receivables and other current assets	3	146.8	153.5	630.1	59.7
Trade receivables not invoiced	9	97.7	138.9	137.9	338.9
Cash and cash equivalents		36.5	98.4	34.9	38.0
Total current assets		288.0	399.7	810.2	438.4
TOTAL ASSETS		2,989.5	2,973.6	2,893.0	952.8
EQUITY AND LIABILITIES					
Total equity attributable to equity shareholders	4	1,511.1	1,530.4	1,506.0	383.4
Minority interest		0.0	0.0	28.7	0.0
Total equity		1,511.1	1,530.4	1,534.7	383.4
Interest-bearing long term debt	5	844.6	728.8	682.2	495.4
Pension obligations		8.7	10.6	9.0	4.0
Other long-term liabilities		15.5	19.4	19.5	6.6
Total non-current liabilities		868.8	758.8	710.7	506.0
Trade and other payables		180.6	275.1	292.8	62.5
Interest-bearing short term debt	5	413.3	399.1	345.2	0.0
Income tax liabilities		15.7	10.2	9.6	0.4
Amount due to ultimate parent company		0.0	0.0	0.0	0.5
Total current liabilities		609.6	684.4	647.6	63.4
Total liabilities		1,478.4	1,443.2	1,358.3	569.4
TOTAL EQUITY AND LIABILITIES		2,989.5	2,973.6	2,893.0	952.8

* The figures for 3Q 07 and 2Q 07 have been restated in order to reflect the effects of the final purchase price allocation related to the acquisition of APL (note 8)

** Non-current cash deposits and Interest-bearing long term debt at 31 December 2006 have been restated in order to reflect the CIRR financing scheme related to Berge Helene

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STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)

	4Q 07	3Q 07 *	2Q 07 *	4Q 06	2007	2006
Equity at beginning of period	1,530.4	1,534.7	1,392.5	383.4	383.4	(85.5)
New equity (note 4)	0.0	0.0	85.9	(3.5)	1,065.8	464.4
Currency translation adjustments and other changes	(3.3)	9.1	2.5	0.0	8.8	0.0
Profit (loss) attributable to equity shareholders	(16.0)	15.3	25.0	3.5	53.0	4.5
Profit (loss) attributable to minority interest	0.0	0.1	1.5	0.0	1.6	0.0
Changes in minority interest	0.0	(28.8)	27.3	0.0	(1.5)	0.0
Equity at end of period	1,511.1	1,530.4	1,534.7	383.4	1,511.1	383.4

*) The figures for 3Q 07 and 2Q 07 have been restated in order to reflect the effects of the final purchase price allocation related to the acquisition of APL (note 8)

CASH FLOW STATEMENT

(Unaudited figures in USD million)

	Notes	4Q 07	3Q 07	2Q 07	4Q 06	2007	2006
Net cash flow from operating activities		15.2	51.3	(46.8)	5.7	27.8	(4.8)
Net cash flow from investing activities	2,6	(206.6)	196.4	(233.8)	(112.4)	(664.2)	(371.5)
Net cash flow from financing activities	4,5	129.5	(184.2)	192.5	28.1	634.9	377.6
Net change in cash and cash equivalents		(61.9)	63.5	(88.1)	(78.6)	(1.5)	1.3
Cash and cash equivalents at beginning of period		98.4	34.9	123.0	116.6	38.0	36.7
Cash and cash equivalents at end of period		36.5	98.4	34.9	38.0	36.5	38.0

NOTES TO THE ACCOUNTS

Note 1 - Accounting principles

The interim consolidated financial information (hereafter “the Interim Financial Information”) of BW Offshore Limited has been prepared in accordance with the International Accounting Standard IAS 34. The Interim Financial Information should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2006. The accounting policies applied in this Interim Financial Information and the presentation of the Interim Financial Information are consistent with those applied in the Annual Financial Statements.

Prosafe and Nexus are considered associates of the Group. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50 % of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group’s investments in associates include goodwill and excess values identified on acquisition, net of any accumulated impairment loss. The Group’s share of its associates’ post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates.

