



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 989 067 370
Organisasjonsform: Aksjeselskap
Foretaksnavn: BW OFFSHORE NAUTIPA AS
Forretningsadresse: Drammensveien 151
0277 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Morten Suleng
Dato for fastsettelse av årsregnskapet: 10.06.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 30.07.2021



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	75 635	62 845
Sum kostnader		75 635	62 845
Driftsresultat		-75 635	-62 845
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	3	111 042 000	86 089 000
Renteinntekt fra foretak i samme konsern		523 915	769 273
Annen renteinntekt		2 266 723	74 265
Annen finansinntekt		665 239	
Sum finansinntekter		114 497 877	86 932 538
Nedskrivning av finansielle eiendeler			36 364 470
Rentekostnad til foretak i samme konsern		3 040 415	2 916 952
Annen rentekostnad		12 254 776	13 608 086
Agiokostnad		6 662 736	22 392 779
Sum finanskostnader		21 957 927	75 282 287
Netto finans		92 539 950	11 650 251
Ordinært resultat før skattekostnad		92 464 315	11 587 406
Ordinært resultat etter skattekostnad		92 464 315	11 587 406
Årsresultat	8	92 464 315	11 587 406
Overføringer og disponeringer			
Ordinært utbytte		42 000 000	
Overføringer til/fra annen egenkapital		50 464 315	11 587 406
Sum overføringer og disponeringer		92 464 315	11 587 406



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	3	530 000 000	530 000 000
Andre fordringer		706 448	
Sum finansielle anleggsmidler		530 706 448	530 000 000
Sum anleggsmidler		530 706 448	530 000 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		4 719	
Konsernfordringer	4	63 577 061	
Sum fordringer		63 581 780	
Investeringer			
Andre finansielle instrumenter			22 043 307
Sum investeringer			22 043 307
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		405 300	1 411 643
Sum bankinnskudd, kontanter og lignende		405 300	1 411 643
Sum omløpsmidler		63 987 080	23 454 950
SUM EIENDELER		594 693 528	553 454 950

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2019	2018
Selskapskapital	7	100 000	100 000
Sum innskutt egenkapital		100 000	100 000
Opptjent egenkapital			
Annen egenkapital		226 043 402	155 579 086
Sum opptjent egenkapital		226 043 402	155 579 086
Sum egenkapital		226 143 402	155 679 086
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		140 117 377	237 941 497
Langsiktig konserngjeld	4	84 729 654	
Sum annen langsiktig gjeld		224 847 031	237 941 497
Sum langsiktig gjeld		224 847 031	237 941 497
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner			99 801 418
Kortsiktig konserngjeld		42 000 000	60 032 949
Annen kortsiktig gjeld		101 703 094	
Sum kortsiktig gjeld		143 703 094	159 834 367
Sum gjeld		368 550 125	397 775 864
SUM EGENKAPITAL OG GJELD		594 693 527	553 454 950



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Journalnummer: 2020 602267

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Brønnøysundregistrene, 23.07.2020

Brønnøysundregistrene

Postadresse: Postboks 900, 8910 Brønnøysund
Telefoner: Opplysningstelefonen 75 00 75 00 Administrasjonen 75 00 75 09 Telefaks 75 00 75 05
E-post: fimapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



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BW OFFSHORE NAUTIPA AS

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BW OFFSHORE NAUTIPA AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Regnskapsprinsipper

Årsregnskapet er satt opp etter regnskapsloven. Regnskapsreglene for små foretak er fulgt.

Note

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinære aksjer	100.00	1000.00	100000.00

<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
BW Offshore Cyprus Ltd	100.00	100.00%	Ordinære aksjer

<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>
	100.00	100.00%

Note

Ytelser til ledende personer

Er det gitt ytelser til ledende person: Nei

Ytelser til daglig leder

<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
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Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
0.00

Note

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

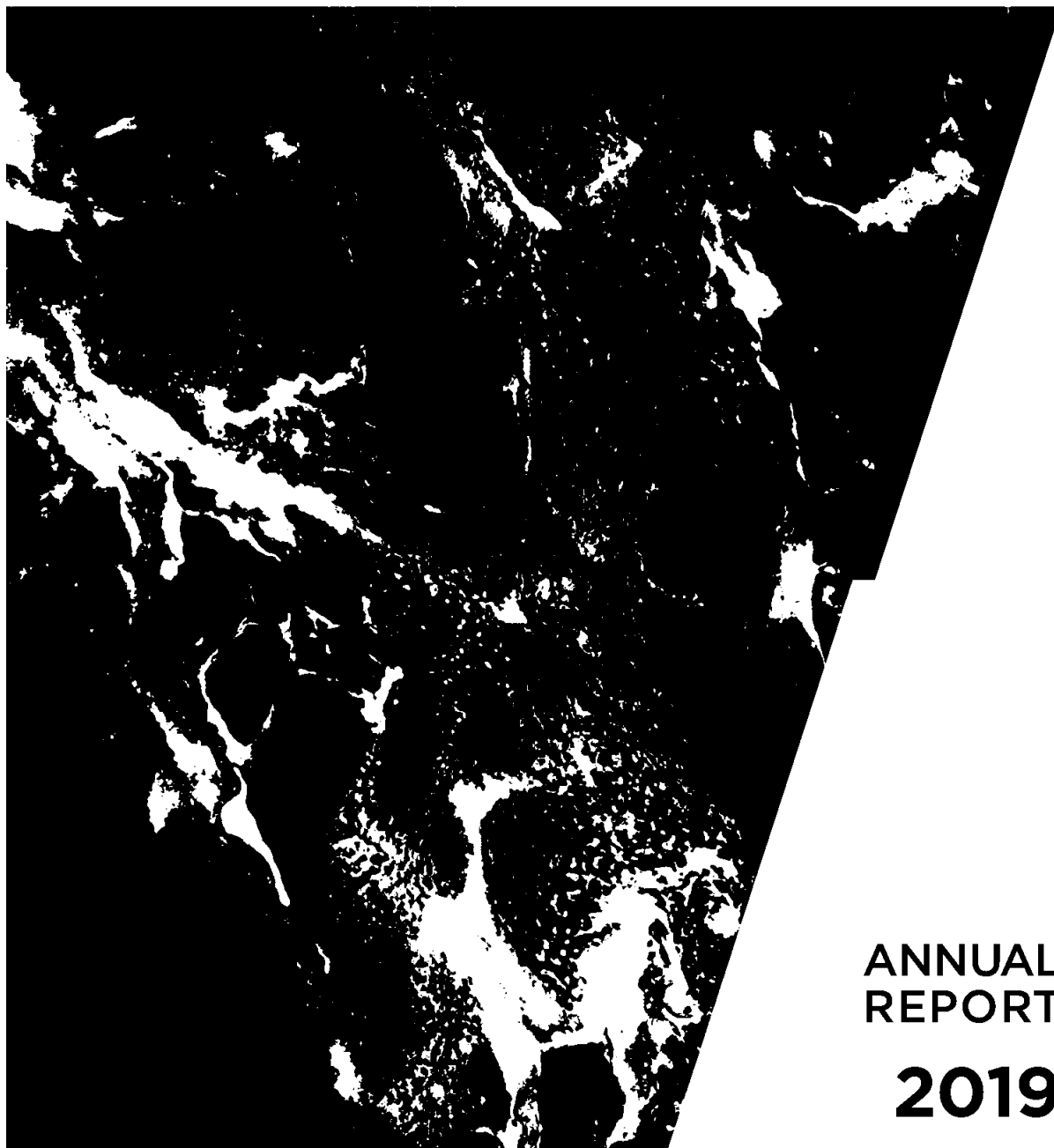
Note

Konsern, tilknyttet selskap og datterselskap



Tilknyttet selskap/datterselskap

<u>Navn og adresse</u>	<u>Eierandel</u>	<u>Stemmeandel</u>	<u>Egenkapital</u>	<u>Resultat</u>
Tinworth Pte Ltd	100.00%	100.00%		



**ANNUAL
REPORT
2019**



- 03 2018 in brief
- 04 Global footprint
- 06 History
- 08 CEO's report

- 10 Safe and efficient offshore development
- 14 The FPSO Fleet
- 16 BW Energy
- 20 Directors' report
- 24 Board of Directors
- 25 Management
- 26 Corporate Governance Code
- 32 Shareholder information

- 40 Safe and secure operations
- 44 Environmentally conscious operations
- 48 A strong governance framework
- 52 Being a non-discriminating and fair employer
- 60 Summary of ESG KPIs

- 62 Consolidated financial statements
- 112 Parent company financial statements

- 126 Responsibility statement
- 127 Alternative performance measures
- 128 Independent auditor's report
- 132 Addresses



Boe per day



Employees



EBITDA 2019 USD million



Number of units



Executed projects



Certified net reserves and resources

We deliver efficient offshore production by meticulously integrating BW Offshore's and our clients' know-how for ever better solutions.

SMARTER TOGETHER

This philosophy is the foundation of BW Offshore's open and collaborative approach with clients across projects and operations. It fosters the sharing of experience, engineering considerations and agreement on best practices. The result: a shared, smarter solution and a long-term work relationship.



2019 in brief

BW Offshore is a leading provider of floating production services to the oil and gas industry. The company also participates in developing proven offshore hydrocarbon reservoirs. BW Offshore is represented in all major oil and gas regions worldwide with a fleet of 15 owned FPSOs. The company has over 35 years of production track record, having executed 40 FPSO and FSO projects.

Key events

- High uptime of the FPSO Fleet and strong production from the Dussafu field
- Ruche Phase 1 development plan revised after significant oil discovery at Hibiscus
- Acquisition of the Maromba field offshore Brazil
- BW Energy established as an independent E&P company listed on the Oslo Stock Exchange in February 2020
- BW Catcher operating consistently above nameplate capacity
- Change in management: Marco Beenen appointed new CEO and Ståle Andreassen appointed new CFO
- Contract extension for FPSO Petróleo Nautipa
- Contract extension for Abo FPSO
- Contract extension for BW Cidade de São Vicente
- Contract extension for FPSO Polvo
- FPSO Umuroa contract not extended

Running complex operations for over 35 years has taught us the importance of thorough engineering, trust and teamwork

Key figures

Commercial Uptime		99.6 %
LTI	per million hours	0.48
HPI	per million hours	0.78
Operating revenues	USD million	1,153.0
EBITDA	USD million	709.9
EBIT	USD million	297.6
Net profit/(loss)	USD million	106.1
Total assets	USD million	3,369.1
Total equity	USD million	1,458.5
Equity ratio		43.3%
Market cap	USD million	1,390.0
Enterprise value	USD million	3,389.89

Performance

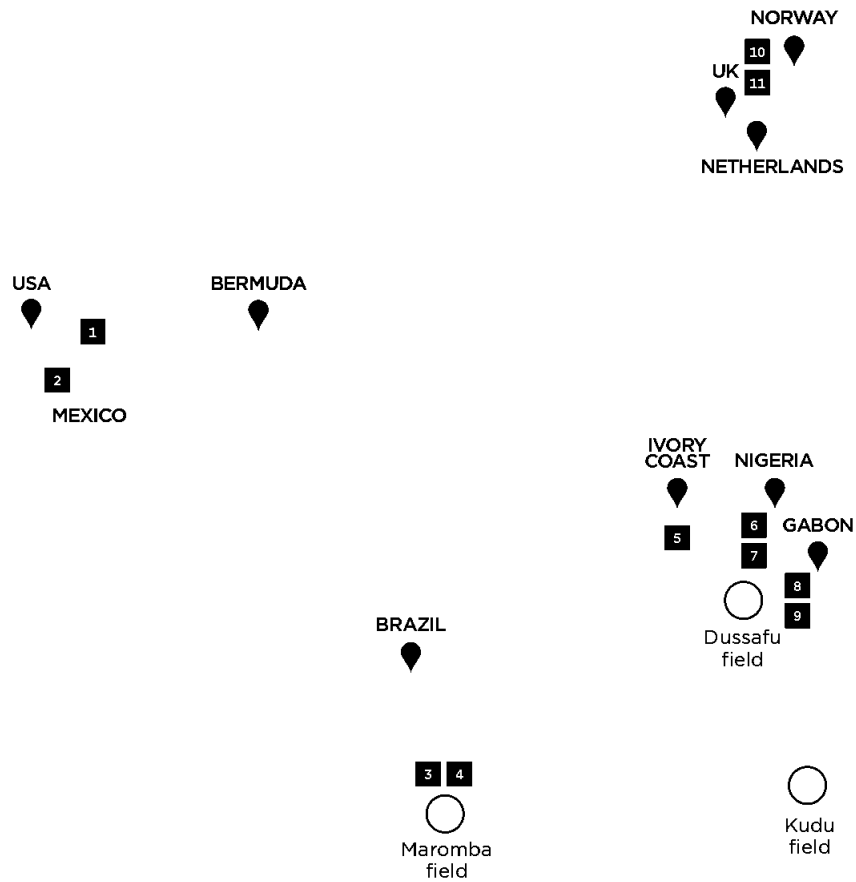
With an average uptime routinely at 99% over the past 5 years, BW Offshore exceeds client expectations while recognising internally that uptime must never be prioritised over safe operations.

Global footprint

BW Offshore is represented in all the major oil and gas regions worldwide, across Asia Pacific, the Americas, Europe and West Africa. The Group currently operates FPSOs in eight countries, supported by local onshore teams and an organisation with a global presence.



Global footprint



1 BW PIONEER, MURPHY OIL



2 YÜUM K'AK' NÁAB, PEMEX



3 BW CIDADE DE SÃO VICENTE, PETROBRAS



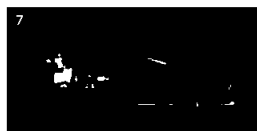
4 FPSO POLVO, PETROBRAS



5 ESPOR IVOIRIEN, CNR



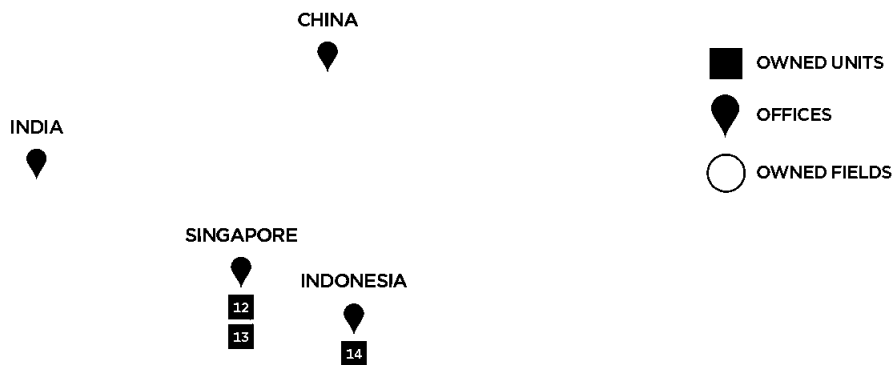
6 ABO FPSO, AGIP/ENI



7 SENDJE BERGE, ADDAX/SINOPEC



8 PETRÓLEO NAUTIPA, VAALCO



BW ADOLO, BW ENERGY



BW ATHENA



BW CATCHER, PREMIER OIL



BW OPPORTUNITY,
PETROBRAS



BERGE HELENE



BW JOKO TOLE, KANGEAN



UMUROA, TAMARIND



History

BW Offshore is a leading global provider of floating production services to the oil and gas industry. BW Offshore is represented in all major oil and gas regions worldwide with a fleet of 15 owned FPSOs.

BW Offshore has a long track record of project execution and operations, as well as a robust balance sheet and strong financial capabilities. In more than 35 years of production, BW Offshore has executed 40 FPSO and FSO projects. The company is listed on the Oslo Stock Exchange.

The origin of BW Offshore dates back to 1982, as a department of Bergesen d.y., when Berge Sisar (an LPG FPSO later replaced by Berge Troll) was installed in Angola.

In 2003, World-Wide acquired Norway's Bergesen d.y. ASA, the world's largest gas carrier operator. The acquisition brought together two well-established businesses with similar commitments to quality and industry leadership. Bergesen Worldwide was established as a holding company incorporated in Bermuda on 29 October 2003 under an internal group restructuring implemented in 2003 and 2004.

In 2005, a further re-organisation took place, accompanied by the re-branding of the business under a single group brand, BW. BW Offshore Ltd was listed on the Oslo Stock

Exchange in 2006, while BW Group Ltd was incorporated in Bermuda and became the holding company of the Group on 10 April 2007.

The BW Group includes significant shareholding in BW Offshore, BW LPG, BW LNG, BW Energy, Hafnia, Epic Gas, DHT, and BW Dry Cargo.

In 2007, BW Offshore acquired APL ASA (Advanced Production and Loading), a producer of technology for the offshore oil and gas industry, and in 2010 this was followed by the acquisition of Prosafe ASA, another FPSO company listed in Norway. The merged company constituted the second largest FPSO fleet, a position that has been maintained to date.

Through continuous development and exploration of new business segments, BW Offshore has been an industry pioneer, and executing complex projects and operating advanced production systems for more than three decades has instilled the importance of thorough engineering, trust and teamwork throughout the organisation.

							2005 Restructuring and re-branding
	1935 Founded by Sig. Bergesen	1967 Dry bulk market entry	1978 LPG market entry	1986 Bergesen listing	1996 Leader in crude and gas shipping markets with 100 vessels	2000 LNG market entry	2006 BW Offshore listing on the Oslo Stock Exchange

BERGESEN

WORLD-WIDE



1955 Founded by Y.K. Pao	1969 First VLCC: World Chief	1979 Largest independent shipping group in the world: 200 vessels of 20 million dwt	1999 Acquisition of N&T Argonaut	2003 Bergesen acquisition and de-listing
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80 YEARS OF MARITIME ENERGY HISTORY



2007
World's largest FPSO (Yüüm K'ak'Náab)

2009
First FPSO with drilling capabilities (FDPSO Azurite)

2012
Re-entering North Sea FPSO market (BW Athena)

2014
Contract for BW Catcher

2017
First Oil BW Catcher

2019
Acquisition of stake in Maromba field

2008
Acquisition of APL

2010
Acquisition of Prosafe Production
Sale of APL

2013
O&M contract with Statoil for FPSO Peregrino

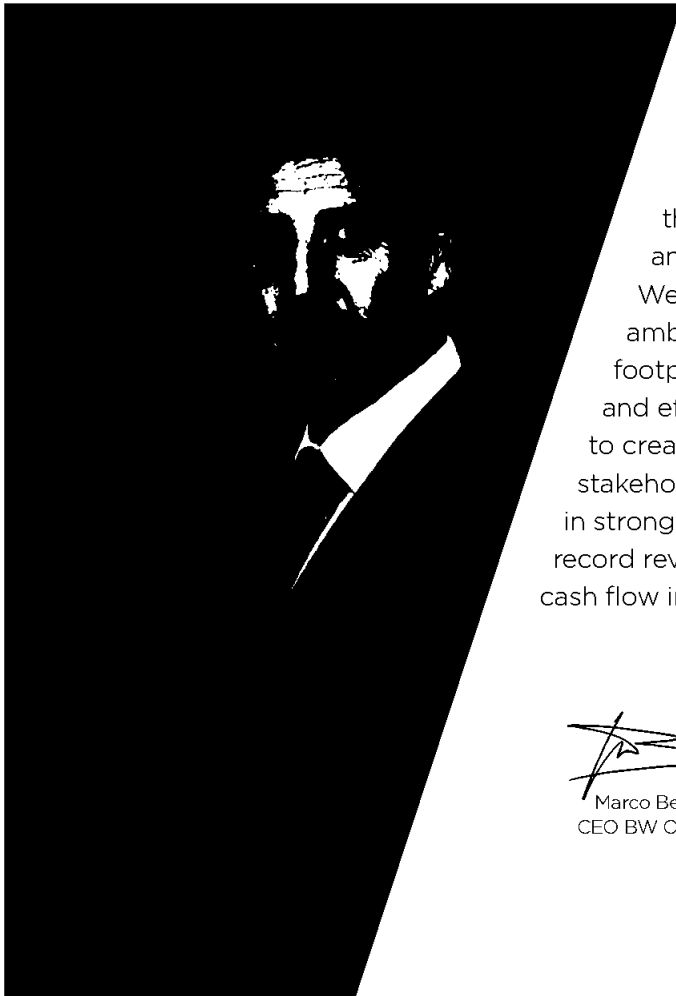
2016
Acquisition of stake in Dussafu field

2018
First Oil BW Adolo from Dussafu field



CEO's report

Delivering on strategic priorities



At BW Offshore, we are proud to be part of an industry that supports economic and social development through access to safe and affordable energy. We use our competence, ambition and international footprint to deliver innovative and efficient solutions and to create value for all our stakeholders. This was reflected in strong HSE performance, record revenue and operational cash flow in 2019.

Marco Beenen
CEO BW Offshore



It was a year of progress on many fronts. The hard work and dedication of our offshore staff, supported by all disciplines of our onshore organisation, made these results possible. My sincere appreciation goes to all the teams across the world. It is the perseverance and dedication of our people that keep us moving forward. I would also like to thank our customers and business partners for sharing this journey with us.

Delivering on long-term strategy

Safety is our number one priority and we consider High Potential Incidents to be the most material indicator of safety performance. We saw a significant decline in 2019 due to continuous focus on building a strong offshore safety culture and leveraging our Operational Integrity function.

The FPSO segment delivered continued high uptime and improved HSE performance, a reflection of the steady long-term nature of the business and continuous commitment to safe operations. Our E&P segment had strong operational results supported by the FPSO Adolo, which led to upward revisions of production targets through the year. The Dussafu licence exploration programme delivered outstanding results with the Hibiscus well triggering a revised development Ruche Phase 1 plan and accelerated production growth in Gabon.

In March, we announced the acquisition of the Maromba field in the Campos Basin offshore Brazil in an area well known to us—close to the Peregrino, Papa Terra and Polvo oil fields where BW Offshore has or has had FPSO operations. Our subsidiary BW Energy was later approved by local regulators as a field operator in Brazil.

The investment confirms the strong value proposition of the combined BW Offshore and BW Energy business model, which enables the unlocking of proven reserves with a low-risk development approach very well-suited to the current oil price environment. It meets the criteria upon which our E&P strategy is founded: proven resources, high upside potential, location in a country where we currently operate, a phased

development and the use of our own FPSOs—the Berge Helene, currently at Keppel Shipyard awaiting modifications.

The high uptime on our FPSO fleet of 12 operational units in 2019, reflects our long-term commitment to asset quality and operational integrity through continuous fleet maintenance and modification projects. We signed contract extensions for FPSO Polvo, BW Cidade de São Vicente, Abo FPSO and Petróleo Nautipa, again proving that FPSOs have a commercial life far beyond fixed contract periods.

A new chapter has begun

2019 was a year of management transition in accordance with an established internal succession plan. As of 1 July, I was appointed as Chief Executive Officer (CEO) and Ståle Andreassen assumed the position of Chief Financial Officer (CFO). Former CEO Carl Arnet and CFO Knut Sæthre moved on to assume the same positions at BW Energy, to develop it as a fast-growing and separately listed E&P company.

I am honoured and pleased to take the helm at BW Offshore at a time of transition for the global energy sector. We are very much part of that change and aspire to achieve sustainable development by striking a fair balance between financial results, value creation, sustainability and corporate responsibility. We deliver affordable energy through sustainable operations, and contribute to developing local communities where we operate by providing safe and meaningful jobs.

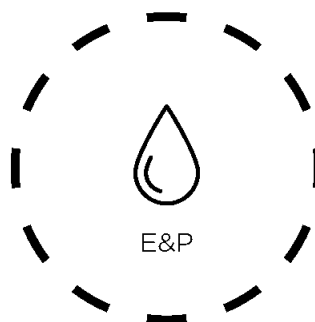
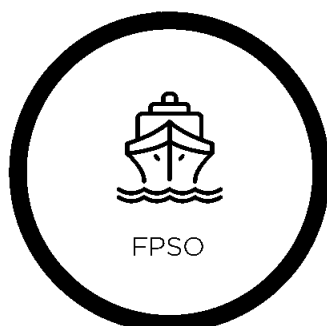
It is also a time to look at our strengths and competencies based on nearly 40 years of offshore projects in all major oil and gas producing basins, and to consider how we can position ourselves for the future. We are a leading FPSO operator and we have developed a highly successful E&P business in less than three years. It is only natural to look at how we can use our knowledge, experience and resources to explore new solutions for tomorrow and develop new business segments to ensure long-term growth and a profitable and sustainable future.

Safe and efficient offshore development

The company's main activities are engineering, procurement, construction and installation, as well as lease and operation services for FPSOs. The company also participates in developing proven offshore hydrocarbon reservoirs.



BW OFFSHORE



BW Energy listed as a separate company in February 2020

Vision and purpose

BW Offshore shall be the preferred partner in development and operation of discovered offshore fields



To be a partner means sharing the risk and reward of the reservoir



Use existing production assets to trigger development of discovered offshore oil and gas fields



Unique focus on small to medium sized E&P companies specialising in exploration



Maximise return to shareholders whilst understanding the long term nature of our business

Operational capabilities

Performance commitment

BW Offshore prioritises safety in all its operations and has 'zero harm' as an overriding objective for personnel and the environment to ensure all assets are operated in the safest manner. Safe operations and high uptime are not only requirements but obligations for BW Offshore to clients and employees. Safety is the highest priority and the Group maintains relentless focus and commitment to best-in-class Health, Safety, Security, Environmental and Quality (HSSEQ) standards and asset integrity management.

Experience and results

The safety focus is embedded throughout the organisation, which in turn is reflected by the FPSO fleet's commercial uptime. With an average uptime routinely at 99% over the past 5 years, BW Offshore exceeds client expectations while recognising internally that uptime must never be a priority over safe operations. More than 600,000 barrels of oil equivalent in daily volume is handled by 11 FPSOs in areas as diverse as West Africa, the South Atlantic off Brazil, the Gulf of Mexico, the US Gulf, the North Sea and South East Asia.

Competent and motivated workforce

BW Offshore places high emphasis on work ethic and culture. The level of experience and competence required to execute industry-leading assignments requires BW Offshore to be an attractive employer offering global work opportunities. Global recruitment centres and manning supply partners select best-in-class candidates for offshore and onshore positions. BW Offshore's international employee base allows for global rotation of talent based on required competence.

The Group is committed to the deployment of local content in its operating countries, with substantial investments in training and development of local personnel. BW Offshore's operational performance requires a highly qualified, competent and dedicated technical support and logistics service staff. A strong network of onshore in-country offices ensures operational support linking the FPSOs to shore, in addition to corporate offices supporting the operational teams.

Operations and maintenance expertise

BW Offshore is a trusted partner for clients seeking to outsource technical competence to run and operate complex offshore units. With its existing operational network, the Group offers synergies that are difficult for a client to obtain on a stand-alone basis. Well-established infrastructure, manning pools and supply chain networks are some immediate advantages, in addition to the familiarity with regulatory requirements, technical maintenance and lifecycle cost management offered by BW Offshore.

Capturing life extension

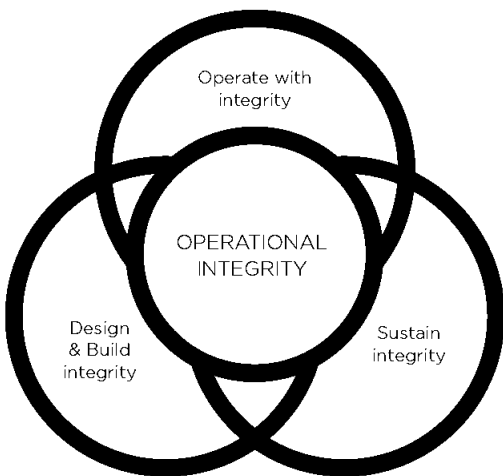
Modifications of existing FPSOs in situ to extend production, increase capacity or redeployment can unlock significant value for clients and BW Offshore. BW Offshore's project and engineering expertise makes this possible. Working closely with client teams, BW Offshore has set up internal groups specifically for this purpose, combining competent project and operations staff from across the organisation. Managing modifications and upgrades on live producing units calls for specialised competence, as safety-related and economic risks multiply compared to projects run on site in a shipyard. Maintaining asset integrity in situ in such scenarios represents some of the most advanced technical execution challenges in the business.



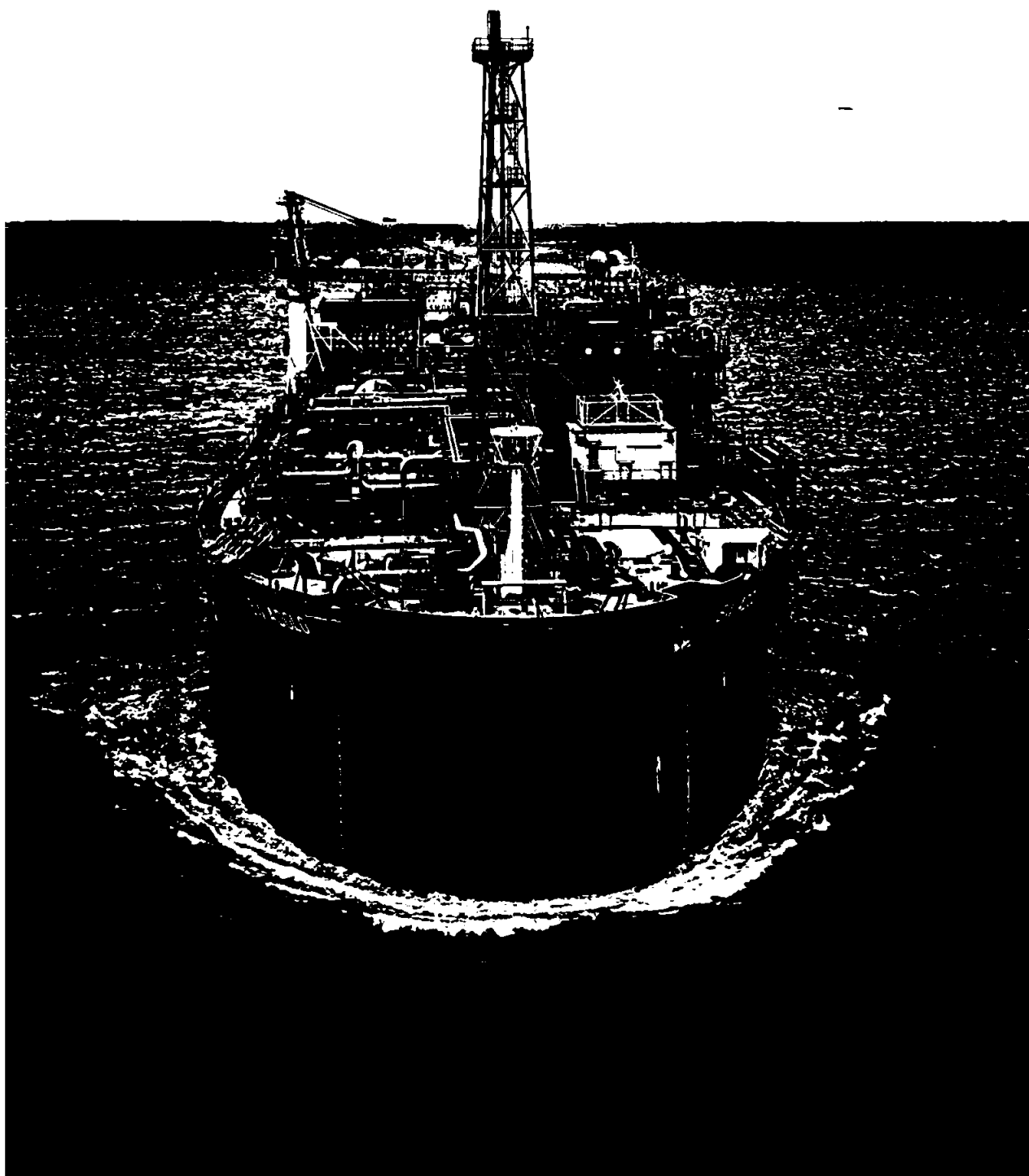
Enabling redeployment opportunities

BW Offshore introduced a strategic shift in 2017 through the subsidiary BW Energy, which was successfully executed in 2018 with first oil from the Dussafu licence. In 2019, BW Offshore expanded the asset and reserve base with the acquisition of the Maromba field offshore Brazil. BW Energy holds a diversified portfolio of production and development assets offshore West Africa and Brazil, and currently holds majority interests in three hydrocarbon licences in Dussafu, Gabon; Maromba, Brazil; and Kudu, Namibia.

BW Offshore’s strategy is to be the preferred business partner of small- to medium-sized E&P companies in developing and operating discovered offshore fields, a strategy that delivers shorter development cycles, lower costs and significantly reduced capital at risk prior to commercial production. The use of existing FPSOs to trigger offshore developments is an instrumental part of this strategy, as FPSO redeployments require less time and capital than traditional tanker conversions or newbuilds. This approach can unlock otherwise uneconomical offshore developments and create significant value even at low oil price scenarios.



Matching field requirements with the capabilities of existing assets is a key competency in BW Offshore’s engineering and operations staff. Through extensive experience in reservoir management, exploration, geosciences, drilling and completions, production and facility engineering, field operations, FPSO operations, government and partner relations, the Group has successfully implemented a unique, low-cost approach to the development of oil and gas projects, which has generated significant value.

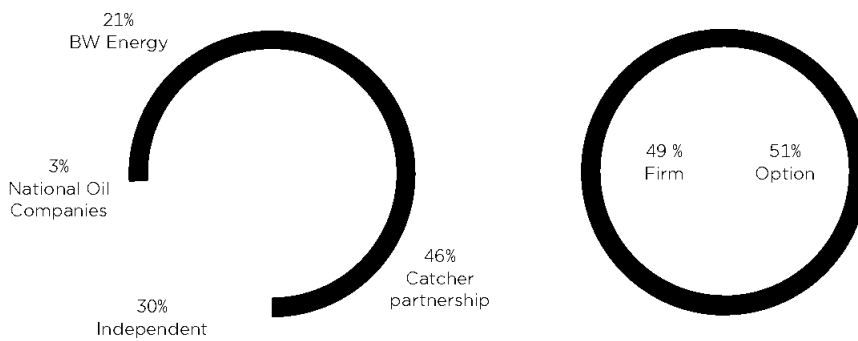




/ The FPSO Fleet

Leasing the production asset from BW Offshore has allowed clients to focus on their core competencies of reservoir development and management. The lease model also allows for reduced investments and financial exposure for clients related to FPSO projects.

BW OFFSHORE'S REVENUE BACKLOG





Over the past 35 years, BW Offshore has completed 40 FPSO and FSO conversions and operated most of the units after completion, developing a unique conversion and operating competence and a very robust foundation for future projects. With experience in phases from design engineering through to long-term operations, BW Offshore has a competitive advantage when it comes to providing clients with an efficient total lifecycle cost. Additionally, BW Offshore is gaining valuable insights into developing and managing reservoirs through the E&P segment, making BW Offshore an even stronger partner for current and future clients.

Lifetime maintenance, modifications and support

BW Offshore takes full responsibility for operating, maintaining, upgrading and/or modifying the production asset as required by the client in a lease arrangement. This ensures that production requirements are met for the total duration of the field life, including necessary funding and the availability of appropriate competencies, as well as know-how regarding the production equipment. Taking care of the existing fleet is a key priority for the Company, and consistent focus on good communication between the offshore personnel and the onshore support functions is central to the continuous fleet modification and maintenance projects.

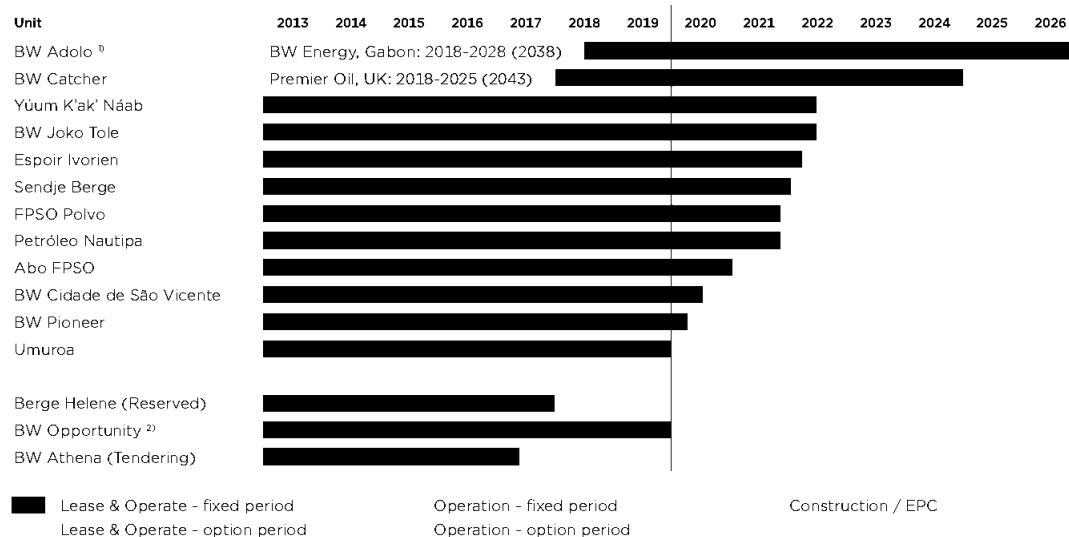
Digitalisation

By harnessing available technology in innovative ways, BW Offshore is tapping into the growing fields of Artificial Intelligence (AI), the Internet of Things (IoT) and Machine Learning. This approach is part of BW Offshore's Digitalisation Strategy. With the successful go-live in 2019 of Lighthouse, a digital platform that analyses and displays real-time operational data, a major milestone in the strategy has already been met. The Lighthouse pilot is a first step towards a vision of an integrated operations centre, and the Company continues to evolve with several other initiatives already being implemented.

Funding based on contracts with clients

BW Offshore has a strong relationship with a large number of international banks and close contact with the equity market through the Oslo Stock Exchange listing. This enables the structuring of financial packages, enhanced by lease contracts with reputable clients. BW Offshore has also successfully created funding alternatives through the bond market, in addition to interest from equity partners on individual projects.

FLEET CONTRACTUAL VIEW



1) Contract duration reflects BWO estimated field life (2028) and current license (2038)
 2) At yard pending agreement with Client, formerly known as Cidade de São Mateus



BW Energy

BW Energy holds a 73.5% operated working interest in the Dussafu Marin block offshore Gabon, a 95% operated working interest (after farm-in) of the Maromba field in the Campos Basin offshore Brazil, and a 56% operated working interest of the Kudu field offshore Namibia.

Targeting robust business opportunities based on discovered reserves with significant growth potential, BW Energy aims to unlock significant value that traditional, larger E&P companies are not addressing. Collaborating with BW Offshore for FPSO deployment, BW Energy develops commercially viable solutions that can fast-track field development and achieve first oil with lower costs and significantly reduced capital at risk prior to commercial production.

This strategy was successfully employed to develop Dussafu, with first oil achieved 18 months after acquisition.



BW ENERGY

Following the listing of BW Energy as a separate company in February 2020, BW Offshore holds 38.8% ownership.

Dussafu

The Dussafu licence is situated within the Ruche Exclusive Exploitation Area (Ruche EEA), which covers 850 km² and includes six discovered oil fields and numerous leads and prospects. The average water depth is 116 metres. The Production Sharing Contract allows for the production of hydrocarbons from the Ruche EEA for up to 20 years from first production. Fields in the Dussafu block produce to the BW Adolo FPSO, which has an oil production capacity of 40,000 bopd. Phase 1 of the Dussafu development included two horizontal production wells with subsea trees at the Tortue field, which are tied back to the FPSO. Four additional subsea production wells are being drilled at the Tortue field as part of Dussafu Phase 2 development. Drilling for Phase 2 will be completed in 2020.

Current status

Tortue Phase 1 started production on 16 September 2018 and has produced approximately 5.5 mmbbl as of year-end 2019. Field uptime since start-up has been 99%. Through year-end 2019, BW Energy recorded zero lost time incidents (LTIs), showcasing the continuous focus on safety in all aspects of operational and project work groups.

Development Drilling

Phase 2 development at Tortue was sanctioned in late 2018 and consists of drilling four additional production wells at Tortue, three of which will target the Gamba reservoir and

one in the Dentale 6 reservoir. The wells will be tied back to the BW Adolo FPSO. Drilling of these wells began in late 2019 and will continue into 2020. DTM-4H, the first Gamba well in Phase 2, has been drilled and completed while DTM-5H drilling is underway. The first wells are expected to start producing during the first quarter of 2020. All four wells are forecast to be on-line by mid-2020, which is expected to result in an increase in production from the Tortue field to around 20,000 bopd.

Exploration

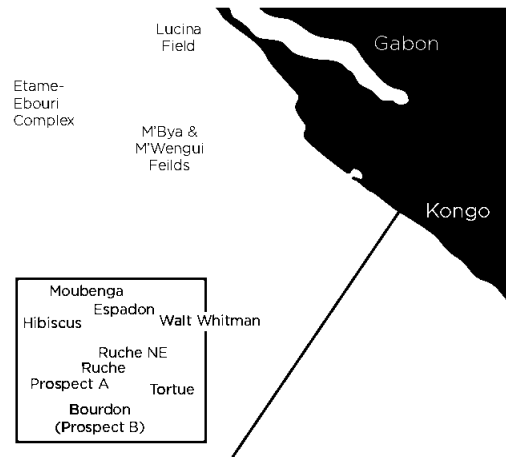
In October 2019, an appraisal well was successfully completed at the Dussafu Hibiscus Updip prospect, which yielded positive geological results in the Gamba Formation. An appraisal side-track was drilled to further evaluate the reservoir and both the exploration well and the appraisal side-track encountered oil on the Hibiscus structure.

Future strategy and plans

BW Energy is currently preparing to execute a third development phase, Ruche Phase 1, targeting the Hibiscus and Ruche fields, approximately 20 kilometres northwest of the Tortue field. The current plan is to drill a total of six horizontal production wells that will be connected to a fixed wellhead platform. Four of the wells will be drilled at the Hibiscus field targeting the Gamba reservoir. Two wells will be drilled at the Ruche field targeting the Gamba reservoir.

The wellhead platform will be tied back to BW Adolo FPSO, which will continue to serve as the hub for production in the Dussafu licence. First oil from Ruche Phase 1 is expected in late 2021, adding up to 30,000 bopd to gross production from the Dussafu block. The Ruche Phase 1 development is expected to recover gross reserves of approximately 54.5 mmbbl based on BW Energy management estimates.

As a prudent and responsible operator, BW Energy is committed to developing safe and long-term stable production from the EEA while maximising recovery for the Gabonese state and partners. As a socially responsible corporation, BW Energy supports the region by contributing to the Gabonese Hydrocarbon Support Fund, as well as to local training and social programmes.



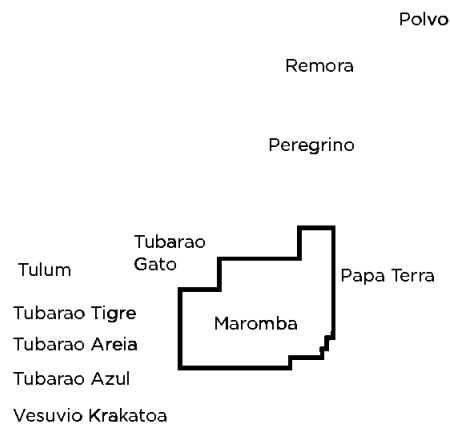
Maromba

The Maromba discovery is in the southern part of the Campos Basin offshore Brazil, approximately 100 kilometres southeast of the city of Cabro Frio. The water depth in the area is approximately 160 metres. Maromba lies within a 375-square-kilometre 'ring-fence' carved out of the former BC-20 exploration block, called the BC-20A concession. Nine wells were drilled in the licence between 1980 and 2006, and oil has been found in eight of these across various reservoirs, including in the Eocene, Maastrichtian, Albian, Aptian and Barremian levels.

The licence (concession contract) governing Maromba was awarded to Petrobras in 1998 as part of Licencing Round Zero. Chevron joined as a 30% working interest partner in 2000. In March 2019, BW Energy, through its subsidiary BW Energy Maromba do Brasil Ltda, signed agreements to acquire the interests of both Petrobras and Chevron in the licence. In August 2019, the Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP) granted BW Energy status as operator in Brazil and approved the transactions with Petrobras and Chevron for the acquisition of the Maromba field. The acquisition was closed in September 2019, upon which BW Energy became the holder of a 100% operated working interest.

Following the successful experience at Dussafu, BW Energy plans to develop the Maromba licence in phases, thereby minimising up-front capital expenditure, accelerating time to first production, and allowing the production and the supporting organisation to grow organically. Phasing will provide important reservoir performance data, which will be used to optimise future development phases.

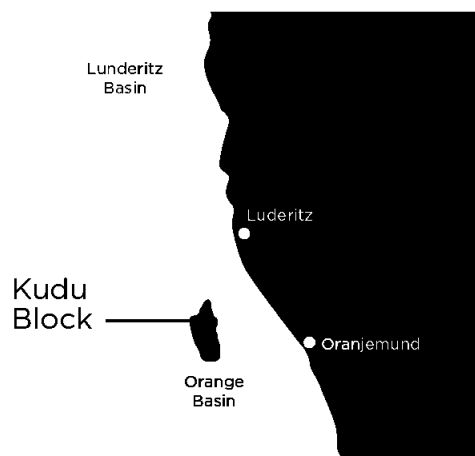
Phase 1 will target heavy crude oil (API gravity of 16°) in the Maastrichtian reservoir. It will consist of two to three horizontal subsea wells that will be tied back to an FPSO. The wells will be completed with electric submersible pumps ('ESP'). BW Offshore's Berge Helene FPSO has been identified as suitable for the project, and the current plan is to modify this vessel to serve as the production hub for wells in the Maromba licence. Phase 1 is expected to begin production in the second half of 2022, and gross peak production is expected to reach approximately 40,000 bopd.



Namibia

The Kudu gas discovery is in the northern Orange sub-basin approximately 130 km off the south-west coast of Namibia. It is situated in Production Licence 003 ('PL003'), which has an area of 4,567 square kilometres and the field water depth is approximately 170 metres. The field was discovered in 1974 with Kudu-1 and is delineated by eight subsequent wells.

BW Energy entered into a farm-in agreement for a 56% operated interest in early 2017, with NAMCOR holding a 44% joint venture interest. BW Energy has signed a Heads of Term agreement with NAMCOR to acquire up to 95% interest in the licence. BW Energy remains committed to finding a viable commercial development solution for Kudu.



Ownership

On 1 October 2019, BW Offshore's ownership in the Dussafu Marine Permit, and the Maromba and Kudu licences were transferred to BW Energy Limited.

On 19 March 2019, BW Energy Gabon SA concluded the previously announced agreement with Gabon Oil Company (GOC) for the sale (farm-out) of a total of 10% interest in the Dussafu licence. The transaction price was USD 28.6 million, representing a reimbursement equivalent to 10% of development and production costs to that date. BW Energy Gabon SA's interest was thereby reduced to 81.667%, while Panoro continued to hold 8.333%.

The PSC for the Dussafu block stipulates that the Gabonese national government had a 'back-in right' for a 10% working interest in the licence. Tullow Oil plc ('Tullow Oil') acquired the Gabonese state's back-in right in 2006, meaning that Tullow Oil had an option to acquire a 10% interest in the Dussafu licence by paying its share of historical costs. Tullow

Oil exercised this 10% back-in right into the Dussafu licence in December 2019. The net amount payable by Tullow Oil to the existing partners was USD 19.8 million after adjusting for Tullow Oil's net lifting entitlement since the commencement of oil production in September 2018 and some surplus cash-calls made on their behalf. The net amount payable to BW Energy was USD 15.9 million. Negotiations are ongoing to resolve certain disputed costs, which amount to an additional USD 18.7 million. In the event an agreement is not reached, the dispute will be submitted to a simplified arbitration; BW Energy's share of the disputed costs is 81.667%.

Following the exercise of the back-in right, BW Energy Gabon SA's ownership interest was reduced to 73.5%, while GOC and Panoro's ownership interests were reduced to 9% and 7.5%, respectively. Tullow Oil's ownership interest is 10%.

For 2020, BW has allocated funds to local initiatives in Mayumba, a village located nearby the Dussafu field. A task force has decided to finance solar-powered streetlights to improve lighting in the village following local presence and discussions with the local community. In addition, 20 navigation GPS will be issued to local fishermen to help safeguard navigation, and tutors will be appointed to support education at local schools. These activities are part of a long-term licence commitment to further support the development of Mayumba.



Directors' report

During 2019, BW Offshore demonstrated the competitive advantage of the combined FPSO and E&P business model, evident in the successful development of the Dussafu field in Gabon into a world-class oil producing asset. This is expected to continue after the successful listing of BWE in February 2020. Combined with the continued positive impact of the recent accretive BW Adolo and BW Catcher FPSO projects, this translated into a strong financial performance for the year and improved financial solidity.

Several operational milestones were reached in 2019, with 99.6% commercial uptime on the FPSO fleet. Oil production at Dussafu exceeded expectations and successful exploration drilling increased the field's 2P reserves by 237% and triggered an acceleration of future production growth. BW Offshore acquired the Maromba field in Brazil, adding 145 mmbœ of 2C reserves and a second E&P asset to be developed by applying the unique phased development strategy targeting proven oil and gas deposits with low reservoir risk and that are suitable for efficient redeployment of existing FPSOs.

In the financial market, BW Offshore successfully refinanced its main loan facility and outstanding bond portfolio at attractive terms to extend the instalment profile and finance growth investments. This included raising USD 297.4 million through a convertible bond. The BW Offshore share was included in the OBX Index, which reflects the 25 most actively traded companies on the Oslo Stock Exchange.

These achievements were made against a volatile market backdrop, with crude oil prices rising early in the year, followed by a correction and then a recovery to just above USD 60 per barrel by year-end. The global economy was also adversely affected by reduced industrial activity and escalations in the US - China trade dispute.

On the supply side, conventional oil companies are not investing enough to offset natural depletion. In 2020, it appears likely that a combination of long-term impact of reduced E&P spending in 2015 and 2016 will impact production at the same time as the US shale industry seems to be moving into a phase where capital discipline and consolidation will replace growth as the main objective.

The combined E&P and FPSO strategy offers attractive risk-reward in the current market environment. The Group can focus on developing fields with low reservoir risk through cost efficient redeployment of the existing FPSO fleet. BW Offshore's

subsidiary BW Energy as operator has control of the timing of capital expenditures, and the phased approach reduces investment requirements and the break-even oil price.

The Maromba field-acquisition represents the next step of the strategic shift initiated in 2017 with the Dussafu investment. At Maromba, BW Offshore can leverage significant operating experience from three different FPSOs at neighbouring fields sharing similar characteristics.

The disciplined, low-risk E&P strategy reduces cost and time to first oil, as well as the environmental development footprint by addressing already proven reserves and the redeployment of existing production units.

Additionally, BW Offshore can utilise in-house E&P capabilities to better evaluate field risk and potential in new and existing FPSO projects with third-party oil companies, including improved insights into the likelihood of existing FPSO contracts being extended. These are all factors that reduce risk and support high returns in both the E&P and FPSO segment.

BW Offshore prioritises safety in all its operations and has "zero harm" as an overriding objective for personnel and the environment to ensure all assets are operated in the safest manner.

BW Catcher, which is the Company's largest investment to date, performed with a 100% commercial uptime during 2019. BW Adolo achieved 99% uptime and produced 11,800 bopd during the year from the Dussafu field. The field continues to exceed expectations while the August 2019 Hibiscus discovery significantly increased 2P reserves and furthermore triggered a revised and expanded Ruche Phase 1 field development plan.

For BW Offshore, the investment in the E&P segment is seen as a success and it is important to continue to build this further. To enable financing of further growth, the E&P assets were organised in a new separate entity BW Energy Ltd, in preparation for a contemplated listing and Initial Public Offering (IPO). The IPO and listing on the Oslo Stock Exchange was successfully executed in early 2020 and the BWE Energy shares started trading on 19 February.

BW Offshore has experienced increased tendering activity for traditional FPSO lease projects throughout 2019 and sees project opportunities ahead as several competitors have recently committed to new projects. While increased activity provides



positive indications for the long-term outlook, BW Offshore will maintain its disciplined approach to bidding, as high competition continues to challenge project risk-reward.