Note 2 - Vessels and vessels under conversion

The book value of vessels in operation amounted to USD 285.6 million at 31 December 2007. The book value of vessels under conversion amounted to USD 20.3 million at 31 December 2007. The book value of conversion candidates and uncommitted FPSOs at 31 December 2007 amounted to USD 304.8 million.

Note 3 – Trade and other receivables

Trade and other receivables include a receivable from the client related to the operation of Berge Okoloba Toru amounting to USD 29.9 million at 31 December 2007. A provision for doubtful debt of USD 20.0 million has been recorded at 31 December 2007.

Note 4 - Equity

The table below describes the changes in the number of shares issued, share capital and share premium in 2007. There were 500,000,000 authorized shares at 31 December 2007.

	Number of shares (in thousands)	Share capital (USD'000)	Share premium (USD million)	Total (USD million)
At 1 January 2007	205,066	2,051	462.3	464.4
Employee Stock Owning Programme	1,329	13	4.9	4.9
Private placement 15 January	43,605	436	175.2	175.6
Private placement 5 February	10,566	106	47.2	47.3
Private placement 22 February	4,409	44	20.0	20.0
Private placement 23 March	172,944	1,729	735.3	737.0
Expenses related to private placement	0	0	(4.9)	(4.9)
At 31 March 2007	437,919	4,380	1,439.9	1,444.3
Private placement 8 May 2007	18,295	183	85.7	85.9
Transfer of share premium to other equity	0	0	(81.0)	(81.0)
At 30 June 2007	456,214	4,563	1,444.6	1,449.2
At 31 December 2007	456,214	4,563	1,444.6	1,449.2

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Note 5 - Interest-bearing debt

Long-term debt

At 31 December 2007, a total of USD 465 million has been drawn down on the USD 600 million loan facility. USD 200 million of the facility must be repaid by 2011.

APL Plc has an unsecured bond loan of NOK 500 million (equivalent to USD 92.1 million). The bond loan must be repaid by 2012.

In order to take advantage of favourable export financing schemes (CIRR financing), a total amount of USD 284.9 million has been drawn down on two loan facilities entered into with Eksportfinans ASA related to the conversions of Berge Helene and YÛUM K'AK'NÁAB. The proceeds from the draw down on these loans have been placed as long term bank deposits to be used to amortise and service the loans. The bank deposits and the loans are according to IFRS presented as assets and liabilities, on a gross basis, in the balance sheet. The corresponding interest income and interest expenses are presented on a gross basis in the income statement.

	Book value	Nominal value
	31.12.07	31.12.07
USD 600 million facility	462.2	465.0
APL Bond loan	91.4	92.1
Mortgage loan	6.0	6.0
CIRR - YÛUM K'AK'NÁAB	227.6	227.6
CIRR – Berge Helene	57.4	57.4
Total	844.6	

Short-term debt

A loan facility of USD 400 million was established through the process of acquiring shares in APL (note 8). The loan facility was established at market conditions and a total of USD 400 million was drawn down at 31 December 2007. Shares in Prosafe have been pledged as security for this loan facility, which has 12 month tenure.

At 31 December 2007, a total of NOK 74.0 million equivalents to USD 13.6 million have been drawn down on a loan facility with Carnegie Investment Bank. The facility has a limit of SEK 429 million. The funds available under the facility will be drawn in NOK.

	Book value	Nominal value
	31.12.07	31.12.07
USD 400 million facility	399.2	400.0
Current part of long term debt	0.5	0.5
SEK 429 million facility	13.6	13.6
Total	413.3	

Note 6 – Investments in associates

The Group owned 26.5% of the shares in Prosafe and 49.7% of the shares in Nexus at 31 December 2007. Prosafe and Nexus are considered associates of the Group, in which the investments are accounted for using the equity method. Preliminary purchase price allocations have been performed for both investments since detailed and reliable information to identify and allocate residual values is not available to the Group. Prosafe owns and operates seven FPSOs/FSOs and twelve accommodation rigs (flotels). Nexus is constructing a FPSO to be used in harsh environments. Both companies are listed on Oslo Stock Exchange.