BW Offshore is furthermore well positioned with its access to existing FPSOs combined with financial and operational capabilities to successfully execute field developments with BW Energy such as the Dussafu project with short lead-time from investment decision to first oil. Going forward, BW Offshore will look to maximise the potential from existing assets by participating in oil and gas fields where existing FPSOs are a key resource to unlocking and de-risking the developments and which offer an attractive risk reward profile.

Health, safety, security, environment, quality

Health, safety, security, environment and quality ("HSSEQ") have the highest priority throughout the BW Offshore organisation. The Group has established policies for safety, security, occupational health and environmental management.

Throughout 2019, the Operational Integrity function continued to be a strong driver behind the Company achieving its HSSEQ objectives. The primary objective is to ensure that the Group achieves zero harm to personnel, effective management of major accident hazard risks, effective mitigation of impact on the environment, maintaining a sustainable business through prudent operations, including taking proper care of Group property, without compromising other key business objectives.

Total LTI-rate (Lost Time Injury) and total TRI-rate (Total Recordable Injury) for BW Offshore in 2019 were 0.48 and 1.45, respectively. The comparable rates for 2018 were 0.68 and 1.94.

For more information, please see the Sustainability section of this Annual Report.

FPSO operations

As of 31 December 2019, BW Offshore had 11 out of 15 FPSOs in operation. The average commercial uptime for the operating fleet in 2019 was 99.6% (98.5% in 2018).

The Group's order backlog amounted to approximately USD 2.7 billion of firm contracts and USD 5.5 billion when including contract extension options.

In 2019, BW Offshore signed contract extensions for the FPSO's Cidade de Sao Vicente, FPSO Polvo, Abo FPSO and Petróleo Nautipa.

Berge Helene is reserved for redeployment on the Maromba field and the unit is under preservation with the condition assessment ongoing at Keppel Shipyard. Modifications will start once FID is reached on Maromba.

BW Opportunity is currently in lay-up but still on contract with Petrobras. The Group is awaiting an agreement with Petrobras to free up the unit for new projects.

BW Athena is currently in lay-up while being marketed for new projects.

The contract for the FPSO Umuroa was terminated at year-end and the unit is being demobilised from the field in New Zealand. The Umuroa is a versatile turret moored FPSO and an attractive redeployment candidate for field development.

E&P operations

Production from Tortue has exceeded expectations from the current two-well Tortue Phase 1 development with 11,800 bopd gross production during 2019. The Tortue Phase 2 development is on track for additional production coming onstream in the first half of 2020.

Financial performance

Income statement

Group revenue was USD 1,153.0 million in 2019 compared to USD 870.4 million in 2018. Total operating expenses were USD 443.8 million compared to USD 382.6 million in 2018.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for 2019 was USD 709.9 million compared to USD 489.2 million in 2018.

Operating profit was USD 297.6 million, compared to USD 157.5 million in 2018.

The increased revenue and operational profit were mainly due to oil production from the Dussafu field and higher revenue from BW Catcher as 2018 was affected by a lower day rate due to delays in start-up activities.

Net financial expenses were USD 113.3 million compared to USD 80.7 million in 2018. The increase was mainly related to Mark-to-market fluctuations on financial instruments.



Tax expense amounted to USD 78.2 million compared to USD 40.3 million in 2018. The increase was mainly related to increased tax related to oil production at Dussafu in 2019.

Net profit for 2019 was USD 106.1 million compared to USD 36.5 million in 2018.

Financial position

As of 31 December 2019, the Group had a net equity of USD 1,458.5 million compared to USD 1,320.9 million as of 31 December 2018. The net equity ratio at the end of 2019 was 43.3%, compared to 38.7% at the end of 2018.

As of 31 December 2019, the Group had interest-bearing debt of USD 1,246.8 million compared to USD 1,373.7 million in 2018. The interest-bearing debt comprises mainly of the Catcher facility, the corporate loan facility, convertible bond and unsecured bond loans.

Net interest-bearing debt as of 31 December 2019 was USD 996.6 million compared to USD 1,231.6 million in 2018.

Cash flow

Net cash inflow from operating activities was USD 608.3 million compared to net cash inflow of USD 435.9 million in 2018. The increase was mainly related to oil production from the Dussafu field.

Net cash outflow from investment activities amounted to USD 224.7 million, compared to USD 354.8 million in 2018. The investments were mainly related to the Dussafu and Maromba project and life extension activities on units in operation.

Net cash outflow from financing activities amounted to USD 275.5 million compared to USD 84.5 million in 2018. The net cash outflow was mainly related to cash transfer to non-controlling interest, repayments on the corporate loan facility, the Catcher facility and bonds, partly offset by new bond debt and a new corporate loan facility.

Dividends

At the end of 2019, BW Offshore was restricted from paying dividends under agreements related to an aggregate of USD 141.1 million in four outstanding bonds including related swaps. These bonds were called in December 2019 and repaid in January 2020. The company is allowed to pay a certain amount of dividends under the new BWO05 bond loan agreement and will recommence distributions in 2020.

Parent company accounts

BW Offshore Limited is a holding company. The Company reported a net loss of USD 196.7 million for 2019, compared to a net loss of USD 52.9 million in 2018. The loss for 2019 is mainly related to loss from the sale of subsidiaries in 2019.

Total assets were USD 2,080.4 million as of 31 December 2019 compared to USD 1,593.3 million in 2018.

Total shareholders' equity in BW Offshore Limited as of December 31, 2019 was USD 864.7 million, corresponding to an equity ratio of 41.6%.

Going concern

Based on the Group's overall position at the end of the year, as well as the current outlook, the Board believes BW Offshore has a good foundation for continued operations. The accounts have been prepared on a going concern basis.

Organisation

In 2019, Marco Beenen and Ståle Andreassen took over the roles of CEO and CFO respectively in a smooth transition process, with Carl Arnet and Knut Sæthre taking on the same roles in BW Energy.

BW Offshore is represented in all the major oil and gas regions worldwide, across Asia Pacific, the Americas, Europe and West Africa, supported by local onshore teams and is an organisation with a global presence.

At year-end 2019, BW Offshore had 2,126 employees including contract staff, compared to 2,138 in 2018.

The working environment and culture in BW Offshore are considered positive and strong, and there is continuous focus on initiatives for improvement. Culture surveys are performed regularly to assess the strength of the working culture and show a steady improvement on an already high base. In 2019, onshore absence due to sickness was 1.9% of the total hours worked by employees. This compares to 2.1% in 2018.

BW Offshore strives to be an attractive workplace that offers challenging and motivating jobs and equal development opportunities for all. There is no discrimination due to gender, nationality, culture or religion with respect to remuneration, promotion or recruitment.

Corporate Governance

The Board of Directors of the Company has adopted a Corporate Governance policy to reflect BW Offshore's commitment to good corporate governance. This policy is based on the latest update to the 'Norwegian Guidelines on Corporate Governance', prepared by the Norwegian Corporate Governance Board. BW Offshore's Corporate Governance policy complies with the Norwegian Guidelines, with certain deviations, as outlined and explained in the chapter named Corporate Governance in this annual report.

Risk

BW Offshore's risk exposure is analysed and evaluated to ensure sound internal control and appropriate risk management based on internal values, policies and code of ethics. The Group is exposed to market risk (including currency risk and price risk), credit risk, liquidity risk, and interest rate risk. Development of oil and gas fields is associated with risks not limited to, cost overruns, production disruptions as well as delays compared to initial plans. Some of the most important risk factors are related to the estimation and recoverability of reserves. Changes to oil price might influence the economic viability of planned developments and anticipated revenues from the production of such developments. The overall risk management programme focuses on addressing these risks and seeks to minimise potential adverse effects on the Group's financial performance. The most important operational risk factors are related to the operation of Dussafu, the



current fleet of FPSOs and the execution of projects, which could lead to accidents and oil spills to the environment if not managed properly.

On a fleet-wide basis, the Group takes out insurance coverage for its crew and support staff, pollution and clean up, damage to vessels, third-party liabilities and on some units' loss of hire. The Group has also taken out loss of production cover for the development on Dussafu. The insurance also covers losses resulting from acts of war and terrorism. Coverage for oil pollution and oil pollution caused by war and war-like actions is limited per incident.

BW Offshore's operational activities are subject to tax in various jurisdictions. As contracts with clients are long-term in nature, the Group's results are exposed to risk of changes to tax legislation.

Please refer to the IPO prospectus dated 29 January 2020 for specific risks related to BW Energy.

Events after the balance sheet date

The remaining outstanding USD 141.1 million bonds under The remaining outstanding USD 141.1 million bonds under BWO01, BWO02, BWO03 and BWO04 were repaid in full in January 2020.

BW Energy was listed on the Oslo Stock Exchange on 19 February 2020, raising an initial USD 125 million of new equity.

Outlook

Several years of under-investment has led to declining offshore production of oil and gas. The decrease will likely become more evident in the coming years, as production

tied to developments made in the previous investment cycle are increasingly subject to natural depletion.

A tighter global balance of crude oil supply and demand and lower break-even costs from increased efficiencies and significant repricing of oil exploration assets are expected to lead to more projects sanctioned going forward. The market outlook for offshore field developments, and FPSOs in particular, is favourable. Initially, the Company expects an increased focus on incremental investments tied to existing infrastructure, with green-field investments following later in the cycle.

BW Offshore's service offering and ability to partner with field owners to provide cost-effective solutions have been well received in the market. The Company is currently evaluating several field-development prospects, including FPSOs. The Company maintains a commercially disciplined approach to new investments and bids selectively on new projects.

The majority of BW Offshore's fleet remains on long-term contracts with national and independent oil companies. The fleet should continue to generate significant cash flow in the time ahead. BW Offshore has continued to reduce leverage and strengthen its financial position. The Group is ready to execute its strategy of redeploying existing assets and assuming new FPSO lease and operate projects only when strict risk-reward criteria are met. The successful BW Energy listing and relating capital raise ensures that the E&P business is financed on a stand-alone basis, leaving BW Offshore to deploy capital towards accretive FPSO projects. This positions BW Offshore to capture significant value creation going forward.

27 February 2020

Mr. Andreas
Sohlen-Pao
Chairman

Mr. Christophe
Pettenati-Auzière
Vice Chairman

Ms. Clare
Spottiswoode
Director

Mr. Maarten
Scholten
Director

Mr. René
Kofod-Olsen
Director

Mr. Carl K.
Arnet
Director

Board of Directors

Mr. Andreas
Sohmen-Pao
Chairman



Mr. Christophe
Pettenati-Auzière
Vice Chairman



Ms. Clare
Spottiswoode
Director



Mr. René Kofod-Olsen
Director



Mr. Maarten
Scholten
Director



Mr. Carl K. Arnet
Director

Audit Committee	Gender	Role
Christophe Pettenati-Auzière	M	Chair
Rene Kofod-Olsen	M	Member

Nomination Committee	Gender	Role
Andreas Sohmen-Pao	M	Chair
Bjarte Bøe	M	Member
Elaine Yew	F	Member

Technical and Commercial Committee	Gender	Role
Carl K. Arnet	M	
Maarten R. Scholten	M	

Compensation Committee	Gender	Role
Clare Spottiswoode	F	Chair
Maarten R. Scholten	M	Member



Management

Senior Management

Marco Beenen
CEO



Ståle Andreassen
CFO



Kei Ikeda
COO



Rune Bjorbekk
CCO



Lin G. Espey
CEPO (Chief
Exploration and
Production Officer)



Magda Vakil
General Counsel

Functional Management

Lucy McCabe
Head of Corporate
Integrity



Mike McAreavey
Head of Operational
Integrity



Pia Schnitler
Head of Human
Capital



Hans Kristian
Langsrud
Head of Asset
Engineering &
Maintenance



Michael Skyum
Head of Supply Chain



Fritz Ekløff
Head of IT & Systems



Corporate governance Code

BW Offshore Limited is a Bermuda limited liability company listed on Oslo Børs (the Oslo Stock Exchange).

BW Offshore Limited (hereinafter 'BW Offshore' or 'Company') and its activities are primarily governed by the Bermuda Companies Act, its Memorandum of Association and its Bye-laws. Certain aspects of the Company's activities are governed by Norwegian law pursuant to the Listing Agreement between the Oslo Stock Exchange and the Company. In particular, the Norwegian Securities Trading Act and the Norwegian Stock Exchange Regulations will generally apply.

1 Implementation and reporting on corporate governance

The Board of Directors (the 'Board') is of the opinion that the interests of the Company, and its shareholders taken as a whole, are best served by the adoption of business policies and practices which are legal, compliant, ethical and open in relation to all dealings with customers, potential customers and other third parties. These policies are fair and in accordance with best market practice in relationships with employees and are also sensitive to reasonable expectations of public interest.

The Board therefore commits the Company to good corporate governance, and has adopted the most current version - including the changes introduced on October 17, 2018 - of the Norwegian Code of Practice for Corporate Governance (the 'Code'), prepared by the Norwegian Corporate Governance Board.

The Board shall provide an overall overview of the Company's corporate governance in the Company's annual report. The review shall include each individual point of the Code. If the Company does not fully comply with the Code, this shall be explained in the Company's annual report.

2 The Business

In accordance with common practice for Bermuda incorporated companies, the Company's objects as set out in

the Company's Memorandum of Association are wider and more extensive than recommended by the Code.

The Board are responsible for and shall take the lead on the Company's strategic planning, and should define clear objectives, strategies and risk profile for the Company's business activities such that the company creates value for the shareholders. The Company's objectives, main strategies and risk profile are described in the annual report.

BW Offshore has implemented corporate values, ethical guidelines and guidelines for corporate social responsibility. These values and guidelines are described in BW Offshore's Code of Ethics and Business Conduct and internal policies.

3 Equity and Dividends

The Board continuously evaluates the Company's capital requirements to ensure that the Company's capital structure is at a level which is suitable in light of the Company's objectives, strategy and risk profile.

Pursuant to the Company's Bye-laws, the Board is authorised to declare dividend to the shareholders. The Board has drawn up a clear and predictable dividend policy approved by the Annual General Meeting on May 12, 2011. Full details of the dividend policy can be found on BW Offshore's website.

Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the Board has wide powers to issue any authorised unissued shares in the Company on such terms and conditions as it may decide, and may exercise all powers of the Company to purchase the Company's own shares.

The powers of the Board to issue and purchase shares are neither limited to specific purposes nor to a specified period as recommended in the Code.



4 Equitable treatment of shareholders and transactions with close associates

The Company has one class of shares. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the shareholders of the Company do not have pre-emption rights in share issues unless otherwise resolved by the Company. Any decision to issue shares without pre-emption rights for existing shareholders shall be justified. In the event that BW Offshore waives the pre-emption rights of existing shareholders, the Board of Directors will explain the justification in the stock exchange announcement issued in connection with the increase in share capital.

Any transactions the Company carries out in its own shares shall be carried out either through the Oslo Stock Exchange or with reference to prevailing stock exchange prices if carried out in another way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

In case of material transactions between the Company and a shareholder, a shareholder's parent company, director, officer, or persons closely related to any of these, the Board will obtain a valuation from an independent third party. Independent valuations shall also be obtained in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

5 Shares and negotiability

The Company's constituting documents do not impose any restrictions on the ability to own, trade or vote for shares in the Company and the shares in the Company are freely

transferable. However, the bye-laws include a right for the Board to decline to register the transfer of any share, and may direct the Registrar to decline (and the Registrar shall decline if so requested) to register the transfer of any interest in a share held through Verdipapirsentralen (VPS), where such transfer would, in the opinion of the Board, likely result in 50% or more of the aggregate issued and outstanding share capital of the Company, or shares of the Company to which are attached 50% or more of the votes attached to all issued and outstanding shares of the Company, being held or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively, such shares being effectively connected to a Norwegian business activity, or the Company otherwise being deemed a Controlled Foreign Company as such term is defined pursuant to Norwegian tax legislation. The purpose of this provision is to avoid the Company being deemed a Controlled Foreign Company pursuant to Norwegian tax rules.

6 General meetings

The annual general meeting will normally take place on or before 31 May each year. The Board shall make efforts to ensure that as many shareholders can participate in the Company's general meetings and that the general meetings are an effective forum for the views of shareholders and the Board. In order to facilitate this:

- the notice and the supporting documents and information on the resolutions to be considered at the general meeting shall be available on the Company's website no later than 21 calendar days prior to the date of the general meeting;
- the resolutions and supporting documentation, if any, shall be sufficiently detailed, comprehensive and specific to allow shareholders to understand and form a view on matters that are to be considered at the meeting;
- the registration deadline, if any, for shareholders to participate at the general meeting shall be set as closely to the date of the general meeting as practically possible and



- permissible under the provision in the Bye-laws;
- the members of the board of directors and the chairman of the nomination committee are present at the general meeting; and
- the shareholders shall have the opportunity to vote separately on each individual matter, including on each individual candidate nominated for election to the Company's Board and committees (if applicable)

Registration is made in writing, per telefax or by e-mail. Shareholders who cannot be present at the general meeting must be given the opportunity to vote by proxy or to participate by using electronic means. The Company shall in this respect:

- provide information on the procedure for attending by proxy;
- nominate a person who will be available to vote on behalf of shareholders as their proxy; and
- prepare a proxy form, which shall, insofar as this is possible, be formulated in such a manner that the shareholder can vote on each item that is to be addressed and vote for each of the candidates that are nominated for election.

Pursuant to common practice for Bermuda incorporated companies, the Company's Bye-laws states that the general meeting shall be chaired by the chairman of the Board unless otherwise agreed by a majority of those shares represented at the meeting.

The minutes of the annual general meeting will be published on the Company's website no later than 15 days after the date of the meeting.

7 Nomination Committee

The Company shall have a Nomination Committee comprising such number of persons as determined by the Company's general meeting from time to time, and which members shall be appointed by a resolution of the general meeting, including the chairman of the committee. The general meeting shall determine the remuneration of the Nomination Committee and shall stipulate guidelines for the duties of the Nomination Committee.

The composition of the Nomination Committee should reflect a broad range of shareholder interests. The majority of the committee shall be independent of the Board and the executive personnel of the Company. No more than one member of the Nomination Committee shall be a member of

the Board of Directors. The Nomination Committee shall not include the Company's chief executive officer or any other executive personnel.

The Nomination Committee's primary duty is to propose candidates for election as members of the Board of Directors and to propose the remuneration to be paid to the members of the Board of Directors. The Nomination Committee shall justify its recommendations for each candidate separately.

Any member of the Board of Directors who is also a member of the Nomination Committee may offer himself for re-election to the Board of Directors. This deviation from the Code has been implemented to facilitate cooperation between the Nomination Committee and the Board, and continuity in the Board.

The Company shall provide information on the Nomination Committee and any deadlines for submitting proposals to the committee by shareholders.

8 The composition and independence of the Board

The Board shall consist of between five to ten directors. The directors are elected for a period of two years unless otherwise determined by the general meeting. Members of the Board may be re-elected. Only a minority of the directors participating in any decision can be domiciled or living in Norway. The same shall be reflected in the composition of the Board. The Board appoints the chairman amongst the elected Board members.

The composition of the Board shall ensure that it can act independently of any special interests. A majority of the shareholder-elected members of the Board must be independent of the Company's executive personnel and material business connections of the Company. In addition, at least two of the members of the Board must be independent of the Company's major shareholder(s). For the purposes of this Corporate Governance Policy, a major shareholder shall mean a shareholder that owns 10% or more of the Company's shares or votes, and independence shall entail that there are no circumstances or relations that may be expected to be able to influence independent assessments of the person in question. The Board does not include the Company's chief executive officer or any other executive personnel. The composition of the Board does not meet the recommended gender guidelines of the Code, but meets the Company's need for expertise and diversity. A short description of our directors and their respective areas of



expertise are presented on the Company's website www.bwoffshore.com.

Members of the Board are welcome to own shares in the Company.

9 The work of the Board

The Board is ultimately responsible for the management of the Company and for supervising its day-to-day management. The duties and tasks of the Board are detailed in the Company's Bye-laws.

The Board shall produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The Board shall issue instructions for its own work, as well as for the executive personnel, with particular emphasis on clear internal allocation of responsibilities and duties.

Directors and officers of the Company and other leading personnel shall notify the Board if they directly or indirectly have a significant interest in matters to be considered by the board of directors.

In order to conduct its work, the Board each year fixes in advance a number of regular scheduled meetings of the Board for the following calendar year, although additional meetings may be called by the chairman. The directors shall normally meet in person, but if so allowed by the chairman, directors may participate in any meeting of the Board by means of telephone. Minutes in respect of the meetings of the Board of Directors are kept by the Company in Bermuda.

The Board shall provide details in the annual report of any Board committees appointed. The Board shall have an Audit Committee as a preparatory and advisory committee for the Board, and the entire Board shall not act as the Company's Audit Committee. In addition, the Board shall have a Remuneration Committee as a preparatory and advisory committee for the Board in order to ensure thorough and independent preparation of matters relating to compensation to the executive personnel.

The Board carries out an annual evaluation of its performance and expertise.

10 Risk management and internal control

The Board ensures that the Company has sound internal control procedures and systems to manage its exposure to risks related to the conduct of the Company's business, to support the quality of its financial reporting and to ensure

compliance with laws and regulations. Such procedures and systems shall contribute to securing shareholders' investment and the Company's assets.

Management and internal control is based on Company-wide policies and internal guidelines in areas such as Finance and Accounting, HSE, Project Management, Operation, Technical and Business Development, in addition to implementation and follow-up of a risk assessment process. The Company's management system is central in the Company's internal control and ensures that the Company's vision, policies, goals and procedures are known and adhered to.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements and an annual supervisory plan for internal audit work is approved by the CEO, based on HSSEQ recommendations and risk assessments carried out.

The internal auditor position is independent from the line management and reports directly to the CEO. In addition to its own controlling bodies and external audit, the Company is subject to external supervision by DNV GL for classification in accordance with relevant ISO standards.

The Board's Audit Committee follows up internal control in connection with quarterly reviews of the Group's financial reporting in addition to two meetings in which internal control issues are addressed specifically. The chief financial officer, the Company's other relevant senior staff and representatives of the external auditor, attend the meetings of the Audit Committee.

The systems for risk management and internal control also encompass the Company's guidelines regarding how the Company integrates considerations related to stakeholders into its creation of value.

BW Offshore has established a Code of Conduct for the Company and its employees providing guidance to employees on how they can communicate with the board to report matters relating to illegal or unethical conduct by the Company.

11 Remuneration of the Board of Directors

The general meeting decides the remuneration of the Board. The remuneration of the Board and its individual directors shall reflect the Board's responsibility, competence, use of resources and the complexity of the business activities.



The remuneration of the directors shall not be linked to the Company's performance and the directors do not receive profit related remuneration or share options or retirement benefits from the Company. Any remuneration in addition to normal fees to the directors is specifically stated in the annual report.

Directors or companies related to BW Offshore, shall not normally undertake special tasks for the Company in addition to the directorship. However, if they do so, the entire Board shall be informed, and the fee shall be approved by the Board.

12 Remuneration of the executive personnel

Remuneration of the executive personnel is reviewed annually. The work is carried out by the Remuneration Committee, which generally considers the executive personnel's performance and also gathers information from comparable companies before making its recommendation to the Board for approval. Such recommendation aims to ensure convergence of the financial interests of the executive personnel and the shareholders.

Any performance-related remuneration to executive personnel is subject to an absolute limit. The limit is approved by the Board of Directors based on a recommendation from the Remuneration Committee.

The Board approves any share option programmes in the Company available to the employees of the Company and subsidiaries. Detailed information of remuneration, loans, shareholding of the management and any share option programmes can be found in the consolidated financial statements.

13 Information and communications

The Company is committed to provide information in a manner that contributes to establishing and maintaining confidence with important interest groups and stakeholders. The information shall be based upon transparency, openness and equal treatment of all shareholders. A precondition for the share value to reflect the underlying values in the Company is that all relevant information is disclosed to the market. Based on this, the Company will endeavour to keep the shareholders informed about profit developments, prospects and other relevant factors for their analysis of the Company's position and value. It is emphasised that the information is uniform and simultaneous.

A currently updated financial calendar with dates for important events, such as general meeting, publishing of interim annual reports, dates for payment of potential dividend etc. shall be accessible for the shareholders on www.oslobors.no and on the Company's website www.bwoffshore.com.

Public investor presentations are arranged in connection with submission of annual and quarterly results for the Company. The presentations are also accessible on the Company's website. Furthermore, continuous dialogue is held with, and presentations are given to, analysts and investors.

14 Take-overs

In the event of a take-over process, the Board shall ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board shall abide by the principles of the Code, and also ensure that the following take place:

- the Board shall ensure that the offer is made to all shareholders, and on the same terms;
- the Board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
- the Board shall strive to be completely open about the take-over situation;
- the Board shall not institute measures which have the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- the Board must be aware of the particular duty the Board carries for ensuring that the values and interests of the shareholders are safeguarded.

The Board shall not attempt to prevent or impede the take-over bid unless this has been decided by the shareholders in general meeting in accordance with applicable laws. The main underlying principles shall be that the Company's shares shall be kept freely transferable and that the Company shall not establish any mechanisms which can prevent or deter take-over offers unless this has been decided by the shareholders in general meeting in accordance with applicable law.



If an offer is made for a Company's shares, the Board shall issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to the shareholders on whether or not to accept the offer, it should explain the reasons for this. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the reasons why specific members of the Board have excluded themselves from the statement.

The Board shall consider whether to obtain a valuation from an independent expert. If any member of the Board, or close associates of such member, or anyone who has recently held a position but has ceased to hold such a position as a member of the Board, is either the bidder or has a particular personal interest in the bid, the Board shall obtain an independent valuation. This shall also apply if the bidder is a major shareholder (as defined in section 8 above). Any such valuation should either be enclosed with the Board's statement, or reproduced or referred to in the statement.

15 Auditor

The Company's auditor is appointed by the general meeting and shall hold office for the term resolved by the general meeting or until a successor is appointed. The auditor is responsible for the audit of the consolidated financial statements of the Company. The board of directors shall ensure that the auditor annually presents an audit plan to the Audit Committee and/or the Board.

The auditor's remuneration shall be fixed by the shareholders at the general meeting or in such manner as the general meeting may determine.

The Audit Committee shall invite the auditor to participate in the Audit Committee's review and discussion of the annual accounts and quarterly interim accounts. In these meetings, the Audit Committee is informed of the annual and quarterly accounts and issues of special interest to the auditor. Further, the auditor shall participate in meeting(s) of the Board that deal with the annual accounts. At these meetings the auditor should review any material changes in the Company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the management of the Company and/or the Audit Committee.

The Audit Committee should at least once a year review of the Company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

The Board shall specify the right of the Company's executive management to use the auditor for purposes other than auditing.

The auditor shall annually confirm his independence in writing to the Audit Committee.

Shareholder information

Investor relations policy

It is in the interest of BW Offshore as a public listed company to effectively communicate with the financial community and other stakeholders in order to ensure a fair valuation and increase the shareholder value. The integrity of the capital markets is based on full and fair disclosure of information.

BW Offshore will maintain a reliable and open relationship with investors, and the Company's objective is to provide a higher return compared to alternative investments with a comparable risk profile. Return is measured on a total shareholder return basis, including both share price performance and dividend payments. Based on these value parameters, the BW Offshore share shall be an attractive investment opportunity.

All shareholders in BW Offshore have equal rights and the Company treats all shareholders equally. The Company has one share class and each share carries one vote at the Company's general meetings. BW Offshore is a Bermuda limited liability company listed on the Oslo Stock Exchange. The Company is therefore obliged to comply with the Bermuda Companies Act, its Memorandum of Association and its by-laws, as well as the disclosure requirements of the Oslo Stock Exchange.

Certain aspects of the Company's activities are governed by Norwegian law pursuant to the Listing Agreement between Oslo Stock Exchange and the Company. In particular, the Norwegian Securities Trading Act and the Norwegian Stock Exchange Regulations will generally apply.

BW Offshore commits to good corporate governance and generally comply also with the Norwegian Code of Practice for Corporate Governance. Divergence from this code is clearly described in BW Offshore's Corporate Governance policy, which is included in the Annual Report and available on the company's website.

BW Offshore is committed to providing timely, orderly, consistent and credible information. Information and communication are regulated by the Company's media policy and investor relation policy, and covers disclosures to the investment community, the press, industry consultants and other audiences. All investors have equal access to material information, and all information provided externally by the Company shall be consistent with disclosures to the investors community.

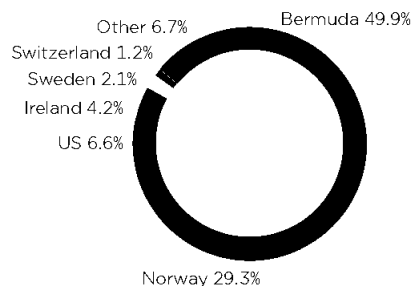
During a period of two weeks before the planned release of an interim financial report, BW Offshore will not comment on matters related to the Company's financial performance or expectations, save for ordinary communication with analysts and investors on general aspects of the business.

BW Offshore maintains a list of primary insiders in the Company and will also maintain internal lists for insiders in cases sensitive to the stock prices.

The investor relations activities aim to ensure that:

- The information it provides to the financial markets gives market players the best possible basis for establishing a precise picture of the Company's financial condition and factors which might affect its future value creation
- The market price of BW Offshore's shares reflects the fair value of the Company
- BW Offshore's shares remain as liquid as possible, with the lowest possible volatility
- BW Offshore maintains access to capital markets on the most favourable possible terms
- BW Offshore's Board of Directors and executive management are adequately informed about developments in financial markets and about stakeholder views on the Company's position and development

GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS





20 LARGEST SHAREHOLDERS

Name	No of shares	Holding
1 BW Group Limited	92,332,844	49.92
2 FOLKETRYGDFONDET	4,488,031	2.42654
3 VERDIPAPIRFONDET ALFRED BERG GAMBA	3,446,877	1.86362
4 Citibank, N.A.	3,238,782	1.75111
5 VERDIPAPIRFONDET NORGE SELEKTIV	2,720,188	1.47072
6 DNB Markets Aksjehandel/-analyse	2,528,659	1.36717
7 VERDIPAPIRFONDET PARETO INVESTMENT	2,430,000	1.31382
8 Carl K. Arnet	2,310,000	1.25219
9 State Street Bank and Trust Comp	2,134,968	1.15431
10 Morgan Stanley & Co. LLC	1,920,010	1.03809
11 VERDIPAPIRFONDET ALFRED BERG NORGE	1,918,131	1.03707
12 ARCTIC FUNDS PLC	1,725,361	0.93285
13 UBS Switzerland AG	1,714,083	0.92675
14 JPMorgan Chase Bank, N.A., London	1,481,776	0.80115
15 VERDIPAPIRFONDET ALFRED BERG AKTIV	1,407,975	0.76125
16 State Street Bank and Trust Comp	1,162,536	0.62855
17 J.P. Morgan Bank Luxembourg S.A.	1,085,619	0.58696
18 VERDIPAPIRFONDET DNB NORGE	1,059,432	0.57280
19 Skandinaviska Enskilda Banken AB	1,027,994	0.55580
20 Nordnet Bank AB	1,023,404	0.55332

Date: 31 December 2019

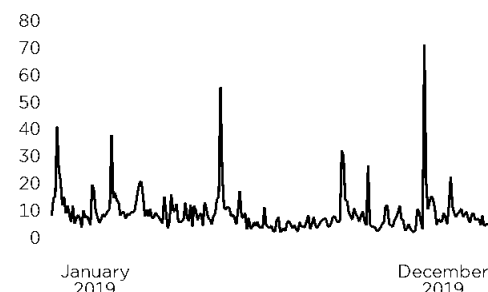
SHARE PRICE

NOK



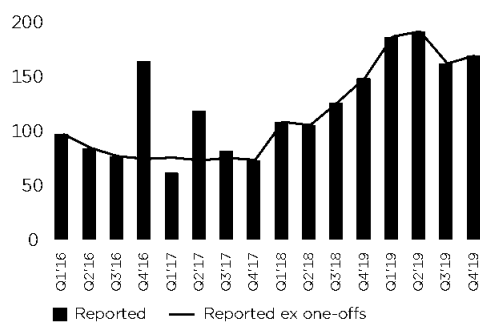
VOLUME

NOK

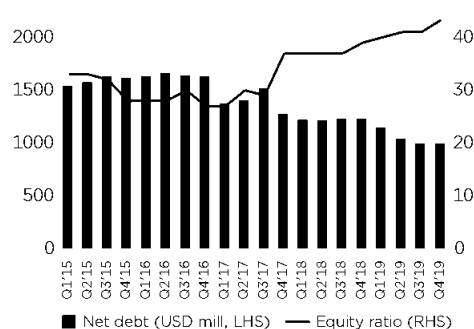


EBITDA

Quarterly, USD million



NET DEBT & EQUITY RATIO





/ Sustainability report

Guided by its vision, purpose and principles, BW Offshore aspires to achieve sustainable development by striking a fair balance between financial results, value creation, sustainability and corporate responsibility. BW Offshore will inform stakeholders about objectives, priorities and achievements that are relevant to their interests, expectations and concerns from a sustainability perspective.



BW Offshore takes part in a value chain providing safe and affordable energy supply, an important factor for economic growth in both developed and undeveloped economies. The Company has an established framework for risk management to ensure safe and effective operations by adhering to a 'zero harm' policy and by minimising unnecessary use of resources and environmental impact. As a responsible and inclusive employer, BW Offshore impacts positively on local job creation and development.

BW Offshore has defined the following as the most important factors for long-term value creation:

- Safe and secure operations
- Environmentally conscious operations
- A strong governance framework
- Being a non-discriminating and fair employer

BW Offshore has an established, holistic approach to Health, Safety, Security, Environment and Quality (HSSEQ) across all its operations. The Company also shows due respect for the individual, human rights and employment practices.

Materiality analysis

BW Offshore holds a leading position as a provider of FPSOs to energy companies worldwide with employees and assets in most oil and gas producing basins. The Company conducts its business in a responsible manner and seeks to exert a positive influence on matters related to corporate responsibility in activities and operations that are important for the Company and for long-term value creation for its stakeholders.

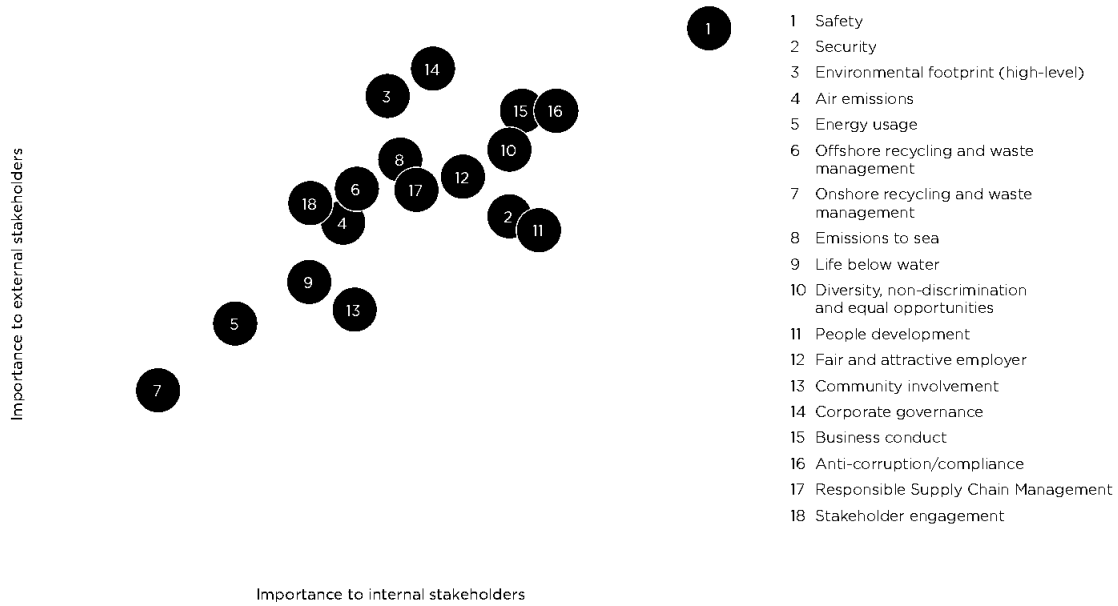
BW Offshore has chosen to develop its framework for providing information about the Company's corporate responsibility as a part of the annual report rather than as a stand-alone document. This reflects a continuous commitment to integrate corporate responsibility in all processes and daily operations. Satisfactory financial performance over time is considered a pre-requisite for creating stakeholder value.

To better understand stakeholders' expectations and the risk factors and opportunities they perceive as important to the Company's long-term value creation, BW Offshore prepared a materiality analysis in January 2020, which has been summarised in a materiality matrix. The analysis identifies the areas where BW Offshore may make the biggest contribution related to environmental, social and governance topics for the society at large and to support value creation over time.

The materiality analysis is based on feedback from external and internal stakeholders who have responded to and provided comments on a questionnaire based on relevant topics (inspired by Global Reporting Initiative (GRI) standards), either electronically or through interviews. External stakeholders included customers, partners, regulators, supply chain, investors and lenders. Internal stakeholders included various Group functions and employee feedback provided through the annual culture survey.

The survey covers key factors for BW Offshore's daily operations and long-term value creation related to the environment, people, safety and governance. The responses help identify the most material challenges and opportunities that the Company needs to address in both its day-to-day operations and long-term strategic development, to ensure sustainable value creation.

Materiality analysis



Based on the materiality analysis, BW Offshore has defined the following as the most important factors for long-term value creation: safe and secure operations; environmentally conscious operations; a strong governance framework; and being a non-discriminating and fair employer.

These factors tie in with the Company's commitment to Operational Integrity and safety and its 'zero harm' objective for personnel and the environment at large, supported by the I LEAD principles that guide and motivate leadership at all levels in the organisation. The factors are also reflected in the Company's support for the United Nations Sustainable Development Goals (SDGs).

	Safe and secure operations	Environmentally conscious operations	A strong governance framework	Being a non-discriminating and fair employer
KPI	HPI	Spills to sea	Corruption incidents	National content in local offices ¹⁾ and offshore
2019	0.78	19.23 litres	Zero	72%
Ambition	Zero	Zero	Zero	90% by 2025
Actions	Continuous safety improvements	Continuous improvement of containment integrity	Training	Targeted recruitment and development programme

1) Not including corporate offices in Oslo, Houston and Singapore

Contribution to UN Sustainable Development Goals ¹⁾

The SDGs described below are those considered to be the most material for BW Offshore and where the Company can have the greatest impact.

UN Goal	UN definition	BW Offshore's Contribution	Future priorities (2020)
<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Create conditions that allow people to have quality jobs that stimulate the economy while not harming the environment	<ul style="list-style-type: none"> • Providing safe, meaningful jobs to a substantial local workforce • Offering training, education and development programmes for employees • Being a diversity and equal opportunity employer • Contributing to local value creation 	<ul style="list-style-type: none"> • Global young talent programmes. Recruit 5–10 new talents every year • Culture improvement programme as a response to culture survey • Train on leadership behaviours for leaders and the whole workforce • Nationalisation programmes • Recruitment and development with the global organisation as an arena
<p>13 CLIMATE ACTION</p>	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> • Safe and secure operations • Managing impact to the environment, to as low as reasonably practicable • Optimising use of energy, water and other consumables 	<ul style="list-style-type: none"> • Study the potential for early phase out of controlled ozone depleting substances • Study reductions and fugitive emissions • Implement a standard for Best Available Techniques (BAT) for new projects • Study optimising power and utility system, to reduce fuel consumption
<p>14 LIFE BELOW WATER</p>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development		
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> • Continuous reporting of operational, financial and governance-related data • Guidelines for ethical and good business conduct • High anti-corruption focus • Responsible procurement 	<ul style="list-style-type: none"> • Further develop the Company's Code of Ethics and Business Conduct compliance programme by providing training sessions on all locations • Vendor qualification programme

¹⁾ The UN Sustainable Development Goals (SDGs) were agreed upon by all 193 UN member states in 2015, and guide governments, civil society and the private sector in a collaborative effort for change towards sustainable development.





BW Offshore prioritises safety first in all its operations and has “zero harm” as an overriding objective for its personnel and the environment at large.

BW Offshore has established a set of five Principles to guide towards effective leadership behaviour at all levels in the organisation. These are summed up in ILEAD.



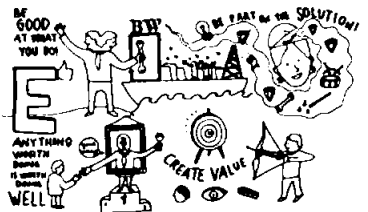
I Integrity

- Do what you say you will
- Be trustworthy
- Be transparent
- Be authentic



L Leverage the team

- Collaborate and share
- Respect the individual
- Talk to and not about each other
- Inspire and influence



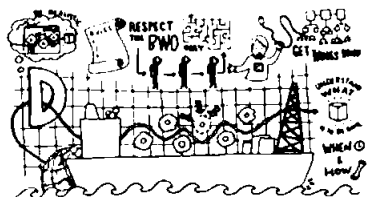
E Excellence

- Be good at what you do
- Anything worth doing is worth doing well
- Be part of the solution
- Create value



A Accountability

- Value the company's resources as your own
- Take responsibility
- Take ownership
- Engage



D Disciplined delivery

- Be realistic
- Understand what is to be done, when and how
- Get things done
- Respect the BWO system

/ Safe and secure operations

BW Offshore is committed to efficient, reliable and compliant operations with zero harm to people, the environment and the communities in which it operates. The Company applies best-in-class as a benchmark for monitoring, assurance and improvement of operational performance and compliance.





Operational Integrity (OI) is a corporate support function for the wider BW Offshore organisation. The function defines the relevant performance requirements and targets. It also provides an assurance framework to demonstrate OI performance throughout the lifecycle, from design and construction to installation and operations.

The Operational Integrity function also manages Health, Safety, Security, Environmental, Quality (HSSEQ) protocols that enable BW Offshore to meet and exceed mandatory requirements and those the Company has chosen to apply as best practice.

The Company is certified to the ISO 9001, ISO 14001 and OHSAS 18001 international standards, which recognise the way it manages its business processes, its commitment to minimising environmental impact and its health and safety systems. The Group also holds a Document of Compliance from the International Safety Management Code.

BW Offshore has a target of being an industry leader, with the lowest reasonably possible frequencies for lost time injuries, high-risk incidents—including spills to the environment and unplanned emissions—and occupational illnesses. The Company's Operational Integrity function continuously monitors trends and takes prompt action to prevent or reverse any unwanted developments. BW Offshore gives all employees the explicit authority to stop all actions that they think are unsafe and/or are unsure of, and to initiate a process to define and clarify without any repercussions or questions.

Operational Integrity has established processes and tools to demonstrate operational performance and compliance in a transparent manner. The process is based on BW Offshore's operational objectives and how the Operational Integrity function supports the organisation in meeting and exceeding these targets through a continuous improvement cycle.

BW Offshore Stop Work Policy

STOP WORK

Doc. no: MS-PO05247 Rev: 2 Published: 01.07.2019

No task is so important that you must put yourself or others at risk of injury or illness to get it done.

This policy covers all employees, visitors, contractors and any other person affected by BW Offshore activities.

All employees, contractors and visitors have the permission and the responsibility to stop a work task or decline to perform an assigned task, without fear of negative consequences, when they believe there is a threat to the health and safety of themselves or others.

Individuals calling for Stop Work should inform their Supervisor or the person in charge of the work immediately. All people with the responsibility for performing work also have the responsibility to stop and reassess the work when a safety concern is raised.

If you are worried about your safety or the safety of others

If something feels wrong

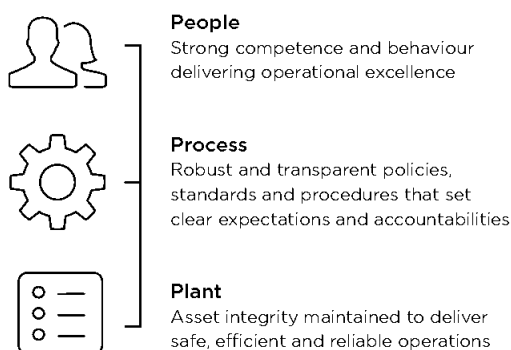
STOP – don't do it

You have my support

Marco Beenen
CEO BW Offshore
01st July 2019

Operational Integrity Framework

The Operational Integrity framework promotes repeatable operational excellence and provides a platform for continuous improvement. It is based on the three core elements: people, process and plant.



This framework is defined within the BW Offshore Management System, with the desired outcome of efficient, reliable and compliant operations delivered with zero harm through a comprehensive assurance programme. This assurance programme then allows for opportunities for improvement to be identified and realised.

Operational Integrity Performance

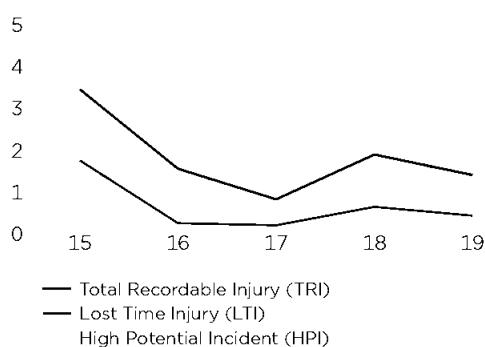
BW Offshore monitors Process Safety, Occupational Safety, Environmental and Asset Integrity, that are leading indicators to anticipate future performance issues and take proactive action to improve. The Company follows the International Association of Oil and Gas Producers (IOGP) guidelines for incident reporting, thus allowing for benchmarking with the wider industry.

A Lost Time Injury (LTI) is an injury in the workplace that means the injured person is unable to resume normal duties in their next shift or subsequent shifts. Total Recordable Injuries (TRI) are the sum of lost time injuries, restricted work cases and medical treatment cases. A High Potential Incident (HPI) is an incident not causing harm or damage but that, under slightly different circumstances, could have realistically resulted in one or more fatalities or major damage.

BW Offshore registered 5 LTI incidents in 2019 (8 in 2018). The LTI ratio (number of LTIs/million man-hours) was 0.48, down from 0.68 in 2018. This compares to an industry average ratio of 1.44 (International Association of Oil and Gas Producers Benchmark). The HPI ratio was 0.78 in 2019, down from 2.7 in 2018.

BW OFFSHORE HSE STATISTICS

Per million hours



Operational Integrity Compliance

The BW Offshore Management System is consistent with industry best practices, such as the Energy Institute Process Safety Management framework, and is certified to the International Safety Management (ISM) code for safe operation of ships and pollution prevention, ISO 9001 for Quality Management and OHSAS 18001 for Occupational Health and Safety Management.

All of BW Offshore's FPSOs are certified in accordance with the requirements of the International Ship and Port Facility Security (IPSS) code. The security policy of the Company, the FPSOs and Company premises is to prevent unauthorised access and the introduction of weapons and other dangerous devices or substances. The security policy underpins the Company's commitment to ensure zero harm to personnel and prevent damage to the Company's assets. The Company had no material security incidents in 2019 (2018: no incidents).

Continuous Improvement

BW Offshore considers failures as an opportunity to learn and improve. An effective process has been established to identify root causes of deviations and transform these into real improvements, which allows us to progressively build on our experience and strengthen our performance.

The 'learning from failure' approach will be further strengthened through the implementation of the 'I LEAD Next Phase' programme, WE LEAD, in 2020, which will install continuous improvements related to eight key leadership behaviours that promote positive I LEAD outcomes. The programme is based on a companywide I LEAD culture survey, followed by detailed engagement and feedback with the workforce. The programme involves the extensive continual personal development of leaders and teams throughout the organisation.



Eight key leadership behaviours:

<p>TRUST</p>	<p>OPENNESS</p>	<p>FEEDBACK</p>	<p>TEAMWORK</p>
<p>See the value of and have confidence in other people. Believing that people act with good intentions (and without hidden agendas), even when they act and think in a way that is different from you.</p>	<p>Be open to the possibility that no one (not even you) is right and that this might have severe consequences. Be open to feedback from others.</p>	<p>Give personal feedback to show that you see, appreciate what people around you do. Give critical feedback without blame or causing shame.</p>	<p>Collaborating towards common goals and agreed-upon norms, while helping each other become better in the process.</p>
<p>CARE</p>	<p>LEARN</p>	<p>SPEAK-UP</p>	<p>DILLEMMAS</p>
<p>Take ownership of your job by resolving problems and managing failures, even when they are outside of your formal role. Show colleagues that you care about their wellbeing.</p>	<p>Having the attitude that you can always learn something new, and to see failure as a vital source of learning.</p>	<p>Speak up if you observe non-compliance or hazards, or if you have any concerns. Encourage and empower others to do the same.</p>	<p>Seek out and manage failures arising from conflicts and dilemmas between goals, policies and people.</p>

In 2019, BW Offshore performed a culture survey based on eight key leadership behaviors, conducted by PROPEL SAYFR.

Future Priorities

Throughout 2020, BW Offshore will target full alignment of operations with the expectations set within the Management System. The objective is full transparency and ownership of the key activities that are instrumental in delivering efficient, reliable and compliant operations with zero harm.

BW Offshore will fully implement the WE LEAD programme to ensure an effective framework for continuous improvement of the learning culture within the company.

/ Environmentally conscious operations

BW Offshore is committed to contributing to a sustainable environment. The Company recognises that its operations may have wide-ranging impacts on the environment and therefore applies systematic risk management processes to identify, assess and mitigate impacts.

BW Offshore's environmental management system is third-party certified to ISO14001:2015 environmental management system standards. The Company seeks to align activities and operations with the collective UN Sustainability Development Goals #13 and #14 regarding climate action and life below water.





BW Offshore operates in a highly regulated industry with a growing body of environmental legislation and emerging industry best practice. The Company engages with industry, regulatory bodies and maritime administrations to ensure that all operations that may have a significant environmental impact apply the 'precautionary principle'. The environmental management system identifies and integrates all relevant regulatory compliance requirements and industry best practice.

BW Offshore monitors emerging environmental issues, technologies and practices to ensure it remains compliant, relevant and positioned to operate sustainably in the future.

Environmental performance

BW Offshore's environmental impact is measured by the operational performance of its FPSOs against key performance indicators. In 2019, environmental reporting was integrated into the assets' electronic daily reporting process. The quality of environmental performance monitoring has improved by enhancing the use of digitised data gathering from the asset's Integrated Control and Safety System.

Asset Management Teams ensure that facilities are effectively operated in accordance with the corporate environmental management system and environmental management standards. Relevant aspects are recorded through the digital environmental reporting system (ERS), which provides transparent, real-time data accessible to all employees within the organisation. Consolidated asset environmental performance is reviewed quarterly by the Senior Management Team. The management system is audited annually—both internally and by independent third parties. For environmental factors that are not fully within the control of the organisation, BW Offshore endeavours to collaborate with field operators and regulatory authorities to achieve the best practicable environmental performance.

Air emissions

On average, the BW Offshore FPSOs emitted 15kg of CO₂ per barrel of oil equivalent (boe) produced in 2019. The total volume of reported flared gas was significantly reduced from 2018 values. This is mainly due to the Cidade de São Vicente not being in operation and improved monitoring of fleet flaring.

In 2019, direct emission sources were included in emissions accounting and reporting. The addition of these direct emissions sources explains the increase in methane and non-methane volatile organic compounds reported compared to 2018. In 2020, BW Offshore will seek to improve the quantification of direct emissions through a fugitive emissions programme.

Energy efficiency

Gas flaring is normally a condition of the Field Operator's regulatory consent to operate to ensure responsible management of natural resources and maximise the licensing State's economic recovery. The FPSO operator's influence is limited to minimising operational irregularities that may lead to excess gas flaring and to maintaining the availability of gas processing systems.

Associated gas has traditionally been considered an unwanted by-product of oil production. BW Energy considers flaring of associated gas from oil production an inefficient use of energy (resource wastage). Where feasible, field developments are designed to capture and either export or re-use hydrocarbon gas associated with oil production.

In 2019, the BW Offshore fleet flared 110 cubic feet of associated gas per barrel of oil produced. The gross energy consumption of the BW Offshore fleet was reduced by 10% compared to the prior reporting period, partly due to the FPSO Cidade de Sao Vicente not being in operation. Energy efficiencies are asset-specific and depend upon individual operating and field conditions. However, minimising operational downtime and maintaining operating processes and utility systems at their optimal levels are key to maximising energy efficient performance.

In 2020, BW Offshore plans to perform a study of power and utility systems onboard its operating assets to optimise energy efficiency and reduce consumption of natural resources to operate power and heating systems. The study follows on from the asset-specific energy efficiency assessments performed in 2019, based on the ISO 50001 Energy Management System standard.