Prosafe has been considered an associate since 18 January 2007. On this date, the Group entered into an option agreement with BW Euroholdings Limited, a wholly owned subsidiary of Bergesen Worldwide Limited, to purchase 39.4 million shares in Prosafe at NOK 86 per share. Fair value of the option, which amounted to USD 30.1 million at 23 March 2007 (the date when the option was exercised), was recorded in the income statement in the first quarter as a financial item. The value of the option given by BW Euroholdings Limited on 18 January 2007 at no cost to BW Offshore was USD 60.4 million. The acquisition of the shares in Prosafe was settled through cash and equity.

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Share of net profit in Prosafe, based on fourth quarter 2007 figures, less depreciation of excess value identified in the preliminary purchase price allocation, amounted to USD 4.6 million in the fourth quarter 2007 and USD 18.1 million in 2007.

Nexus has been considered an associate since 8 May 2007. Share of net profit in Nexus based on preliminary results amounted to USD 0.1 million in the fourth quarter 2007 and USD -0.4 million in the period 8 May to 31 December 2007.

APL was considered an associate from 28 February 2007 to 8 May 2007.

Note 7 – Segment information

Floating Production

Unaudited figures (in USD million)	4Q 07	3Q 07	2Q 07	4Q 06	2007	2006
Operating revenues	48.4	86.4	209.8	125.2	442.3	450.8
Operating expenses	(47.0)	(58.0)	(179.1)	(113.0)	(373.4)	(407.3)
Share of profit of associates	4.6	6.9	5.6	0.0	18.1	0.0
Operating profit before depreciation (EBITDA)	6.0	35.3	36.3	12.2	87.0	43.5
Depreciation, amortisation and write-down	(6.5)	(9.1)	(5.5)	(5.5)	(26.6)	(26.5)
Operating profit	(0.5)	26.2	30.8	6.7	60.4	17.0

Technology and Installation services

Unaudited figures in USD million	4Q 07	3Q 07 *	2Q 07 *	4Q 06	2007 **	2006
Operating revenues	68.4	96.2	55.7	-	220.3	-
Operating expenses	(55.7)	(82.1)	(46.5)	-	(184.3)	-
Share of profit of associates	0.1	(0.1)	(0.4)	-	(0.4)	-
Operating profit before depreciation (EBITDA)	12.8	14.0	8.8	-	35.6	-
Depreciation, amortisation and write-down	(5.6)	(5.6)	(3.7)	-	(14.9)	-
Operating profit	7.2	8.4	5.1	-	20.7	-

* The figures for 3Q 07 and 2Q 07 have been restated in order to reflect the effects of the final purchase price allocation related to the acquisition of APL (note 8)

** Figures for the period of 8 May to 31 December 2007

Note 8 – Business combinations

On 17 July 2007, BW Offshore acquired additional shares in APL, increasing its ownership to approximately 99.9%. In September 2007, the remaining 0.1% of the shares were acquired, making APL a wholly owned subsidiary of BW Offshore. APL is a market leader in the development, production and sale of advanced oil and gas offshore production systems that focus on ship-based storage and transportation of hydrocarbons. The step acquisition of shares in APL was settled through cash and equity and the transactions are summarized below:

Cash - paid to APL shareholders	452.5
Cash – expenses directly attributable to the acquisition	3.8
Shares issued at fair value	<u>133.3</u>
Total consideration	589.6
Cash outflow on acquisition	456.3
Cash at APL at 8 May 2007	<u>73.6</u>
Net decrease in cash	382.7

The acquired business contributed revenues of USD 220.3 million and net profit of USD 11.6 million to the Group for the period from acquisition to 31 December 2007.

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In the fourth quarter 2007, the Group has finalized the purchase price allocation related to this acquisition, resulting in identifying fair values of the following assets and liabilities:

	Fair value	Remaining useful life
Technology	15.8	10 years
Order backlog	31.1	3 years
Tender portfolio	5.3	4 years
Associated company (Nexus Floating Production)	80.0	-
Other identifiable assets less liabilities	(8.9)	-
Deferred tax	(7.8)	-
Goodwill	474.1	-
Total	589.6	

The goodwill and unallocated excess value arising from the acquisition is attributable to APL's strong position and profitability in its market. Included in goodwill is the value of brand name, assembled workforce, track record, customer relations and expected synergies with the existing business of APL. These intangible assets do not fulfil the recognition criteria under IAS 38 and are therefore not recognised separately.