BW Offshore monitors power and heating consumption at onshore sites and seeks to implement energy-saving measures, including selecting energy-efficient consumables and partnerships where applicable.

BW Offshore acknowledges its global footprint and impact on the environment. The Company has invested in communication systems enabling efficient video meetings and promotes the use of such systems to minimise unnecessary travel. Due to international operations, some air travel is inevitable. However, CO₂ emissions related to corporate travel were reduced by more than 25% from 2018 to 2019 due to increased focus and implemented measures.



Case study: Floating plastic to fuel production—plastic waste to useful resource

Currently, BW Offshore is conducting a study to explore the feasibility of converting an existing vessel into a mobile 'plastics to fuel' processing plant. The vessel would be brought to regions that experience challenges with high volumes of plastic waste. Plastic that might have otherwise reached the ocean may instead be received at BW Offshore's facility and converted into a fuel product for further utilisation. Related discussions are ongoing with technology providers and government officials.

Consumption, wastes and materials management

In 2019, the BW Offshore fleet significantly reduced waste generated offshore and shipped to shore. The quantities of both hazardous waste and proportion of recyclable waste improved significantly compared to 2018. Asset teams audited shipboard waste management plans to

ensure that current arrangements and practices for waste management onboard comply with international maritime waste management standards. Some FPSOs have initiated their own programmes to reduce consumption of plastic waste.

Case study: Battery to balance energy peaks

BW Offshore has completed an initial study to explore the feasibility of installing a Hybrid Energy Storage System (HESS) on the BW Adolo FPSO as part of the Phase 3 upgrade. The HESS would be designed to provide up to 5 MW (megawatts) of power for 30 minutes.

The HESS will have several benefits, including reduction in emissions; reduction in operating costs by minimising breakdowns and maintenance of generators; and an increase in production by reducing unplanned shutdowns. The next stage will be to work on a FEED level study.



Emission to sea

The most significant, short-term risk to the marine environment and biodiversity associated with offshore oil and gas operations is the potential for an event that leads to a significant oil spill to sea. In 2019, all facilities performed scheduled

annual oil spill response drills to test their responsiveness and preparedness for unplanned oil pollution events. Where oil pollution preparedness and response drills simulated an uncontained spill to sea, these exercises were coordinated with the Field Operator to maximise their effectiveness.

NUMBER OF OIL SPILLS

Year	Overboard spills >100 bbls	Overboard spill < 100 bbls
2019	0	19 litres
2018	0	319 litres
2017	0	401 litres
2016	0	237 litres
2015	0	238 litres

Produced water

Produced water is a by-product of the oil production process. The most environmentally friendly option for managing produced water is to re-inject the water into the reservoir, provided facilities have been incorporated as part of the field development plan. Alternatively, produced water is processed onboard to a threshold cleanliness quality prior to discharge to the marine environment.

The operating fleet continues to outperform industry standards for the quality of produced water discharged to sea. The World Banking Group has established a guideline limit of 29 parts per million (ppm) oil in water content for produced water discharges. The BW Offshore fleet performance in 2019 was 17.3 ppm oil in water content for produced water discharges—an improvement on its 2018 performance.

Management marine environment impact

BW Energy is the licence holder of the Dussafu field. As Field

Operator, BW Energy is responsible for the environmental licencing process for the Dussafu field Development, consisting of Environmental and Social Impact Assessments. The environmental management system for the Dussafu field Development has been audited by third-party ERM (Environmental Resource Management) and is currently being implemented.

Future priorities

In 2020, BW Offshore will:

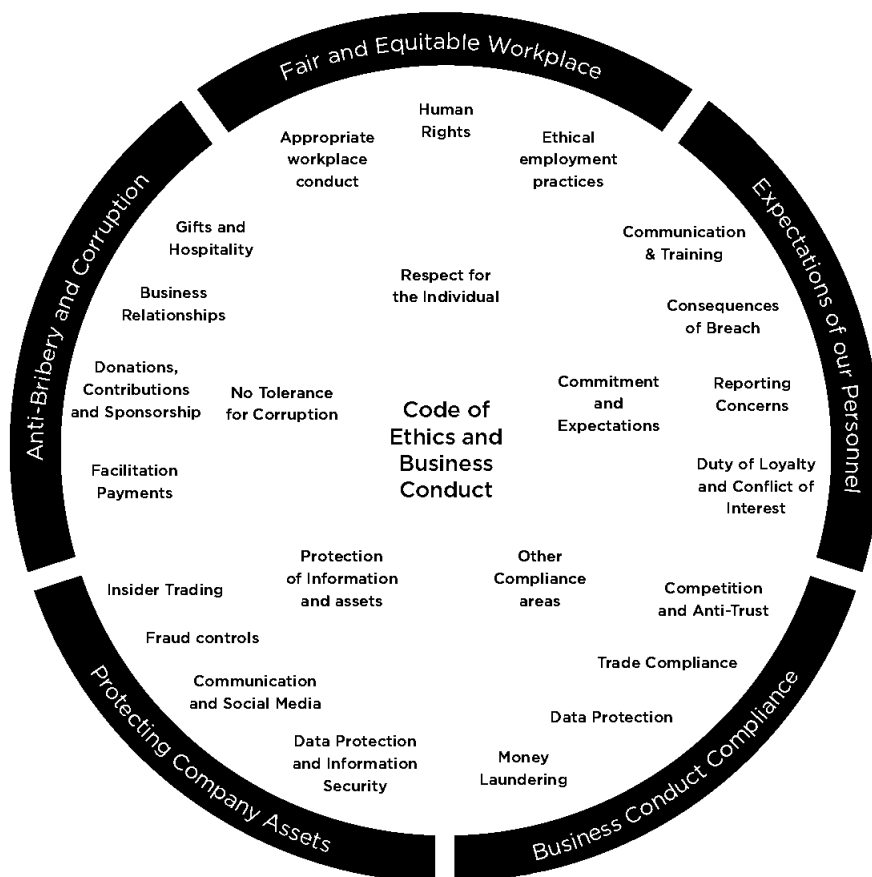
- Seek to improve quantification of fugitive emissions.
- Study the potential for early phase out of controlled ozone depleting substances
- Study reductions and fugitive emissions
- Implement a standard for Best Available Techniques (BAT) for new projects
- Study optimising power and utility system, to reduce fuel consumption

The Dussafu Marine Exclusive Exploitation Area is situated 15 miles away from the buffer zone of the Mayumba Marine Park. Following BW Energy's approval to proceed with the Phase I development plan from the Ministry of Oil and Hydrocarbons, an Environmental and Social Impact Assessment (ESIA) was carried out by an independent third party prior to installation of the FPSO anchors. Another ESIA was performed for the installation of the FPSO and the drilling operations of two development wells and one appraisal well. These assessments were performed under Gabonese law and involved several governmental entities, including the Ministry of Oil and Hydrocarbons, Ministries of Fisheries, Ministry of the Environment, Merchant Marine and the National Park Agency. BW Energy also organised a general information meeting with the representatives of the entities along with the local communities to explain operations and development activities in Gabon.



A strong governance framework

BW Offshore seeks to comply with applicable laws, rules and regulations in every country in which it operates. The materiality analysis reflects the importance of Business Conduct and Anti-Corruption compliance to the stakeholders. The Company is actively engaged with local authorities and follows international laws and standards for its operations. BW Offshore is also a fair and non-discriminating local employer and its activities generate substantial local revenue in terms of salaries and tax income. These are factors supporting the UN Sustainable Development goal #6 regarding peace and justice and strong institutions, and UN SDG #8 on decent work and economic growth.



Ethics and Business Conduct Compliance

The Company has developed policies for ethics and business conduct, which provide a basis for the attitudes and principles that should govern the culture in BW Offshore. These policies include the 'BW Offshore Code of Ethics and Business Conduct' ('the Code'), which applies to all employees in BW Offshore and companies in which BW Offshore has a majority interest (including joint ventures), and to all BW Offshore Board members, officers, temporary employees and legal agents, consultants, intermediaries and others who act on behalf of BW Offshore.

The latest version of the Code is available on the Company website. The Code is supplemented by specific 'Ethics and Business Conduct Guidelines' ('the Guidelines'), other subject matter policies and relevant internal procedures in BW Offshore's management system. The BW Offshore Ethics and Business Conduct compliance programme covers a range of subjects and comprises compliance management activities administered by BW Offshore's Head of Corporate Integrity, who reports directly to the CEO.

The programme, activities and progress of the Ethics and Business Conduct compliance programme are reported to and discussed by the BW Offshore Board of Directors on a quarterly basis.

BW Offshore has mandatory e-learning modules for all employees that must be completed on a regular basis to ensure that the entire workforce knows and understands the Company's expectations and commitment to compliance. The Company also provides job-role or geography-specific compliance training on-site, as dictated by the Ethics and Business Conduct risk assessment. The completion rate for the mandatory e-learning modules was 95% in 2019. BW Offshore's Corporate Integrity team has also given 33 on-site training sessions covering all 10 Company locations. In total, 421 employees, or approximately 52% of the onshore workforce, participated in these training sessions.

The Code, Guidelines and other key compliance programme documents and activities (including e-learning)



are available in BW Offshore's common languages: English, French, Portuguese, Spanish and Bahasa Indonesian.

Anti-Corruption

BW Offshore opposes any and all forms of corruption and is—together with the other Companies related to the BW Group—a member of the Maritime Anti-Corruption Network (MACN), a global business network working towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large.

Corruption can often be hidden in common forms of disguise, such as through gifts and entertainment, donations, sponsorship or political contributions. The exchange of corporate gifts and entertainment in a business context can help build goodwill and is a legitimate and valuable component of how the Company conducts its business, provided that any giving or receipt complies with the relevant laws and locally accepted good practice. Instances that are excessive or could be seen to influence decision-making or judgements are not acceptable, and BW Offshore has created corporate reporting and approval mechanisms to review and monitor the giving or receipt of gifts or hospitality.

The Company does not make political contributions, nor does it authorise any personnel or representatives to do so on its behalf. However, BW Offshore respects its personnel's right to voluntarily participate in political and democratic processes with their own time and resources.

BW Offshore is open to providing responsible and ethical community support: sponsorship, charitable contributions and donations, be it in-kind, services, knowledge, or direct financial contributions, aimed at improving the lives and welfare of the local communities in which it operates. The Company is careful to ensure that charitable contributions and sponsorships are not used as a cover for and do not constitute bribery. Appropriate compliance and corporate authorisation review and approval mechanisms are in place for this purpose.

It is the expectation of BW Offshore that all applicable business partners, suppliers, agents or other third parties (collectively referred to as 'suppliers') will also observe equivalent anti-corruption principles when conducting businesses with BW Offshore. BW Offshore has established a 'Supplier Code of Ethics and Business Conduct', in which it expresses the expectations the Company holds for its suppliers.

During the 2019 financial year, BW Offshore was not made aware of any confirmed cases of corruption.

Conflicts of Interest

BW Offshore requires its personnel and representatives to be loyal to BW Offshore, and to refrain from actions or from having interests that make it difficult to perform their work objectively and effectively. They must behave impartially in all business dealings and not give other companies, organisations or individuals improper advantages.

BW Offshore requires annual Conflict of Interest declarations to be made by all Personnel and in addition requires supplemental declarations to be made during the year, if a new conflict

presents itself. The declaration includes questions on personal interests and any relationship to public officials or politically exposed personnel. Key personnel within BW Offshore, such as the board, management, subsidiary Company directors or officers and functional leaders, are required to complete an extended declaration of their interests.

The declarations are reviewed by the Corporate Integrity department. From 2020, the declarations are collected through a new compliance IT portal with the objective of making reporting easier and allowing for more comprehensive review and recording of decision-making related to declared conflicts of interest.

Compliance Assessment of Business Partners

A key focus of the Ethics and Business Conduct compliance management programme at BW Offshore is the assessment of external related parties who work for the various business units or are part of their value chain. All business partners (including country partners, agents acting on behalf of the Company, and suppliers who provide goods and services) are assessed for: compliance with relevant laws and regulations; compliance with the principles and spirit of the BW Offshore Code of Ethics and Business Conduct (and the Guidelines); and any red flags that might indicate that use of the external party might have an adverse effect on BW Offshore's reputation, as part of the Company's 'Supplier Qualification' processes.

The Company's commitment to 'Respect for the Individual, Human Rights and Ethical Employment Practices' is also reflected in the Qualification compliance assessment work. The BW Offshore Supplier Code of Ethics and Business Conduct and BW Offshore's 'Modern Slavery Statement'—which can be found on the Company website—detail the risk assessments and the activities that aim to eradicate the risk of modern slavery, human trafficking and forced or child labour within the Company's business and supply chain.

The Corporate Integrity department performs the assessment of the vendors as part of the Qualification process, and may also request further information, perform in-person audits or mandate specific activities (such as certifications or trainings) to be completed by the supplier, as deemed necessary to manage the compliance risk the party might pose to BW Offshore. The Company will not engage an external party if the compliance risk is deemed too high.

In 2019, BW Offshore compliance assessed 1100 new potential business partners, of whom 160 (or roughly 15%) were subject to additional compliance activities prior to being accepted as a potential tenderer, or prior to being engaged, to provide goods or services to the Company.

Reporting concerns, asking questions and raising grievances

BW Offshore encourages open discussions about responsible conduct and if any relevant party discovers any unethical or illegal practice or finds themselves in an ethical dilemma, they are obliged to seek advice.

BW Offshore has established routines and an externally available reporting channel (the BW Offshore 'Speak Up Channel')



allowing employees, business partners and relevant stakeholders to report a concern in respect to breach of laws, regulations or BW Offshore's expectations in the Code and Guidelines. The 'Speak Up Channel' enables reporting via web and telephone, with local access numbers provided for most countries in the world and with the ability for reporters to speak to operators in 58 languages, including the official languages of all the countries in which BW Offshore operates. Reports can be made anonymously, and even when anonymity is chosen, the functionality of the 'Speak Up Channel' allows a reporter to create an access number and password to re-enter the report, which enables two-way communication between the Company and the reporter, thereby increasing the ability of the Company to request further information to properly understand and investigate the report. The 'Speak Up Channel' web portal has an 'Ask a Question' function, which can also be posed anonymously in the same way as the reporting mechanism. This 'Ask a Question' functionality aims to increase transparency and respect for the views and concerns of its key stakeholders.

BW Offshore commits that no retaliation will be taken against any personnel for raising any concern, question, grievance or complaint in good faith. All reports will be

treated confidentially and will be investigated promptly, thoroughly and fairly. Reports received and questions asked through the 'Speak Up Channel' function are communicated to the BW Offshore Board of Directors on a quarterly basis—with as much detail as is practical based on the Company's commitments to confidentiality and carrying out a fair and thorough investigation.

Breaches of BW Offshore's Code or relevant statutory provisions may result in disciplinary action, or dismissal with or without notice, and may also be reported to the relevant authorities. BW Offshore is committed to making necessary corrections and taking remedial action to prevent recurrence, should improper practice occur.

The BW Offshore Expressions of Concern policy elaborates several routes for BW Offshore Personnel to raise concerns, grievances or make reports and the BW Offshore Speak Up Channel is only one of those possible avenues. In 2019, BW Offshore recorded 10 reports across the BW Offshore Speak Up Channel, of which 7 were subject to further investigation and specific actions taken by the Company. None included any confirmed cases of corruption.

Governance structure

BW Offshore has a well-developed corporate governance structure and adheres to the Norwegian Corporate Governance Board (NUES) Code of Practice, last updated 17 October 2018. Please refer to the Corporate Governance section of the Annual Report for more details.



Management of the Company:

Senior Management: has the responsibility to discuss and decide upon strategic objectives, business evaluation, opportunities and risks review, priorities and financial results

Functional Management: includes Heads of functions; has the responsibility to develop and implement plans in accordance with the Company's strategy and priorities

Being a non-discriminating and fair employer

BW Offshore focuses on its employees and organisation, and the opportunities it can provide for the wider community. The Company is deeply aware of the importance of its people and their contribution to meeting operational and financial objectives. Ensuring the safety and wellbeing of its employees is BW Offshore's greatest responsibility and is reflected in its zero harm principle. Therefore, all processes seek to leverage human performance and a strong culture of care, and are in support of the UN Sustainable Development Goal #8 regarding decent work and economic growth.





Human rights, anti-discrimination and fair employment

The BW Offshore Code of Ethics and Business Conduct represents the commitment to respect for the individual, upholding human rights and instituting fair and ethical employment practices. BW Offshore has established several human capital policies with routines and procedures aligned with ethical and compliant business practices, such as rules for transparent recruitment and provision of employment agreements establishing its personnel's rights and entitlements.

The Company is committed to treating all persons with dignity and respect in the conducting of their duties and responsibilities. BW Offshore prohibits unlawful discrimination based on ethnic or national origin (including protection for indigenous peoples), age, gender identity or expression, sexual orientation, marital status or family structure, religion or disability. Inappropriate workplace conduct, such as harassment, violence or discrimination is not tolerated.

BW Offshore supports the United Nations Universal Declaration of Human Rights and the standards advised by the International Labour Organisation. Slavery, forced labour, child labour, torture and other violations of human rights are totally unacceptable.

Third parties providing goods and services to BW Offshore are expected to comply with human rights and relevant employment practices and the Company performs due diligence to support the effort to ensure that the various supply chains operate in an ethical and responsible manner to prevent slavery, human trafficking, forced or child labour and any other violations of human rights and labour standards.

Culture survey—employee input as to what is important

BW Offshore has a continuous focus on developing the company culture. In 2019, BW Offshore engaged an external company to assess the corporate culture which are defined by the I LEAD principles. A culture survey was carried out to assess the current situation and to identify areas for improvement. Seventy-two per cent of all employees and consultants, onshore and offshore, participated in the survey.

The overall outcome was a score based on a methodology developed to measure the company culture maturity level. BW Offshore scored in the top quartile relative to other companies in a large database of several company respondents, defined as an 'industry benchmark'. To address the identified areas for improvement, a culture improvement programme will be established and rolled out in 2020.

The employees, as important Company stakeholders, were additionally asked to address any topics in the qualitative input section of the survey. The topics most frequently addressed were interpreted as the ones of highest materiality to the employees as stakeholders.

The top five topics interpreted to be of highest materiality to the employees:

- Following rules and procedures
- Safety awareness
- Onshore management
- Offshore leadership
- Appraisal process

These topics support the future priorities of internal development related to management systems, culture and leadership behaviour for the whole organisation.

The culture improvement will be assessed again at regular intervals.

Working for BW Offshore

The headcount in BW Offshore is stable, with a slight decline of less than 1% from 2018 to 2019. Most workers are permanent, and fewer than 10% are contractors/consultants. Temporary employment is used for short-term requirements, specialists in specific areas or to cover project peaks.

Workforce diversity and equal opportunity

BW Offshore consists of employees with a wide range of experiences, backgrounds and characteristics. The Company continues to build a diverse workforce by attracting, recruiting, developing and retaining people of both genders, different nationalities and age groups, across all types of positions. The Company has employees from 61 nationalities, aged between 22 to 71.

BW Offshore monitors improvement on gender diversity in the Company. As of 31 December 2019, 13% of the workforce was female and 87% male. Onshore, the workforce was 30% female and 70% male. Women held 17% of the seats on the Board of Directors and women accounted for 25% of the management team. In 2019, 41% of new joiners were women, contributing to a positive trend and improvement in the coming years.

The average age of the management team is 50 years.



5.4 Bw Onshore Limited / Annual Report 2019





GENDER RATIO FOR ONSHORE MANAGERS

Title	Female	Male	Total
Senior Management	25 %	75 %	12
SVP/ VP (Vice President)	21 %	79 %	24
Manager	23 %	77 %	150
Grand Total	23 %	77 %	186

Team composition

BW Offshore believes that diversity promotes healthy collaboration and positive development of the Company's capabilities and operates with multinational teams on all offshore units and in all onshore locations.

The Company's strategy is to deliver local content to meet and exceed local requirements. Developing local content and competencies strengthens BW Offshore's position and operational abilities; BW Offshore proactively plans for this at an early stage of entry in any new country or any new operations, with the objective of achieving a high level of local content at the start of any new activity. A strong local connection provides knowledge, widens the available competence base and supports the development of a joint company culture. Local offshore management has increased from 22% in 2018 to 30% in 2019, showing the commitment to developing local competencies in leading positions. Future focus and strategy is to increase this percentage.

Training, competency and assessment

BW Offshore continuously invests in employee training and competency. The BW Academy, which is an internal e-learning platform, currently offers over 75 courses, which are available for all employees. This platform will continue to develop new updated courses in various formats to promote the best possible training. In 2019, a total of 12,944 courses were completed. Each employee on average completed 6.3 e-learning courses,

spending approximately 4.4 hours each to complete the training (9,708 hours in total).

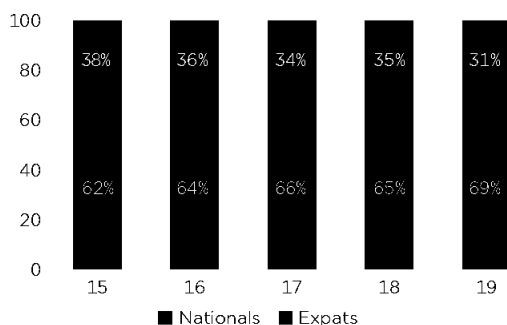
In addition to e-learning, the Company supports personal development and training by internal or external courses, within the categories of Leadership development, induction training, young talent programmes, professional and technical training. The Company is in process to start measuring reporting training hours for internal and external courses.

A reporting system is in place to monitor and ensure all employees have satisfactory training and certificates to comply with internal and external requirements. The system adapts to the requirements for each position. Requirements for training and certificates are applicable for contractors as specified in the Management System, in the same manner as for employees. Contractors can access internal courses.

In 2019, the completion rate of the mandatory training and required certificates was 99%.

As an initiative to promote learning, a section of the Company's e-learning portal has been made available to the public. Visitors to the Company website can access all the courses listed under 'FPSO University'. The aim is to provide a general understanding of how an FPSO works, and to motivate and attract interest in BW Offshore and its business.

OFFSHORE EXPATS AND NATIONALS



To secure the transfer of knowledge and train local competencies during the start-up of FPSO Adolo, 40 industry specialists were assigned as a shadow crew in 2018. They ensured safe operations and provided direct hands-on training to the local workforce recruited specifically for the unit. Today, the Gabonese crew has assumed most responsibilities and the shadow crew is being phased out.



Social initiative Nigeria: Supporting local communities by training and job creation

BW Offshore Nigeria serves as a good example of the Company's commitment to the development of competence and capability in local markets. The Company operates a training programme in compliance with the requirements set out by the Nigerian Content Development and Monitoring Board (NCDMB) and has, since 2016, trained over 50 young men and women across various disciplines—QHSE, Engineering and Project Management, Supply Chain and Human Resources, as well as several technical offshore disciplines.

Ten trainees will get an opportunity to join the next section of the programme in Q4, 2020. In addition to the certificated technical courses and robust on-the-job-training to which they are exposed, the trainees are given the opportunity to apply to join the award-winning BW Offshore Global Internship Programme, and approximately 40% of the trainees go on to be retained by the Company.

These initiatives tie-in to BW Offshore's commitment to developing a strong local workforce. In 2019, 91% of the employees in Nigeria were Nigerian nationals, up from 86% in 2018 and 64% in 2016. The Company is committed to a local content personnel target of 99% by 2023.

In 2019, BW Offshore Nigeria partnered with Rivers State University (formerly Rivers State University of Science and Technology), providing six-month internship opportunities to three master's degree candidates. This partnership will continue into 2020.

Young Talents

BW Offshore's Young Talent Programmes are aimed at attracting and retaining talent even before graduation. The Company tailors the programmes for students and recent graduates from targeted universities in areas we operate.

The award-winning BW Offshore Summer Internship Programme focuses on building awareness among students regarding what the Company can offer upon completion of their degrees, across departments, disciplines and locations. In 2019, six summer interns from four different countries participated in the global programme. In addition to this global programme, the Company facilitates several local initiatives for young talent.

"The tasks I performed during my internship allowed me to apply my university learning in a real-world environment and I managed to develop my interpersonal and problem-solving skills by interacting and working with other team members. I thoroughly enjoyed working with everyone and it was a pleasure being part of such a creative team. Working on many different projects allowed me to experience numerous aspects of the BW Offshore business and culture. I will personally take with me the LEAD principles and use them in my everyday life onwards." Daniel Inemugha, RSU master's candidate

In 2020, BW Offshore Nigeria will continue to promote two key local initiatives, with focus on in-country capacity development and the local environment.

BW Offshore Nigeria will award 22 educational scholarships to Nigerian graduates and undergraduates in engineering and technology disciplines. The scholarships cover tuition, room and board, and an upkeep allowance per year for the duration of the degree courses.

BW Offshore Nigeria will launch a 'Plastics & the Ocean' Campaign, in partnership with credible environmental agencies, towards ending the plastic pollution of the oceans, waterways and environment. The campaign is targeted both at raising awareness and actively promoting behavioural change. This initiative follows on from the 2018/2019 initiatives promoting reduction in the use of single-use plastics within BW Offshore Nigeria operations.

The BW Offshore Graduate Programme aims to give recent graduates a comprehensive introduction to the business, as well as a strong understanding of expectations and opportunities within the Company. The three-year programme, which includes close mentorship from dedicated senior personnel, builds a strong foundation for a long-term personal development and career with BW Offshore. In 2019, 12 graduates were enrolled in the programme at 3 different locations.

The Company is committed to support the UN SDG Goal #8 Decent Work and Economic Growth. The strategy is to recruit 5-10 young talents every year.



YOUNG TALENT

Year	Participation in the Global Summer Internship Programme	Participation in 3-year Graduate Programme
2015	8	9
2016	0	10
2017	7	4
2018	6	9
2019	6	12

Case study Brazil: Apprentice programme

Since 2015, BW Offshore Brazil has been committed to the local Apprentice's Act, which encourages companies to hire workers between the ages of 14 and 24. It is required by the Act that they receive training and courses to enhance their work skills.

As of 2019, the Company is supporting five apprentices through a two-year programme and is responsible for

enrolling them in training courses provided by one of the official professional qualification agencies certified by the Ministry of Labour, also known as SENAI. The courses include classes on workers' rights, worker health and safety, alcohol and drug prevention, and consumer education. The programme helps prepare the youth for transition to professional work and supports and strengthens their ability to find gainful employment.

Performance Management

BW Offshore holds Performance Dialogues (formerly Performance Appraisals) with all employees to formalise the performance management process as an important element of leadership and people development for both managers and employees. The process ensures open discussion on expectations, feedback on achievements, and positive and constructive feedback between managers and employees, as well as setting objectives for the coming period.

All managers and employees, as well as consultants engaged for longer terms, are encouraged to complete the Performance Dialogues, and in 2019 the completion rate of Performance Dialogues was 95%. Future focus is to continue the training of managers to ensure the best value of the performance management process.

Fair compensation structures

BW Offshore applies a meritocratic approach to ensure that the compensation framework supports the Company's long-term business strategy and delivers a total compensation that fairly reflects each Employee's contribution and performance. The salaries and benefits offered by the Company are significantly higher than local minimum wages. The Company is committed to the UN SDG #1 goal of No Poverty and decent living.

The BW Offshore Compensation Committee appointed by the Board of Directors is responsible for assisting and facilitating decision-making by the Board of Directors regarding executive remuneration. Executive remuneration

and variable compensation schemes (VCS) are subject to annual review and the discretion of the Board of Directors in accordance with the Company's governance. The VCS payout is determined according to overall Company results and HSEQ performance every year.

Compensation Principles

BW Offshore takes a holistic view of various factors to determine and ensure that total employee compensation is fair and above the minimum legal requirements in the various locations in which the Company operates. These factors include:

- Pay for Position: Independent compensation consultants are engaged periodically to ensure that pay levels in the Company are competitive with other companies of comparable size and nature of business in the same markets.
- Pay for Person: An employee's personal attributes, such as skills, experience and competency, influence the individual pay level and salary reviews.
- Pay for Results and Performance: The individual remuneration should reflect achievement of results, accomplishments and performance. The differentiation of base pay and variable pay should be a fair recognition and reward.

The fair evaluation of compensation is secured through alignment processes as part of the yearly salary review. The management team, guided by the human capital function, is collectively reviewing all evaluations and salaries across teams and locations.



Compensation Elements

The BW Offshore compensation model consist of the following main components:

- **Fixed Payment:** A base salary and cash compensation that is aligned and competitive in the markets in which the Company operates.
- **Variable Payment:** Short-term incentive (STI) programme—Variable Compensation Scheme (VCS). Employees are rewarded based on the annual performance related to the Company (financial and HSEQ results) and the Employee’s individual performance contribution, criticality and adherence to ILEAD principles.
- **Long-term incentive (LTI) programme—Share Option Scheme.** This is to incentivise long-term value creation for the Company, and to align the interests of the participating employees with the interests of the shareholders over a long period of time. Awards and participants are in on an annual basis.

Benefits: The Company offers pension plans and insurance schemes to all employees in all locations aligned with or above local legislations and markets.

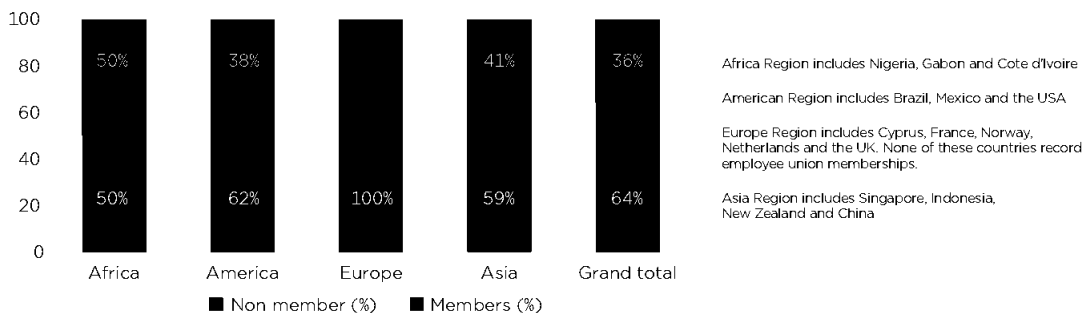
Collective bargaining agreement

BW Offshore is committed to supporting Freedom of Association and Collective Bargaining. This is clearly stated in the Code of Ethics and Business Conduct. Collective Bargaining is a negotiation process between the Employers and unionised Employees to regulate the terms and conditions, which include wages, working conditions, benefits and other aspects of workers’ compensation and rights for workers.

Collective bargaining is used in Brazil, Gabon and Nigeria. The interests of the employees are commonly presented by representatives of a trade union to which the employees belong, and the negotiation timeframe may vary according to local regulations. Currently, 36% of the total global workforce is covered by collective agreements.

Singapore, the largest office, is covered under the Collective agreement by the Shipbuilding and Marine Engineering Employees’ Union (SMEEU). The Collective Agreement enables a tripartite employment arrangement where the government, employer and union work together to provide employees with a fair and progressive work environment.

% OF GLOBAL WORKFORCE COVERED BY COLLECTIVE AGREEMENT



Labour relations

Local Work Environment Committees or equivalent are in place to ensure that a secure, safe and healthy working environment is implemented, discussed between management and employee representatives and maintained appropriately. At all offshore units in operation, there is an equivalent organisation called the Offshore Safety Committee (OSC) that maintains monthly meetings between employee representatives and the Company to discuss subjects regarding occupational health and HSE-related topics.

Future priorities

In 2020, BW Offshore will prioritise to establish and run the culture improvement programme I LEAD next phase.

The purpose of the programme is to emphasise continuous improvement of the company culture by providing training to leaders and employees on safe and efficient operations and people development.

BW Offshore will maintain its focus to further develop the existing young talent programmes and recruit 5-10 new young talents every year.

BW Offshore will continue focus on nationalisation programmes to increase the percentage of local workforce offshore and onshore.



BW Offshore Limited | Annual Report 2019 59



Summary of ESG KPIs

		2019	2018
Environmental impact			
Energy			
Energy consumption offshore	GJ	14,717,502	16,353,555
Greenhouse Gas			
CO ₂ equivalent	Te	1,670,719	2,513,000
N ₂ O	Te	80	-
CH ₄ (Methane)	Te	9,123	5,448
CO ₂	Te	1,393,695	-
CO ₂ equivalent per barrel produced	Kg/bbl	15	-
Non-Greenhouse Gas Emissions and Discharges			
CO	Te	2898	-
NO _x	Te	8,233	2,574
SO ₂	Te	340	634
nmVOC	Te	10,644	-
Flaring			
Flared Gas	mmscf	9,770	14,715
Air Travel Emissions (in Tonnes CO₂, equivalent)			
Fleet Operations	Te	9,277	9,051
Corporate	Te	6,060	8,169
Marine Discharges and Chemical Management			
Produced Water Re-Injected	bbl	2,055,850	-
Produced Water Discharged to sea	bbl	67,657,546	77,657,051
Oil in Water Content	ppm	17.3	18.0
Waste			
Total waste	Te	1,544	2,245
General Waste	Te	404	532
Recyclable Waste	Te	824	991
Hazardous Waste	Te	316	722
Number of significant oil spills		0	0

Reporting boundaries for air emissions calculations include:

- Annual direct emissions (annual calculated estimate)
- Plant combustion processes (calculated daily through environmental reporting system)
- Gas flaring (calculated daily through environmental reporting system)
- Unplanned gas releases (recorded through incident reporting system)
- Air travel emissions recorded by 3rd party agent
- Global warming potentials taken from IPCC 5th assessment report (2014)
- Emissions are limited to FPSO operations and air travel. Project activities are excluded.

"-" Indicates data not available



	2019	2018
People		
Employees		
Group total	2,126	2,138
Onshore	809	800
Offshore	1,317	1,338
Split nationals/expat Offshore	69% / 31%	65% / 35%
Employee turnover rate	7.83%	5.30%

Gender split (female/male)		
Group total	13% / 87%	13% / 87%
Onshore	30% / 70%	31% / 69%
Offshore	3% / 97%	2% / 98%
Group Senior and Functional Management	25% / 75%	22% / 78%
Board of Directors	17% / 83%	20% / 80%

	2019	2018
Health and safety		
Sick leave	1.90%	2.10%
Fatalities Employees	0	0
Fatalities Contractors	0	0
Lost Time Injuries rate (per million exposed hours)	0.48	0.68
Total Recordable Injury rate (per million exposed hours)	1.45	1.94
High Potential Incidents (per million exposed hours)	0.78	2.70
Number of Lost Time Injuries	5	8
Total Exposure Hours (million man hours)	10.32	11.67

	2015	2016	2017	2018	2019
HSE statistics, per million hours					
LTI	1.8	0.3	0.25	0.68	0.48
TRI	3.5	1.6	0.87	1.94	1.45
HPI	1.5	1.2	1.62	2.7	0.78

Certificates
 ISO 9001
 ISO 14001
 OHSAS 18001



Consolidated financial statements

Consolidated Statement of Income
Consolidated Statement of Comprehensive Income
Consolidated Statement of Financial Position
Consolidated Statement of Changes in Equity
Consolidated Statement of Cash Flows

Statement of Income
Statement of Comprehensive Income
Statement of Financial Position
Statement of Changes in Shareholders' Equity
Statement of Cash Flows

1 Corporate information
2 Significant accounting policies
3 Significant accounting judgments, estimates and assumptions
4 Segment information
5 Revenue
6 Operating, administrative and other expenses
7 Earnings per share
8 Employee benefit expenses, remuneration to directors and auditors
9 Retirement benefit assets and obligations
10 Income taxes
11 Inventories
12 Trade and other current assets
13 Cash and cash equivalents
14 FPSOs and vessels under construction
15 E&P tangible assets, property and other equipment
16 Intangible assets
17 Equity-accounted investments
18 Share capital
19 Loans and borrowings
20 Trade, other payables and non-current liabilities
21 Provisions
22 Financial instruments - fair values and risk management
23 List of subsidiaries, associates, joint ventures and non-controlling interests
24 Leases
25 Commitments and guarantees
26 Contingent assets and liabilities
27 Related parties transactions
28 Subsequent events
29 Reserves (unaudited)

1 General information
2 Accounting policies
3 Operating expenses
4 Income tax
5 Cash and cash equivalents
6 Share capital
7 Loans and borrowings
8 Trade and other payables
9 Financial assets and liabilities
10 Financial risk management
11 Shares in subsidiaries
12 Guarantees
13 Intercompany receivables and payables
14 Intangible assets

Responsibility statement
Alternative performance measures
Independent auditor's report



Consolidated Statement of Income

USD MILLION (Year ended 31 December)	Note	2019	2018
Revenue	4,5,24	1,153.0	870.4
Operating expenses	6,8	(386.2)	(333.0)
Other expenses	6	(21.0)	(16.2)
Administrative expenses	6,8,24	(24.6)	(33.4)
Net impairment loss on trade receivables	12	(12.0)	-
Total expenses		(443.8)	(382.6)
Share of profit/ (loss) of equity-accounted investments	17	0.7	1.4
Operating profit before depreciation, amortisation and sale of assets (EBITDA)		709.9	489.2
Depreciation and amortisation	14,15,16,24	(412.3)	(338.6)
Impairment and disposal	14,15,16	-	(0.1)
Net gain/ (loss) on sale of tangible fixed assets	15,16	-	7.0
Operating profit/ (loss) (EBIT)		297.6	157.5
Interest income		4.2	2.4
Interest expense		(86.1)	(79.5)
Fair value gain/ (loss) on financial instruments	22	49.8	(13.7)
Net currency gain/ (loss)		(74.3)	13.3
Other financial items	24	(6.9)	(3.2)
Net financial items		(113.3)	(80.7)
Profit/ (loss) before tax		184.3	76.8
Income tax expense	10	(78.2)	(40.3)
Net profit/ (loss) for the year		106.1	36.5
Net profit/ (loss) for the year attributable to			
Shareholders of the parent		82.6	33.5
Non-controlling interests		23.5	3.0
Net profit/ (loss) for the year		106.1	36.5
Basic earnings/ (loss) per share net	7	0.45	0.18
Diluted earnings/ (loss) per share net	7	0.44	0.18

The notes on pages 68-110 are an integral part of these consolidated financial statements.



Consolidated Statement of Comprehensive Income

USD MILLION (Year ended 31 December)	Note	2019	2018
Profit/ (loss) for the year		106.1	36.5
Other comprehensive income			
Items to be reclassified to profit or loss:			
Currency translation differences		(0.5)	(1.6)
Reclassification during the year to profit/ (loss) of cash flow hedges		1.7	2.9
Net items that are or may be reclassified to profit or loss		1.2	1.3
Items not to be reclassified to profit or loss:			
Actuarial gains/ (losses) on defined benefit plans	9	0.1	(0.5)
Net items not to be reclassified to profit or loss:		0.1	(0.5)
Other comprehensive income, net of tax		1.3	0.8
Total comprehensive income for the year, net of tax		107.4	37.3
Total comprehensive income for the year attributable to			
Shareholders of the parent		83.9	34.3
Non-controlling interests		23.5	3.0
Total comprehensive income for the year, net of tax		107.4	37.3

The notes on pages 68-110 are an integral part of these consolidated financial statements.



Consolidated Statement of Financial Position

USD MILLION (As at 31 December)	Notes	2019	2018
ASSETS			
Vessels	14	2,377.1	2,614.6
Property and other equipment	15	16.0	13.3
Right-of-use assets	24	22.0	-
E&P tangible assets	15	216.1	183.4
Intangible assets	16	101.1	37.7
Equity-accounted investments	17	9.8	9.2
Finance lease receivables	24	35.6	57.3
Deferred tax assets	10	12.3	12.5
Pension assets	9	0.2	-
Derivatives	22	5.7	12.9
Other non-current assets		1.6	10.8
Total non-current assets		2,797.5	2,951.7
Inventories	11	62.6	63.8
Trade and other current assets	12	235.3	187.8
Finance lease receivables	24	21.7	20.1
Tax receivables	10	1.1	0.6
Derivatives	22	0.7	-
Cash and cash equivalents	13	250.2	142.1
Assets held for sale	15,16	-	50.4
Total current assets		571.6	464.8
Total assets		3,369.1	3,416.5
EQUITY			
Share capital	18	92.5	92.5
Share premium	18	1,095.5	1,095.5
Other equity	19	(68.4)	(192.4)
Total equity attributable to shareholders of the parent		1,119.6	995.6
Non-controlling interests	18,27	338.9	325.3
Total equity		1,458.5	1,320.9
LIABILITIES			
Interest-bearing long-term debt	19,22	1,025.7	1,112.8
Pension obligations	9	5.3	4.6
Deferred tax liabilities	10	10.1	1.8
Asset retirement obligations	21	8.9	16.2
Other non-current liabilities	20	218.6	250.7
Long-term lease liabilities	24	14.8	-
Derivatives	22	35.5	112.9
Total non-current liabilities		1,318.9	1,499.0
Trade and other payables	20	323.7	322.1
Contract liabilities	5	1.9	1.9
Derivatives	22	23.1	2.3
Interest-bearing short-term debt	19,22	221.1	260.9
Short-term lease liabilities	24	8.2	-
Tax liabilities	10	13.7	9.4
Total current liabilities		591.7	596.6
Total equity and liabilities		3,369.1	3,416.5

The notes on pages 68-110 are an integral part of these consolidated financial statements.



Consolidated Statement of Changes in Equity

USD MILLION	Note	Share capital	Share premium	Treasury shares	Currency translation reserve	Cash flow hedges	Equity component of convertible bonds	Other elements	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2018		92.5	1,095.5	(2.9)	(16.7)	(4.6)	-	(192.3)	971.5	287.9	1,259.4
Profit/ (loss) for the period		-	-	-	-	-	-	33.5	33.5	3.0	36.5
Other comprehensive income		-	-	-	(1.6)	2.9	-	(0.5)	0.8	-	0.8
Share-based payment	8	-	-	0.1	-	-	-	-	0.1	-	0.1
Other equity transactions		-	-	2.5	-	-	-	(2.5)	-	-	-
Dividend to non-controlling interest	18,27	-	-	-	-	-	-	(10.3)	(10.3)	(1.6)	(11.9)
Transactions with non-controlling interests	18,27	-	-	-	-	-	-	-	-	36.0	36.0
Total equity at 31 December 2018		92.5	1,095.5	(0.3)	(18.3)	(1.7)	-	(172.1)	995.6	325.3	1,320.9
Equity at 1 January 2019		92.5	1,095.5	(0.3)	(18.3)	(1.7)	-	(172.1)	995.6	325.3	1,320.9
Profit/ (loss) for the period		-	-	-	-	-	-	82.6	82.6	23.5	106.1
Other comprehensive income		-	-	-	(0.5)	1.7	-	0.1	1.3	-	1.3
Issue of convertible bonds	19	-	-	-	-	-	50.1	-	50.1	-	50.1
Share-based payment	8	-	-	-	-	-	-	1.0	1.0	-	1.0
Other equity transactions		-	-	-	-	-	-	(1.5)	(1.5)	-	(1.5)
Dividend to non-controlling interest	18	-	-	-	-	-	-	(9.5)	(9.5)	(1.4)	(10.9)
Transactions with non-controlling interests	18,27	-	-	-	-	-	-	-	-	(8.5)	(8.5)
Total equity at 31 December 2019		92.5	1,095.5	(0.3)	(18.8)	-	50.1	(99.4)	1,119.6	338.9	1,458.5

The notes on pages 68-110 are an integral part of these consolidated financial statements.



Consolidated Statement of Cash Flows

USD MILLION (Year ended 31 December)	Note	2019	2018
Operating activities			
Profit/ (loss) before tax		184.3	76.8
<i>Adjustments for:</i>			
Loss/ (gain) on disposal of property, plant & equipment	14,15,16	-	(7.0)
Fair value change on financial instruments		(49.8)	13.7
Share of loss/ (profit) from equity-accounted investments	17	(0.7)	(1.4)
Currency exchange differences		(9.7)	(13.3)
Depreciation and amortisation	14,15,16	412.3	338.6
Share-based payment expense	8	1.0	0.1
Impairment	15	-	0.1
Changes in asset retirement obligations through income statement	21	0.3	0.2
Add back of net interest expense		81.8	77.1
Instalment on financial lease	24	20.1	18.7
Changes in inventories		1.2	(32.0)
Changes in trade and other current assets		(47.6)	37.8
Changes in trade and other payables		24.1	1.7
Changes in other balance sheet items and items related to operating activities		54.0	(35.8)
Taxes paid	10	(63.0)	(39.4)
Net cash flows from operating activities		608.3	435.9
Investing activities			
Investment in property, plant & equipment and intangible assets	14,15,16	(273.5)	(357.2)
Proceeds from disposal of property, plant & equipment	15,16	44.5	-
Dividend received		0.1	-
Interest received		4.2	2.4
Net cash flows used in investing activities		(224.7)	(354.8)
Financing activities			
Proceeds from new interest-bearing debt	19	1,001.2	241.0
Repayment of long-term debt	19	(1,136.5)	(278.3)
Payment of lease liabilities	24	(10.3)	-
Cash transfer from/ (to) non-controlling interests	27	(3.7)	67.1
Paid dividend and redemption	18	(33.9)	(36.0)
Interest paid		(92.3)	(78.3)
Net cash flows used in financing activities		(275.5)	(84.5)
Net change in cash and cash equivalents		108.1	(3.4)
Cash and cash equivalents at 1 January		142.1	145.5
Cash and cash equivalents at 31 December	13	250.2	142.1

The notes on pages 68-110 are an integral part of these consolidated financial statements.



Notes

Note 1 Corporate information

BW Offshore Limited ('BW Offshore' or 'the Company') was incorporated in Bermuda in 2005 and is domiciled in Bermuda with its registered address at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on Oslo Stock Exchange (OSE).

BW Offshore Limited and its subsidiaries are referred to as the 'Group'. The Group build, owns and operates FPSOs

(Floating, Production, Storage and Offloading vessels). In addition, the Group also actively participates in field developments of discovered oil and gas fields.

The consolidated financial statements were approved by the Board of Directors on 27 February 2020.

Note 2 Significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared pursuant to International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The consolidated financial statements have been prepared in accordance with the historical cost convention with some exceptions, as detailed in the accounting policies set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of complying with the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

All figures are in USD million if not otherwise stated. Because of rounding differences, numbers and or percentages may not add up to the total. Figures in brackets refer to corresponding figures for 2018.

Functional and presentation currency

Functional currency

The functional currency is determined in each entity in the Group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Currency gains and losses are recognised within net financial items in the consolidated statement of income in the period in which those occur.

Presentation currency

The Group's presentation currency is United States Dollars ('USD'). This is also the functional currency of the parent company and most of its subsidiaries.

For the purpose of the consolidated financial statements, the statement of income, the statement of financial position and the cash flows of each entity are translated from the functional currency into the presentation currency, USD. The assets and liabilities of entities whose functional currencies are other than USD, are translated into USD at the foreign exchange rate at the balance sheet date. The revenues and expenses of such entities are translated using the monthly average exchange rates. Exchange differences are recognised in other comprehensive income (OCI) and accumulated in currency translation reserve in other equity.

The accumulated translation differences relating to the investments in foreign subsidiaries attributable to the equity holders of the parent are recognised in the statement of comprehensive income. Upon disposal of a foreign subsidiary, or when a loss of control, significant influence or joint control is present, the accumulated exchange differences related to investments accumulated in shareholders' equity are reclassified to the consolidated statement of income.

When a partial disposal of a subsidiary (not loss of control) is present the proportionate share of the accumulated exchange differences is allocated to non-controlling interests.

Changes in accounting policies and disclosures

The Group applied IFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019, but they do not have a material impact on the Group's financial statements.



The Group applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure documents in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease under IFRS 16.

The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The Group as a lessee

As a lessee, the Group leases mainly office premises, apartments, vehicles, office machines and vessels. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of the leases.

The Group has elected to not separate non-lease components and account for the lease and the non-lease components as a single lease component. For right-of-use assets

used in joint arrangements, the partners share of the lease payments are classified as other revenue.

The Group used several practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- Did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application
- Did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT- and office equipment)
- Used hindsight when determining the lease term

The Group as a lessor

As a lessor, IFRS 16 essentially continues existing principles from IAS 17. In line with this, a lessor shall continue to classify their leases as operating leases or finance leases and report these two types of leases separately. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

The Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

Impact on financial statements

On transition to IFRS 16, the Group recognised right-of-use assets and lease liabilities of USD 29.6 million.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 4.95%.

USD MILLION	1 January 2019
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's consolidated financial statements	30.0
Discounted using the incremental borrowing rate at 1 January 2019	26.0
Finance lease liabilities recognised as at 31 December 2018	-
- Recognition exemption for leases of low-value assets	-
- Recognition exemption for leases with less than 12 months of lease term at transition	(0.6)
- Extension options reasonably certain to be exercised	-
+/- Changes in assumptions	(0.9)
- Leases not previously disclosed	5.1
Lease liabilities recognised at 1 January 2019	29.6



Amendments to standards and interpretations with a future effective date

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not effective, are disclosed below.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 Insurance Contracts

The amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

Basis of consolidation

Subsidiaries

The subsidiaries are legal entities (including special purpose entities) over which the Group has control. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with a company in which it has invested and has the ability to use its power to affect its returns from this company. Subsidiaries are fully consolidated as of the date on which control is transferred to the Group. They are de-consolidated as of the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed whenever necessary to ensure consistency with the policies adopted by the Group.

The purchase method of accounting is applied to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued, or liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value as of the date of acquisition, irrespective of the extent of any non-controlling interest.

Non-controlling interests represent the portion of the statement of income and net assets in the subsidiaries not held by the Group, and the amount attributable to the non-controlling interest is shown beneath the statement of income and is included in equity in the statement of financial position. Profit and loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

The cost of acquisition exceeding the fair value of the Group's share of identifiable net assets acquired, is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired; the difference is recognised directly in the statement of income.

Interests in associated companies and joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the

contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associated companies are those entities in which the Group has a significant influence, but not control, or joint control over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint arrangements, which are arrangements of which the Group has joint control together with one or more parties, are classified into joint ventures and joint operations.

Joint ventures are joint arrangements in which the parties that share control have rights to the net assets of the arrangement. Joint operations are joint arrangements in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group's investment in associated companies and joint ventures are accounted for using the equity method.

The Group's investment in associated companies and joint ventures includes goodwill and excess values identified as per the date of acquisition, net of any accumulated impairment loss. Any excess values that are to be amortised are deducted from the profit pursuant to the same principles as for consolidated companies. Goodwill is not amortised. Dividends received from associates are recognised as a deduction from the investment in the balance sheet and is regarded as repayment of capital. By this, the balance sheet value of associated companies and joint ventures represents the original cost price (equalling the fair value at the time of purchase) plus profit accumulated up to the present, less any amortisation of excess values and accumulated dividends received.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the statement of income, and the share of post-acquisition movements in reserves is recognised as reserves. Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Share of profit of associated companies and joint ventures is presented as part of operating profit when such investments are considered strategic to the Group. See 'impairment of non-financial assets' for impairment assessment.

The Group has classified its E&P licences as joint operations and recognises investments in the licences by reporting its share of related revenues, expenses, assets, liabilities and cash flows under the respective items in the consolidated financial statements of the Group.

Classification of assets and liabilities

Assets for long-term ownership or use are classified as non-current assets. Other assets are classified as current assets. Liabilities which fall due more than one year after



being incurred are classified as non-current liabilities, except for next year's instalment on long-term debt. This is presented as current interest-bearing debt. Liabilities which fall due less than one year after they are incurred are classified as current liabilities.

Revenues

The Group's revenues derive from chartering of FPSOs, rendering of operational services related to FPSOs and from production of crude oil.

Revenue from contracts with customers

Revenue from contracts with customers is recognised upon satisfaction of the performance obligations for the transfer of services in each such contract. A performance obligation is satisfied when or as the customer obtains the goods or services delivered. It is recognised at an amount that reflects the consideration which the Group expects to receive in exchange for those goods or services. Revenues are presented net of indirect sales taxes.

Operational services

Income from the rendering of operational services related to FPSOs is recognised as revenue over time in the period when the services are rendered.

Variable consideration

Some of the contracts contain variable elements like production incentive-, KPI- and maintenance bonuses. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled. The variable consideration is only recognised when it is highly probable that it would not be subject to significant reversal in the future.