The figures for BW Offshore and the figures presented in note 7 as "Technology and Installation services" for the second and third quarters of 2007 are changed in order to reflect the results of the final purchase price allocation set out above.

Note 9 – Trade receivables not invoiced

Trade receivables not invoiced relates to ongoing projects in APL at 31 December 2007. At 31 December 2006 and in previous quarters, trade receivables not invoiced relates to the conversion of YUUM K'AK'NAAB

Note 10 – Related party transactions

All transactions between the Group and related parties are entered into on an arm's length basis.

Note 11 – Capital commitments

Total capital committed at 31 December 2007 amounted to USD 100.7 million.

Note 12 – Subsequent events

On 29 January 2008, BW Offshore took delivery of the double-hull vessel Sarasota. The vessel was renamed BW Pioneer and will be used as a conversion candidate for the Cascade Chinook project. The purchase price for the vessel was USD 43.5 million.

BW Offshore has requested the banks participating in the USD 600 million facility, to make some changes in the financial covenants attached to this facility in order to increase the utilization of the facility. In addition, BW Offshore has requested the banks participating in the USD 400 million facility, to extend the maturity of the loan from 14 May 2008 until 14 May 2009. The participating banks approved both requests on 30 January 2008.

On 31 January 2008, BW Offshore's technology division APL announced that it has been awarded a contract for a complete turret and mooring system to Maersk Contractors. The submerged turret production (STP) system will be installed on Maersk's Peregrino FPSO, which will commence production on the Peregrino oil field outside of Brazil during Q1 2010. The owners of the field are StatoilHydro and Anadarko.

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KEY FIGURES

	Note	Q4 2007	Q3 2007	Q2 2007	Q4 2006	2007	2006
Operating margin	1	1.7 %	15.2 %	34.6 %	20.0 %	15.1 %	15.2 %
Equity ratio	2	50.5 %	51.5 %	53.0 %	40.2 %	50.5 %	40.2 %
Return on equity	3	-1.7 %	2.1 %	3.3 %	2.2 %	4.9 %	1.4 %
Return on capital employed	4	1.0 %	7.9 %	11.2 %	1.6 %	7.7 %	5.6 %
Net interest bearing debt (USD million)	5	901.1	744.6	998.2	383.6	901.1	383.6
Cash flow per share (USD)	6	0.03	0.11	0.00	0.03	0.17	-0.02
EPS - basic and diluted (USD)	7	-0.04	0.03	0.06	0.02	0.12	0.02
Shares - end of period (million)		456.21	456.21	456.21	205.07	456.21	205.07
Share price (NOK)		22.90	24.70	27.80	26.20	22.90	26.20
Market cap (NOKm)		10,447	11,268	12,683	5,373	10,447	5,373
Market cap (USDm)		1,924	2,091	2,146	862	1,924	862

Notes to key figures

- 1 Operating profit / operating revenues (adjusted for construction contract revenues)
- 2 Equity / Total assets
- 3 Annualised net profit / Average equity
- 4 Adjusted EBIT (annualized) / Average (Total assets - vessels and 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	Country of operation	Contract period
FPSOs		
Berge Okoloba Toru	Nigeria	2005-2009 + options
Sendje Berge	Nigeria	2005-2009 + options
Berge Helene	Mauritania	2006-2013 + options
YUUM K'AK'NÁAB	Mexico	2007-2022
BW Peace	-	Uncommitted
BW Carmen	-	Uncommitted
Arctic FSO		
Beloka menka	Russia	2004-2019
Conversion candidates		
BW Pioneer (ex Sarasota) *	Ongoing conversion	2010-2015 + options
BW Nisa (323,000 dwt)	Malaysia	2006 – temporary FSO
BW Endeavour (150,000 dwt)	-	Uncommitted
M/T Tiara (294,739 dwt)	-	Uncommitted **

* BW Pioneer (ex Sarasota) was delivered to BW Offshore on 29 January 2008. The vessel will be ongoing conversion before it commences operation under the Cascade Chinook contract in the US Gulf of Mexico

** M/T Tiara is currently on bareboat charter to its seller