Petroleum products

Revenue from the sale of crude oil is recognised when a customer obtains control (sales method), normally this is when title passes at point of delivery. Revenues from production of oil properties are recognised based on actual volumes lifted and sold to customers during the period. Where the Group has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. Where the Group has lifted and sold less than the ownership interest, costs are deferred for the underlift. Overlift and underlift on the consolidated statement of financial position date are valued at production cost. Lifting imbalances are a part of the operating cycle and as such classified as other current liabilities/assets.

Lease revenue

Chartering of vessels

Revenue from chartering of FPSOs is based on whether the contract is considered an operating lease or a finance lease.

Operating lease

Leases, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments received under operating leases are recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit

derived from the leased asset is diminished. The lease term period for each lease contract is the non-cancellable period for which the lessee has contracted the asset together with an assessment of any further terms that the lessee has the option to continue the lease, when management consider it reasonably certain that the lessee will exercise the option. As lease rates can vary over the lease term, this implies that there might be significant timing differences between cash flow and recognised revenue from a particular lease.

Finance lease

Leases in which substantially all of the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Assets held pursuant to a finance lease are presented in the balance sheet as a receivable at an amount equal to the net investment in the lease. The recognition of finance income on the receivable is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. During the construction phase of the asset, the contract is treated like a construction contract.

Other revenues

Interest income

Interest income, including interest income arising from a finance lease, is recognised on a time proportion basis applying the effective interest method. Interest income arising from a finance lease is classified as part of operational income while other interest income is classified as finance income.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Insurance income

Reimbursement from insurance is recorded as revenue only when it is virtually certain that insurance reimbursement will be received. Insurance revenues are classified as part of operational income.

Profit oil tax

The Group is obligated to pay profit oil tax on the production of crude oil. Payment of profit oil tax can either be settled in cash or in kind (crude oil). In kind payment of profit oil tax is separately lifted by the government for its entitled share of crude oil. Profit oil tax settled in kind is presented in the consolidated statement of profit and loss as income tax expense with a corresponding increase in other revenues.

Royalty

In accordance with the provisions of the Dussafu Profit Sharing Contract ('PSC'), the Group has the obligation to make certain royalty payments to the government of Gabon with a variable percentage based on gross daily production levels. Under the PSC, the Government of Gabon may elect to receive payment for royalties either in cash or in kind (crude oil). Royalty expense incurred in cash is recognised in operating expenses in the consolidated statement of income. Royalty settled in kind is presented net of revenues. Unpaid royalty expense in cash is accounted for in the consolidated statement of financial position as



trade and other payables, unpaid royalty expense in kind is reflected in the over- underlift position.

Employee benefits

Defined benefit plans

The Group has both funded and unfunded defined benefit pension plans. The funded schemes are funded through payments to insurance companies determined by periodic actuarial calculations. Unfunded schemes are financed through the Group's operations.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans equals the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries applying the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid and at terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to the retained earnings through OCI in the period in which they occur.

Defined contribution plans

In addition to the defined benefit plan described above, the Group has contributed to other pension plans. These contributions have been made to pension plans for full-time employees. The pension premiums are charged to expenses as they are incurred. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Share-based payment

The grant date fair value of equity settled share-based payment arrangements granted to employees is recognised as an employee benefits expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Employee-leave entitlement

In some jurisdictions, an accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the balance sheet date.

Segments

The Group identifies segments on the basis of those components of the Group that are regularly reviewed by the chief operating decision maker ('CODM'). The Group identified its Top Management as the CODM.

Borrowing costs

Borrowing costs directly attributable to an acquisition or conversion of vessels and development of oil and gas field, which take a substantial period to get ready for their intended use, are added to the cost of the asset until the assets are ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Borrowing cost consists of interest and other cost, which the entity incurs in connection with the borrowing of funds.

Taxes

The Company is not subject to any income taxes at Bermuda, but the Company and its subsidiaries may be subject to income tax in the countries in which they operate. The Group provides for tax on profit based on the profit for financial reporting purposes, adjusted for non-taxable revenue and expenses.

Income tax expense represents the sum of tax currently payable, changes in deferred tax liabilities and deferred tax assets, and withholding tax on charter hire and financial items. Charter hire and financial items are presented gross including withholding taxes payable where applicable.

Deferred tax liabilities/tax assets are calculated on all differences between the book value and tax value of assets and liabilities, except for:

- differences linked to goodwill which are not tax deductible
- differences related to investments in subsidiaries, associates or joint ventures when the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax assets and liabilities are recognised when assets with temporary differences are acquired through business combinations.

Deferred tax liabilities and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences exist.



Deferred tax assets and deferred tax liabilities are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Production sharing contracts (PSCs)

The PSCs provide that the income tax to which the contractor is subject is deemed to have been paid to the government as part of the payment of profit oil as regulated by the PSC. The Group present this as an income tax expense with a corresponding increase classified as other revenues. This accounting presentation have no impact on the statement of comprehensive income.

Inventories

Inventories are valued at the lower of cost or net realisable value.

Cost of materials and other consumables is determined by the weighted average cost method and cost on fuel oil is determined by 'first-in-first-out' (FIFO) method. The cost of inventories comprises the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services.

Crude oil inventory is valued at production cost including depreciation. Production cost is the weighted average production cost for the period.

Property, plant and equipment (PP&E)

Measurement

PP&E are recognised at cost and subsequently measured at cost less accumulated depreciation and impairment charges. This includes costs of material, direct labour and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including financial costs paid during construction, attributable overheads and estimate of costs of demobilising the asset. PP&E include capital expenditure incurred under terms of PSC qualifying for recognition as assets.

Subsequent costs are included in the asset's carrying amount, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Costs of day-to-day servicing of the asset are recognised in the consolidated statement of income as incurred. Costs of day-to-day servicing are primarily the costs of labour and consumables and may include the cost of small parts.

Depreciation

Depreciation will start when an item of PP&E is ready for use as intended by management.

For FPSOs this will be when the unit is successfully installed on the oil field and for crude oil production assets at first oil.

When significant parts of an item of PP&E have different useful lives, those components are accounted for as separate items of PP&E. The different components are depreciated by using a straight-line method over their expected useful life, taking into account the residual value.

The estimated useful lives of the categories of PP&E are as follows:

FPSOs:

- Hull and Marine scope, including associated investments like refurbishment: 15-25 years
- Field specific equipment and associated investment costs which are incurred for a specific project, e.g. installation costs and transport costs: 3-25 years
- Process equipment and associated investment. (In case of long-term contracts these items can be fully depreciated over the contract duration.): 10-25 years

Crude oil production assets are depreciated using the unit-of-production method. Unit-of-production rates are based on proved and probable reserves (2P) estimated to be recovered from the area during the concession period. Oil volumes are considered produced once they have been measured onboard the storage tank on the FPSO.

Other PP&Es, like IT equipment, office equipment and cars: 3-11 years

The assets' useful life and residual values are reviewed, and if necessary adjusted, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Disposal activities

Gains and losses that result from the disposal of vessels, vehicles and equipment are recorded in a separate line in the consolidated statement of income.

Impairment

Assets including vessels, vessels under construction, conversion candidates, E&P (assets related to development and production of crude oil) assets and other PP&Es, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount that the asset's carrying amount exceeds its recoverable amount, being the higher of an asset's net selling price and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash-generating units). Each FPSO is identified as a cash-generating unit. Each exploration and exploitation licence are considered a separate cash-generating unit as long as it is connected to the same production facility.

At the end of each reporting period the Group will assess whether there is any indication that an impairment recognised in previous periods may no longer exist or may have decreased. If any such indication exists, the Group will estimate the recoverable amount of the asset. If the



recoverable amount is higher than the carrying amount of the asset, the carrying amount of the asset will be increased to its recoverable amount. The increase shall not exceed the carrying amount that would have been determined if no impairment loss had been recognised in previous periods. Previously recognised impairments should be reversed if there are significant changes with a favourable effect in the indicators.

Intangible assets

Computer software

Software licences are capitalised based on the cost incurred when acquiring and bringing to use the specific software. These costs are amortised over the estimated useful life of the software. Costs directly associated with the development of identifiable and unique software products controlled by the Group, estimated to generate economic benefits exceeding the cost beyond one year, are recognised as intangible assets. Other development expenditures are recognised as an expense when incurred.

Exploration and evaluation assets

IFRS 6 'Exploration for and Evaluation of Mineral Resources' requires exploration and evaluation assets to be classified as tangible or intangible according to the nature of the assets. The Group uses the 'successful efforts'-method of accounting for exploration and evaluation costs in accordance with IFRS 6. Exploration and evaluation expenditure are capitalised when it is considered probable that future economic benefits will be generated. Expenditure that fail to meet this criterion are generally expensed in the period they are incurred.

Licence acquisition costs, exploration costs, geological expenses and other directly attributable expenses are classified as intangible. Exploration assets classified as intangible are assessed for impairment at regular intervals.

Once commercial reserves have been discovered, and a development plan has been approved, the carrying value of the relevant assets are transferred to tangible assets. Further expenditure for development of a field, such as drilling production wells, installation of platforms and other structure is capitalised as tangible assets.

No amortisation is charged during the development and until production commences.

Non-current assets held for sale

Non-current assets and groups of non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sales transaction instead of through continued use. This is only regarded as having been fulfilled when a sale is highly probable and the non-current asset (or groups of non-current assets and liabilities) is available for immediate sale in its present form. Management must be committed to a sale and the sale must be expected to be carried out within one year after the classification date.

Non-current assets and groups of non-current assets and liabilities which are classified as held for sale are valued

at the lower of their former carrying amount or fair value minus sales costs.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group's financial assets are derivatives, trade and financial lease receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group classifies its financial assets in two categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statement of income when the asset is derecognised, modified or impaired.

The Groups financial assets at amortised cost includes trade and other receivables, finance lease and other non-current assets. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Financial assets at fair value through profit or loss

Derivatives at fair value are carried in the statement of financial position at fair value with net changes in fair value through profit or loss. The category includes foreign exchange contracts and interest rate swaps.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows



from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- a. the Group has transferred substantially all the risks and rewards of the asset, or
- b. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets

For trade and other receivables, finance lease and other non-current assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime Estimated Credit Losses (ECLs) at each reporting date, based on its historical credit loss experience.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when the Group has no reasonable expectations of recovering the contractual cash flows. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. This assessment is based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial liabilities

Financial liabilities are classified as measured at amortised cost except for financial liabilities at fair value through profit or loss (FVTPL). Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of income, as well as any gain or loss on derecognition.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount and the consideration paid is recognised in the consolidated statement of income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term,

highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and short-term deposits with an original maturity of three months or less. Restricted cash related to withholding tax from employees is included as cash and cash equivalents.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in the equity as a deduction, net of tax, from the proceeds. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Any difference between the carrying amount and the consideration, if reissued, is recognised in other equity.

Preference shares

Preference shares in subsidiaries are presented as shareholders equity. For the Group, this is presented as non-controlling interest and the result, equivalent to the preference dividend is presented as the non-controlling interests share of result regardless of whether dividends have been paid or accumulated.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in USD, that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in the consolidated statement of income. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.



Provisions and contingent assets and liabilities

Provisions are recognised when the Group has a legal or constructive obligation resulting from past events, when it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, except for contingent liabilities that are unlikely to be incurred.

Contingent assets are not recognised in the annual accounts but are disclosed if the probability that the benefit will be added to the Group is more likely than not.

Asset retirement obligations (ARO)

Provisions for ARO are recognised when the Group has a legal or constructive obligation to cover expenses associated with dismantling and removal of assets, and when a reliable estimate of this liability can be made.

The ARO is recognised based on the present value of the estimated cash outflows to be incurred to conduct abandonment activities, considering relevant risks and uncertainties. The applied discount rate is 6 % (6%), calculated based on risk free rate, adjusted for credit risk of the Group. The provision is recognised under other non-current liabilities in the statement of financial position. The corresponding amount is recognised to the related PP&E in the consolidated statement of financial position and depreciated using the same depreciation method used for the asset.

The ARO will be assessed annually to incorporate the annual revisions to the estimated retirement costs, discount rate and retirement date estimates. Changes in estimates will be recognised as an adjustment to the provision and the corresponding PP&E.

In the event of decrease in the ARO provision related to a producing asset exceeds the carrying amount of the asset, the excess is recognised as a reduction of depreciation, amortisation and net impairment losses in the consolidated statement of income.

When an asset has reached the end of its useful life, all subsequent changes to the ARO provision are recognised when they occur in operating expenses in the consolidated statement of income.

Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract transfers the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases except for short-term leases and leases of low value. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. This is the date the underlying asset is available for use.

Right-of-use assets are measured at cost and depreciated using the straight-line method from the commencement date to the end of the lease term. Right-of-use assets used in BW Offshore's oil production are depreciated using the unit-of-production method. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. In calculating the present value, The Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise an extension or termination option.



When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

The Group determines its incremental borrowing rate by obtaining interest rates from the external bank financing.

Short-term leases and leases of low value

The Group applies the short-term lease recognition exemption to its short-term leases. A short-term lease is a lease that have a lease term of 12 months or less from the commencement date. It also applies the low-value exemption to leases of office equipment that are considered to be low value. Lease payments for these leases are recognised as an expense on a straight-line basis over the lease term. The Group has elected to not separate non-lease components and account for the lease and the non-lease components as a single lease component.

The Group as a lessor

When the Group acts as a lessor, it assesses whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease. If not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income. Contingent rents are recognised as revenue in the period in which they are earned. If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

Policy applicable before 1 January 2019

The Group as a lessee

All contracts where the Group is lessee are operational leases. This is mainly related to lease of office premises. Lease payments under these contracts are recognised as expense in the statement of income on a straight-line basis over the lease term.

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards incidental to ownership of the leased item to the lessee. All other leases are classified as operating leases. The evaluation is based on the substance of the transaction rather than the form of the contract, and the determination is made when the leasing agreement is entered into.

Most of the lease contracts include one or several options for the charterer to purchase the vessel and/or option(s) for the charterer to extend the lease period beyond the firm period. At the inception of the lease, these options are taken into consideration when assessing whether the lease is a finance lease or an operational lease.

Financial lease

Assets held pursuant to a finance lease are presented in the balance sheet as a receivable at an amount equal to the net investment in the lease.

Operating lease

These assets are included in the balance sheet based on the nature of the asset. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Note 3 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires use of estimates and assumptions. The following is a summary of the assessments, estimates and assumptions made that could have a material effect on the consolidated financial statements.

Reserves and resources estimates

Hydrocarbon reserves are estimates of the number of hydrocarbons that can be economically and legally extracted from the Group's oil properties. The Group estimates its commercial reserves and resources with support from an independent third party. Commercial reserves are determined using estimates of oil in place, recovery factors and commodity prices. Forecasted oil prices are based on available market data. The Group has used oil prices based on price deck from an external industry consultant. Future development costs are estimated using assumptions as to the infrastructure required to produce the commercial reserves, whether a platform is needed, number of wells,

the cost of such wells and other capital costs. The proven and probable reserves (2P) are used for calculation of depreciation of E&P assets by applying the unit of production method. Changes to the reserve estimate might have an impact on depreciation and impairment testing.

Asset retirement obligations

Asset retirement costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its retirement obligations at each reporting date. The ultimate asset retirement costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions, including



estimated retirement costs, discount rates, and estimated retirement dates, are made in determining the provision for asset retirement obligations. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at the reporting date represents management's best estimate of the present value of the future asset retirement costs required.

Depreciation

The level of depreciation depends on the estimated useful life of the different components of the assets and residual value at the end of its useful life. The estimated useful life is based on experience and knowledge of the vessels owned by the Group. Management will have to make assessments as to the expected useful life of the hull and marine scope as well as the process equipment for a FPSO. Assumptions will also have to be made about the expected contract period for non-recoverable components for the assets, which can deviate significantly from the useful life of hull and process equipment.

Assumptions on residual value are based on knowledge of current scrap values which in turn depend on steel prices in the world market and demobilisation costs, together with an expected inflation.

Impairment of PP&Es

The Group reviews periodically whether tangible assets, FPSO related contracts, FPSOs under construction and conversion candidates, have suffered any impairment in accordance with the accounting policy stated in Note 2. The recoverable amounts of each vessel, being defined as a cash-generating unit, is the higher of its fair value less cost of disposal and its value in use. The fair value less cost of disposal calculation is based on the discounted cash flow model and is the same as the value in use. Value in use calculations are based on contracted cash flows and estimates of uncontracted cash flows for the useful lives of each vessel, including residual values discounted by an estimated discount rate. Assumptions on uncontracted cash flows are based on several variables, such as comparing the specifications on a particular FPSO with planned new FPSO projects around the world, assessment of investment levels to redeploy the FPSO on a new field and assumptions on rates to be achieved from redeployment.

The key assumptions used for the impairment testing of FPSOs are described in Note 14.

Management must determine whether there are circumstances indicating a possible impairment of the Group's E&P assets. The estimation of the recoverable amount for the E&P assets includes assessments of expected future cash flows and future market conditions, including entitlement production, future oil and gas prices, risk factors, expected reserves and the date of expiration of the licences.

All impairment assessment calculations demand a high degree of estimation. Management must make complex assessment of the expected cash flows arising from such assets and the selection of discount rates. Changes to these estimates could have significant impact on the impairments recognised and future changes may lead to reversals of recognised impairments.

Income tax

The Group is subject to income taxes payable to various jurisdictions worldwide. Significant judgment is required in determining the provision for income taxes.

Presentation of preference shares

In November 2017, BW Catcher Limited, a subsidiary of BW Offshore Limited, issued preference shares with a preferential dividend right to ICBCL, for an aggregate subscription price of USD 275,000,000. The Company plans to redeem the preference shares in full over an estimated term of 12 years. The aggregate redemption and dividend payments on the preference shares are estimated to reflect approximately 25-30% of the estimated free cash flow after debt servicing in the BW Catcher contract over a similar term.

If dividend is paid out on the common shares, BW Catcher is obligated to pay dividend and redemption on the preference shares (dividend pusher). The dividend stopper disallows dividend payments on common equity in BW Catcher while any preference share dividend and/or redemption amount is outstanding.

As there is no obligation to pay dividend or redeem shares under this agreement, this is classified as an equity investment.

Note 4 Segment information

The Group's activities have been construction, ownership and operation of FPSOs. From 2017 this has been expanded to focus on E&P activities with the acquisition of Dussafu, and the investment of Maromba in 2019. The assets and liabilities are allocated based on the operations of the segment.

The Group identifies and reports its segments based on information provided to the Top Management and the Board of Directors. Resources are allocated and decisions are made based on this information. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.



2019

USD MILLION	FPSO	E&P	Eliminations	Total
Revenues	870.0	241.1	5.0	1,116.1
Other revenue	-	41.3	(4.4)	36.9
Revenues inter-segment	77.4	-	(77.4)	-
Total revenues	947.4	282.4	(76.8)	1,153.0
Share of profit/(loss) from equity accounted investments	0.7	-	-	0.7
Operating expenses	(346.9)	(92.6)	29.8	(409.7)
General and administrative expenses	(57.6)	-	23.5	(34.1)
EBITDA	543.6	189.8	(23.5)	709.9
Depreciation, amortisation and impairment	(356.1)	(74.6)	18.4	(412.3)
Profit/(loss) on sale of fixed assets	(0.3)	0.3	-	-
EBIT	187.2	115.5	(5.1)	297.6
Capital expenditure	130.3	142.4	(6.8)	265.9
Balance sheet information				
Equity accounted investments	9.8	-	-	9.8
Non-current segment assets	2,484.6	547.4	(288.1)	2,743.9
Non-current assets, not allocated to segments				43.8
Total non-current assets				2,797.5

2018

USD MILLION	FPSO	E&P	Eliminations	Total
Revenues	830.5	28.6	0.7	859.8
Other revenue	-	10.6	-	10.6
Revenues inter-segment	31.0	-	(31.0)	-
Total revenues	861.5	39.2	(30.3)	870.4
Share of profit/(loss) from equity accounted investments	1.4	-	-	1.4
Operating expenses	(348.9)	(17.9)	17.6	(349.2)
General and administrative expenses	(46.1)	-	12.7	(33.4)
EBITDA	467.9	21.3	-	489.2
Depreciation, amortisation and impairment	(328.8)	(7.9)	(2.0)	(338.7)
Profit/ (loss) from sale of fixed assets	7.0	-	-	7.0
EBIT	146.1	13.4	(2.0)	157.5
Capital expenditure	187.4	207.5	(34.4)	360.5
Balance sheet information				
Equity accounted investments	9.2	-	-	9.2
Non-current segment assets	2,734.5	227.3	(38.9)	2,922.9
Non-current assets, not allocated to segments				19.6
Total non-current assets				2,951.7



Revenues by geographical areas

USD MILLION	2019	2018
Americas	240.3	229.9
Europe/Africa	804.6	521.9
Asia and the Pacific	108.1	118.6
Total revenues	1,153.0	870.4

For the FPSO segment, the classification of revenue per region is determined by the final destination of the FPSO, while the classification in the E&P segment is determined by the region where the commodities are produced.

Non-current assets by region

USD MILLION	2019	2018
Americas	635.7	640.2
Europe/Africa	1,884.0	1,986.2
Asia and the Pacific	212.5	222.6
Total non-current assets ¹⁾	2,732.2	2,849.0

1) Excluding deferred tax assets, pension assets, finance lease receivables, derivatives, equity accounted investments and other non-current assets

The Group has a limited number of customers (see also section regarding credit risk in Note 22). In accordance with IFRS 8.34, the Group has evaluated whether any single customers amount to 10% or more of the total revenue. In 2019, the Group has identified two such customers. For these, the revenue was USD 395.2 million related to the FPSO segment. In 2018, the Group identified three such customers.

For these, the revenue was USD 464.7 million related to the FPSO segment. The E&P segment consist of two customers.

USD 282.4 million (39.2 million) of revenues in the Europe/Africa region is related to the E&P segment. Revenues in the other regions are related to the FPSO segment.

Note 5 Revenue

Revenue streams

The Group generates revenue primarily from sale of crude oil, rendering of services on operating FPSOs and chartering of FPSOs to its customers.

USD MILLION	2019	2018
Revenue from contracts with customers	555.5	298.7
Leasing revenue	560.6	561.1
Other revenue	36.9	10.6
Total revenue	1,153.0	870.4

Contract balances

The following table provides information about receivables and contract assets and liabilities.

USD MILLION	31 Dec 2019	31 Dec 2018
Receivables included in trade and other current assets	110.4	94.5
Contract assets included in trade and other current assets	23.9	22.9
Contract liabilities - current	1.9	1.9



Most of the Groups contracts are a mix of revenues from both leasing of FPSOs, as well as service fees for operating FPSOs, of which the Group assessed the underlying risk profile to be equal. The Group also produces and sells crude oil.

The contract liabilities primarily relate to the advance consideration received from customers. USD 1.9 million (USD 3.1 million) recognised in contract liabilities in the beginning of the period has been recognised as revenue during 2019.

Performance obligations and revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods or services to a customer. The Groups performance obligations are (i) to operate and lease out FPSOs and (ii) sell crude oil.

The fixed term order backlog to be recognised as revenues from contracts with customers over the remaining contract period is USD 614.8 million (USD 769 million).

Note 6 Operating, administrative and other expenses

The table below sets out expenses by nature for items included in operating expenses, other expenses and administrative expenses.

USD MILLION	2019	2018
Employee benefit expenses crew (Note 8)	214.0	193.8
Vessel operating expenses	129.3	166.7
E&P operating expenses	82.7	14.7
Other expenses	5.8	7.4
Total operating expenses	431.8	382.6

Note 7 Earnings per share

Basic

Basic earnings per share are calculated by dividing the net result attributable to the shareholders of the parent by the weighted average number of ordinary shares in issue during the year. Reference to Note 18 for information of changes in ordinary shares from rights issue.

USD MILLION	2019	2018
Profit/ (loss) attributable to ordinary shareholders	82.6	33.5

Diluted

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

USD MILLION	2019	2018
Profit/ (loss) attributable to ordinary shareholders	82.6	33.5
Interest expense on convertible notes	1.1	-
Profit/ (loss) attributable to ordinary shareholders (diluted)	83.7	33.5



Weighted-average number of ordinary shares

USD THOUSAND	2019	2018
Weighted-average number of ordinary shares (basic)	184,956	184,956
Effect of conversion on convertible bonds	3,899	-
Weighted-average number of ordinary shares (diluted) at 31 December	188,855	184,956

Earnings per share

USD MILLION	2019	2018
Basic earnings/ (loss) per share net	0.45	0.18
Diluted earnings/ (loss) per share net	0.44	0.18

Basic and diluted earnings per share excludes treasury shares of 1,513 (1,513) held by the Company.

Note 8 Employee benefit expenses, remuneration to directors and auditors

USD MILLION	2019	2018
Wages, crew	118.8	109.0
Wages, administrative personnel and E&P	87.6	78.2
Social security tax	5.5	5.4
Pension costs (Note 9)	1.1	1.3
Share-based payment	1.0	0.1
Total employee benefit expenses	214.0	194.0
Average number of employees	2,163	2,121

Top Management ¹⁾ Remuneration

USD	Salary	Bonus	Pension benefits	Share options	Other benefits	Number of shares
2019	3,527,845	1,209,965	86,961	361,377	80,404	2,960,608
2018	4,010,445	1,198,246	242,791	-	170,495	2,716,288

Top Management team was changed with a new CEO, COO and CFO on 1 July 2019.

1) Top Management comprises the followings:

Full year – Chief Executive Officer (new), Chief Commercial Officer, Chief of E&P and General Counsel

First half year – Chief Executive Officer (previous), Chief Financial Officer (previous), Head of Project, Head of Asset Engineering & Maintenance and Head of Human Capital.

Second half year – Chief Operating Officer (new) and Chief Financial Officer (new)

Loans

Part of Top Management received in 2016 loan in NOK on arm's-length basis. The Group has not provided any loans to affiliates.

USD	2019	2018
Loans to Top Management ¹⁾	56,958	72,349

Severance

Top Management has agreements that give them the right to compensation after termination of employment before retirement that equals 100% of the salary for a maximum



of 18 months. Compensation received from other employers during this period reduces this compensation, but not below 25% of the compensation. There are no similar agreements with the members of the Board of Directors.

Long-term incentive program

The Group has established a long-term incentive program for C-suite management (CFO, COO and CCO) as well as Head of Projects. This program is intended to reward performance over a three-year period. Pay-out under the long-term incentive program is based on targets achieved within three parameters:

1. Company results – 1/3
2. Project Performance – 1/3
3. Total shareholder return – 1/3

The assessment of achievement will determine the pay-out. The Board of Directors will, discretionary, recognise the achievement. Full pay-out is capped at three months' salary. The scheme will be on a rolling basis each year, meaning maximum obtainable pay-out per year will be equivalent to approximately nine months' salary. The total amount due under the long-term incentive program will be paid out with 50% in cash upon award and 50% granted in restricted shares, which vest one year after the award. 2019 is the last year of the deferred period.

Board of Directors' remuneration

USD	Directors fee	Number of shares	Share options
2019	366,868	95,099,605	-
2018	457,200	92,693,605	-

The compensation for members of the Board of Directors for the period May 2019 to May 2020 will be decided at the annual general meeting in May 2020.

Employee remuneration

Variable compensation scheme

The Variable Compensation Scheme (VCS) is a system for rewarding employees if and when the Group reaches set goals, based on financial parameters. The VCS might differ from year to year depending on the challenges and goals set by the Group, and the financial factors that influence the Group's performance. The VCS for the performance year 2019 is based on the following parameters:

1. Overall company results
2. HSEQ performance

The assessment of the Group's achievement will determine the pay out of the VCS. The Board of Directors will, discretionary, recognise the achievement.

Full pay out is capped at 3 months' salary for all employees, with an exception of a higher cap of 6 months for the Senior Management Team. Individual assessment may be added to the general pay out. Employees need to be employed at the time of VCS payment to be eligible for VCS scheme benefits.

Long-term share option program

On 8 April 2019, the Group established a long-term share option program (LTIP) that entitles key personnel to purchase shares in the Company. The program is discretionary,

and participants are invited on an annual basis. Under the program, holders of vested options are entitled to purchase shares at the market price of the shares at the grant date.

The number of options awarded under LTIP 2019 is 1,732,000, where each option will give the holder the right to acquire one BW Offshore share. In 2019, a total of 45 BW Offshore key employees have been invited to participate in the program.

The strike price of the options is calculated based on the volume weighted average share price five trading days prior to grant date, plus a premium of 15.76% which is corresponding to a 5% increase annually over 3 years. The strike price for the options awarded on 8 April 2019 is NOK 54.69.

The options will have a vesting period of three years, followed by a three years exercise period. Exercise windows will be set by the Company. The options will expire 6 years after the award date. The options are non-tradable and conditional upon the option holder being employed by the Company and not having resigned or being terminated for cause prior to the vesting date.

The company's exposure relating to the 2019 award is hedged by a Total Return Swap (TRS) agreement with financial exposure to 1,732,000 shares in BW Offshore.

Measurement of fair value

The fair value of the employee share options has been measured using the Black-Scholes formula. The inputs used in the measurement of the fair value at grant date were as follows:

Fair value at grant date (NOK)	18.53
Share price at grant date (NOK)	49.86
Exercise price (NOK)	54.69
Expected volatility (weighted average)	50 %
Expected life	4 years
Expected dividends	n/a
Risk-free interest rate (based on government bonds)	1.40 %

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price particularly over the historical period equal to the expected term, adjusted for extreme movements. The expected term of the instruments has been based on historical experience and general option holder behaviour.

For details of the related employee benefit expenses, see the employee benefit expenses table.

Loans to other employees

USD	2019	2018
Loans to other employees	455,661	856,012

Auditors' remuneration

USD THOUSAND	2019	2018
Audit	1,456.5	756.3
Other assurance	49.4	144.6
Tax	2.3	432.5
Total fees	1,508.2	1,333.4

KPMG is the appointed auditor of the Group. The Group changed auditor during 2018 and the 2018 numbers includes fees for services rendered from both auditors. Audit fees for 2019 include fees related to audit services provided in light of the intended IPO of BW Energy Limited.

Note 9 Retirement benefit assets and obligations

All office employees in Norway, Norwegian seafaring personnel and parts of office employees in countries other than Norway are covered by pension plans, of which one is funded. The Group has decided to discontinue the defined benefit scheme and has replaced this with a defined contribution scheme, with effect from 1 January 2018 for Norwegian onshore personnel and with effect from 1 January 2020 for Norwegian seafaring personnel.

The most recent actuarial valuations of the plan assets and the defined benefit obligations were carried out at 31 December 2019 by Nordic Insurance Administration.

The Group has also provided for an unfunded obligation for its national employees in Indonesia, based on an independent actuarial report. The actuarial valuations of the defined benefit obligations were carried out at 31 December 2019 by PT Miliman Indonesia.

The pension assets and obligations are presented under assets or liabilities in the statement of financial position, depending on whether the plan is over- or underfunded. Any change is charged to the statement of income. The impact of changed actuarial estimates is charged to other comprehensive income.



The principal actuarial assumptions considered when calculating the pension obligations and expenses for Norwegians were as follows:

	2019	2018
Discount rate	1.80 %	2.60 %
Expected return on plan assets	1.80 %	2.60 %
Future salary increases	2.25 %	2.75 %
Future pension increases	1.33 %	1.33 %
Increase in social security base amount related to Norwegian state pension	2.00 %	2.50 %
Social security tax	14.10 %	14.10 %

Actuarial assumptions for demographic factors such as rates for mortality and disability are based on the standard assumptions made by the Norwegian Institutes of Actuaries.

Average life expectancy for a person retiring at 67 years of age:

	2019	2018
Male	19.5	19.4
Female	22.6	22.5

The reconciliation of fair value of plan assets is as follows:

USD MILLION	2019	2018
Fair value of plan assets - beginning of year	9.0	10.0
Expected return on plan assets	0.2	0.2
Employer contributions excluding administrative expenses	-	0.3
Benefits paid - funded plans	(0.2)	(0.4)
Asset gain/ (loss)	(6.1)	(0.7)
Exchange differences	(0.1)	(0.4)
Fair value of plan assets - end of year	2.8	9.0

The amounts recognised in the statement of financial position are determined as follows:

USD MILLION	2019	2018
Present value of funded obligations	(2.5)	(9.1)
Fair value of plan assets	2.8	9.0
Present value of unfunded obligations	(5.4)	(4.5)
Net liability/asset in the statements of financial position	(5.1)	(4.6)
Of which classified as pension obligations	(5.3)	(4.6)
Of which classified as pension assets	0.2	-

The amounts recognised in the statement of income are determined as follows:

USD MILLION	2019	2018
Current service cost	1.0	1.1
Net interest	0.1	0.1
Administrative cost	-	0.1
Net periodic pension cost	1.1	1.3

Best estimate of net pension cost for 2020 amounts to USD 0.9 million (USD 0.9 million). Best estimate of premium payments in 2020 amounts to USD 0.0 million (USD 0.4 million).

The movement in the net liability/asset recognised in the statement of financial position is as follows:

USD MILLION	2019	2018
At 1 January	(4.6)	(3.7)
Contributions paid	0.1	0.4
Pension paid, net of plan asset	-	0.2
Exchange differences	0.3	0.3
Re-measurement gain/ (loss) in other comprehensive income	0.2	(0.5)
Charged to statement of income	(1.1)	(1.3)
At 31 December	(5.1)	(4.6)

The pension funds are administered according to certain guidelines set by the authorities. As of 30 September, the funds were invested as follows:

	2019	2018
Shares and equity instruments	9 %	8 %
Bonds - fixed yield	26 %	26 %
Bonds held to maturity	52 %	52 %
Properties and real estate	10 %	11 %
Money market funds	2 %	3 %
Other	1 %	0 %
Total	100 %	100 %

The actual return on plan assets amounted to 2.9 % at 30 September 2019.

A 1% decrease in the discount rate could imply an increase in present value of funded obligations of approximately 20-25%.

Expenses related to the defined contribution scheme in Norway amounted to USD 1.1 million in 2019 (USD 1.5 million).

The Group further pays a contribution to a central provident fund to Singaporean authorities related to employees with Singaporean citizenship. In addition, there pension contribution plans in all locations where the Group has employees.

Note 10 Income taxes

The income tax expense for the period comprise corporate income tax, withholding tax and deferred tax.

BW Offshore Limited is a company registered in Bermuda. Currently, the Company is not required to pay taxes in Bermuda on ordinary income or capital gains.

Depending on the jurisdiction, corporate income tax is due on the subsidiary's actual profits, and withholding tax is levied on a deemed profit basis or revenue basis (simplified calculation in lieu of profits tax). Deferred tax is calculated on temporary differences in jurisdictions where actual profits are the basis for taxation. Where the Group's activities are

subject to withholding taxes, these are normally deducted by the customer who pays the taxes directly to the local tax authorities in the name of the Group.

The Group's operational activities are subject to taxation rates which range from 0% to 35%.

As the Group's operations are subject to different methods of taxation, income tax expenses will not necessarily change proportionally with changes in the overall net profit before tax. As a consequence of this, a reduction in net profit will often lead to a higher effective tax rate, while an increase in net profit can lead to a reduction in the effective tax rate.



Tax expense for the year

USD MILLION	2019	2018
Deferred tax effect of changes in temporary differences	7.9	(0.5)
Taxes payable current year	28.8	13.6
Taxes payable prior years	2.6	3.7
Profit oil tax	36.3	10.6
Withholding taxes	2.6	12.9
Total tax expense recognised in statement of income	78.2	40.3

Effective tax rate

USD MILLION	2019	2018
Net result before tax	184.3	76.8
Effect on permanent differences	5.5	1.0
Income tax at Bermuda statutory income tax rate of 0%	-	-
Withholding taxes	2.6	12.9
Profit oil tax	36.3	10.6
Taxes payable current year, non-Bermuda jurisdictions	28.8	13.6
Taxes payable prior years, non-Bermuda jurisdictions	2.6	3.7
Deferred tax effect of changes in temporary differences	7.9	(0.5)
Total income tax expense at the effective income tax rate	78.2	40.3
Effective tax rate	42.4 %	57.7 %

Tax liabilities

USD MILLION	2019	2018
Tax payable at 31 December	13.7	9.4

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income becomes taxable.

Deferred tax liabilities and deferred tax assets are specified as follows:

USD MILLION	2019	2018
Deferred tax assets		
Vessels	5.7	3.8
Losses and unabsorbed capital allowances	5.6	7.5
Other	1.1	1.2
Deferred tax assets - gross	12.4	12.5
Deferred tax liabilities		
Unpaid / Unremitted foreign interest income	(3.8)	(1.2)
Other	(6.3)	(0.6)
Deferred tax liabilities - gross	(10.1)	(1.8)
Net recognised deferred tax assets / (deferred tax liabilities)	2.3	10.7



The change from 2018 to 2019 in the net recognised deferred tax, was charged to the income statement.

Net recognised deferred tax assets are expected to be recovered or settled after more than 12 months.

The Group also has tax losses carried forward in several jurisdictions which are not recognised. The losses carried

forward are USD 583.0 million (USD 726.0 million). These losses are not recognised as it is not possible to predict with reasonable certainty whether adequate taxable profit will be available in the future against which losses can be utilised. Of the total amount, USD 27.8 million will expire in 2020. Some of the tax losses have no expiry date. Note 26 Contingent assets and liabilities provides information about tax audits and uncertainty of tax treatments.

Note 11 Inventories

USD MILLION	Fuel oil	Materials and consumables	Crude oil	Total
Cost at 1 January 2019	3.0	48.7	12.1	63.8
Volumes lifted during the year	-	-	(12.1)	(12.1)
Purchase during the year	-	50.6	-	50.6
Use during the year	(0.5)	(39.2)	-	(39.7)
Cost at 31 December 2019	2.5	60.1	-	62.6
Cost at 1 January 2018	3.4	28.4	-	31.8
Volumes lifted during the year	-	-	12.1	12.1
Purchase during the year	2.7	47.0	-	49.7
Use during the year	(3.1)	(26.7)	-	(29.8)
Cost at 31 December 2018	3.0	48.7	12.1	63.8

Note 12 Trade and other current assets

USD MILLION	2019	2018
Trade receivables - gross	153.5	124.7
Provision for doubtful debt	(19.3)	(7.3)
Other receivables	56.8	47.1
Underlift	-	3.9
Prepayments	44.3	19.4
Trade and other current assets	235.3	187.8

The fair value of trade and other current assets is the same as the carrying amount.

As of 31 December 2019, trade receivables of USD 15.7 million (USD 15.9 million) were overdue but not impaired.

The aging analysis of trade receivables is as follows:

USD MILLION	2019	2018
Not past due	118.5	101.5
Up to 3 months	13.3	14.5
3 - 6 months	1.1	-
6 - 12 months	1.3	1.1
12 - > months	-	0.3
Trade receivables - net	134.2	117.4



The contract for Umuroa was terminated effective 31 December 2019. Following the termination of the FPSO contract and recent developments, the Group assessed contractual hire which was due but not paid by the client. The assessment identified uncertainties related to payment of outstanding overdue hire. The Group has recognised an impairment of USD 13 million in 2019.

As of 31 December 2019, the expected credit loss for the Group related to other customers is immaterial. As of 31 December 2018, the expected credit loss for the Group was immaterial.

The aging of provision for impairment loss is as follows:

USD MILLION	2019	2018
Up to 3 months	-	-
More than 3 months	19.3	7.3
Total	19.3	7.3

The carrying amount of the Group's trade and other receivables are mainly denominated in USD.

Movement in allowance for impairment in respect of trade receivables are as follows:

USD MILLION	2019	2018
Balance at 1 January	7.3	7.0
Amounts written off	13.0	0.4
Net remeasurement of loss allowance	(1.0)	(0.1)
Balance at 31 December	19.3	7.3

Expected credit loss for other classes within trade and other receivables are immaterial.

Credit risk and foreign exchange risk regarding trade receivables are described in Note 22.

Note 13 Cash and cash equivalents

Cash and cash equivalents are denominated primarily in USD, SGD, BRL, EUR, GBP, NGN and NOK. Restricted bank deposits at 31 December 2019 amounted to USD 5.9 million (USD 1.0 million). This relate to taxes withheld from employees, the Total Return Swap related to the long-term share option program (note 8) and cash security provided in relation to a customs comprehensive guarantee towards HMRC.

Note 14 FPSOs and vessels under construction

The owned fleet at 31 December 2019 included the following vessels: Abo FPSO, Berge Helene, BW Adolo, BW Athena, BW Catcher, BW Cidade de São Vicente, BW Joko Tole, BW Pioneer, BW Opportunity (formerly known as FPSO Cidade de São Mateus), Espoir Ivoirien, Petróleo Nautipa, FPSO Polvo, Sendje Berge, Umuroa and Yuum K'ak' Náab.

Vessels available for projects include vessels that are currently not in operation. BW Athena has been in lay-up since 2016 and are currently marketed for new projects. Berge Helene was disconnected and demobilised in 2018 and is now being prepared for redeployment to Maromba field in Brazil. The contract on Umuroa was terminated with effect from 31 December 2019. The vessel will be demobilised early 2020, accordingly, a USD 17 million liability was recognised

and capitalised as part of "Vessels available for projects". Management previously did not recognize a liability for decommissioning considering these costs would be carried by the lessee. This situation changed due to termination of the contract.

Belokamenka was sold for recycling in December 2018.

BW Opportunity is in lay-up. The Group has started the repair of the vessel and continues the dialogue with the client regarding a plan for the FPSO and the field. This vessel is included in "Vessels in operation" in the table below.

Yuum K'ak' Náab (reference to Note 24) is accounted for as a finance lease and is not included in the table below.



2019

USD MILLION	Vessels in operation	Vessels available for projects	Total
Cost at 1 January 2019	4,762.9	549.7	5,312.6
Additions	102.4	11.2	113.6
Reclassification	(181.6)	181.6	-
Cost at 31 December 2019	4,683.7	742.5	5,426.2
Accumulated depreciation and impairment charge at 1 January 2019	(2,287.5)	(410.5)	(2,698.0)
Current year depreciation	(334.4)	(16.7)	(351.1)
Reclassification	132.3	(132.3)	-
Accumulated depreciation and impairment charge at 31 December 2019	(2,489.6)	(559.5)	(3,049.1)
Book Value at 31 December 2019	2,194.1	183.0	2,377.1
Useful life	Up to 25 years		

2018

USD MILLION	Vessels in operation	Vessels available for projects	Total
Cost at 1 January 2018	4,618.4	571.4	5,189.8
Additions	144.5	2.5	147.0
Disposal	-	(24.2)	(24.2)
Cost at 31 December 2018	4,762.9	549.7	5,312.6
Accumulated depreciation and impairment charge at 1 January 2018	(1,983.9)	(397.5)	(2,381.4)
Current year depreciation	(303.6)	(23.7)	(327.3)
Disposal	-	10.7	10.7
Accumulated depreciation and impairment charge at 31 December 2018	(2,287.5)	(410.5)	(2,698.0)
Book Value at 31 December 2018	2,475.4	139.2	2,614.6
Useful life	Up to 25 years		
Capitalised interest cost for vessels under construction	1.6		

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was on average approximately 5% in 2018.

The Group has performed an impairment trigger assessment and two vessels were identified related to one vessel operating in Brazil and one vessel operating in the Gulf of Mexico as both vessels are close to its contract expiry date and uncertainty exists around the future deployment of the vessel. The Group has performed an impairment assessment of these two vessels for 2019. The impairment testing did not identify any required impairments or reversals of impairment.

Each vessel is regarded as a cash-generating unit for impairment testing. The recoverable amount is based on a value-in-use calculation for each of the vessels in the fleet. To estimate the recoverable amount, the Group has to make assumptions on contracted cash flows as well as uncontracted cash flows over the useful life for each vessel. Uncontracted cash flows have

been estimated based on experience, expectations on future market conditions and return on invested capital. The assumptions made are built into different scenarios with different cash flows for each unit. The Group expects an improved market as a result of recovery in the oil price where it is expected that it will be possible to extend contracts for certain units already in operation as well as more likely to achieve redeployment of units that are currently idle. Each of the scenarios are weighted to provide for a recoverable amount for each unit that is a weighted average of all scenarios. Scenarios will also include a weighted probability that a unit cannot be redeployed beyond current contract and will have to be recycled.

Cash flows were discounted at a rate of 8.0% (8.0%) on a pre-tax basis. The discount rate is based on Weighted Average Cost of Capital (WACC) for the Group. The following assumptions have been made for the WACC:

- The equity risk premium is based on empirical data of



similar listed companies and is in consensus with the market risk premium observed from the study performed by the Norwegian Society of Financial Analysts. The Group has also included a small cap premium in setting the overall equity risk premium

- The equity ratio is based on long-term assumptions on the Group's financial strategy and capital structure, as well as peer group balance sheet data for listed oil service companies
- For the risk-free rate, the Group is using the US 10-year treasury yields as the basis for calculations, based on a weighted average contract length of the FPSO fleet
- The debt margin used is based on an assessment of the cost of providing long-term funding given the current market outlook and current company risk profile and contract structure
- For estimating beta, the Group have employed various regression models and peer averages to reach a metric of future equity risk for the FPSO segment and BW Offshore
- Due to the structure of the Group's operations, there is very little effect on the WACC when adding debt, as most of the Group's taxes are based on withholding tax deducted at source. The Group has therefore assumed that effect from tax in calculating WACC is zero

The critical assumptions for impairment are the discount rate, assumptions used for cash flows and weight given to each of the scenarios. The recoverable amount for each vessel would be sensitive to changes for any of the above-mentioned assumptions.

An increase of the WACC for the Group by 1% would require an impairment of USD 10.5 million.

The Group make assumptions on redeployment of vessels after contemplated end of current contract. An additional one-year before redeployment of vessels in the weighted scenarios would lead to a USD 5 million impairment.

A further rate reduction of 10% from the weighted scenario on the same vessels would require an additional impairment of USD 17 million.

The Group has performed an impairment assessment of the fleet for 2018. The impairment testing did not identify any required impairments or reversals of impairment.

Note 15 E&P tangible assets, property and other equipment

2019

USD MILLION	E&P assets under development	E&P production assets	Property and other equipment	Total
Cost at 1 January 2019	5.2	190.5	31.4	227.1
Additions ¹⁾	81.4	(7.6)	4.3	78.1
Exchange differences	-	-	(0.1)	(0.1)
Reclassification from intangible assets	1.6	-	-	1.6
Disposals	-	-	(0.2)	(0.2)
Reclassification to assets held for sale	-	0.8	-	0.8
Cost at 31 December 2019	88.2	183.7	35.4	307.3
Accumulated depreciation at 1 January 2019	-	(12.3)	(18.1)	(30.4)
Current year depreciation	-	(43.5)	(1.4)	(44.9)
Exchange differences	-	-	0.1	0.1
Accumulated depreciation at 31 December 2019	-	(55.8)	(19.4)	(75.2)
Book value at 31 December 2019	88.2	127.9	16.0	232.1

Useful life

UoP ²⁾ 0-25 years

1) Asset Retirement Cost has been reduced due to extended field life estimate

2) UoP = Unit-of-Production. Revenue from oil production is recognised based on barrels sold while the E&P production assets are depreciated using the unit-of-production method. Since the assets are used in the production process, the variance is considered to be a part of the crude oil inventory and crude oil underlift value. Depreciation of USD 3.6 million at 31 December 2018 was included in inventory and depreciation of USD 1.1 million at 31 December 2018 was included in other current asset in the in the Statements of financial position. There are no depreciation included in inventory and other current asset at 31 December 2019.



E&P assets under development are not depreciated.

The negotiations related to the farm-in of a 10% stake by Gabon Oil Company (GOC) in the Dussafu licence was completed in March 2019, reducing the Group's stake to 81.67%.

Reference to note 26 for further information on Tullow back-in right. Following the Tullow 10% back-in right, the Group's ownership of the Dussafu license was reduced to 73.5%.

Assets held for sale at 31 December 2018, included both GOC farm-in right and Tullow back-in right in the Dussafu licence. Pan-Petroleum Gabon B.V. holds 7.5% (8.33 %) of the licence.

The Group has performed an impairment trigger assessment on E&P assets and concluded that no impairment triggers exist. Each exploration and exploitation licence are considered a separate cash-generating unit for the purpose of the impairment trigger assessment and, if applicable, impairment testing.

2018

USD MILLION	E&P assets under development	E&P production assets	Property and other equipment	Total
Cost at 1 January 2018	63.3	-	27.5	90.8
Additions	170.7	4.9	4.8	180.4
Exchange differences	-	-	(0.2)	(0.2)
Reclassifications	(228.8)	228.8	-	-
Disposals	-	-	(0.7)	(0.7)
Reclassification to assets held for sale	-	(43.2)	-	(43.2)
Cost at 31 December 2018	5.2	190.5	31.4	227.1
Accumulated depreciation at 1 January 2018	-	-	(17.4)	(17.4)
Current year depreciation	-	(12.3)	(1.5)	(13.8)
Disposals	-	-	0.6	0.6
Exchange differences	-	-	0.2	0.2
Accumulated depreciation at 31 December 2018	-	(12.3)	(18.1)	(30.4)
Book value at 31 December 2018	5.2	178.2	13.3	196.7
Useful life		UoP ¹⁾	0-25 years	

1) UoP = Unit-of-Production. Revenue from oil production is recognised based on barrels sold while the E&P production assets are depreciated using the unit-of-production method. Since the assets are used in the production process, the variance is considered to be a part of the crude oil inventory and crude oil underlift value. Depreciation of USD 3.6 million at 31 December 2018 was included in inventory and depreciation of USD 1.1 million at 31 December 2018 was included in other current asset in the in the Statements of financial position. There are no depreciation included in inventory and other current asset at 31 December 2019.

The Dussafu licence expires in 10 years from commencement of production. At the end of this term, the Group can file for additional two 5-year extensions.



Note 16 Intangible assets

USD MILLION	Software	E&P intangible assets	Total intangible assets
Cost			
At 1 January 2019	16.6	35.8	52.4
Additions	3.6	68.4	72.0
Reclassification to tangible assets	-	(1.6)	(1.6)
Reclassification to assets held for sale	-	(5.2)	(5.2)
Carrying amount, 31 December 2019	20.2	97.4	117.6
Amortisation and impairment			
At 1 January 2019	(14.5)	(0.2)	(14.7)
Amortisation and impairment	(1.2)	(0.6)	(1.8)
At 31 December 2019	(15.7)	(0.8)	(16.5)
Net book value			
At 31 December 2019	4.5	96.6	101.1
Useful life	1 - 3 years		
Amortisation method	linear		

USD MILLION	Software	E&P intangible assets	Total intangible assets
Cost			
At 1 January 2018	15.4	3.9	19.3
Additions	1.2	31.9	33.1
Carrying amount, 31 December 2018	16.6	35.8	52.4
Amortisation and impairment			
At 1 January 2018	(12.6)	-	(12.6)
Amortisation and impairment	(1.9)	(0.2)	(2.1)
At 31 December 2018	(14.5)	(0.2)	(14.7)
Net book value			
At 31 December 2018	2.1	35.6	37.7
Useful life	1 - 3 years		
Amortisation method	linear		

Reference to note 15 for further information of assets held for sale.

In 2019, the Group started further exploration and evaluation of the Ruche area of Dussafu. Drilling operations at Hibiscus proved a significant oil reservoir in the structure and the Group has revised the Ruche development plan including the Hibiscus discovery which will accelerate production growth from Ruche phase 1.

In March 2019, the Group entered into agreements to acquire 100% of the Maromba licence in Brazil field offshore

Brazil from Petrobras (70%) and Chevron (30%). In August 2019, The Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP) has granted the Group status as operator in Brazil and approved the transfer of Chevron and Petrobras' participating interest in the Maromba field to the Group. The closing of the transaction with Chevron and Petrobras is subject to certain condition precedents. The approval as operator satisfies the main condition precedent for the closing of the Maromba field acquisition and triggered the first milestone payment of USD 30 million to Chevron and Petrobras. The total acquisition price for the Maromba field is USD 115 million, which will be paid over



three milestones as the development progresses towards first oil. The second milestone is due at start of drilling activities and the third milestone is due at first oil or 3 years after the start of drilling activities, whichever comes first. Under the current Maromba licence terms, the production licence expires in 2033 (27 years starting from 26 December 2006).

Subsequent to the agreements, the Group signed a Memorandum of Understanding ("MOU") with Magma Oil & Gas Ltda ("Magma") granting an option to Magma for the acquisition of 5% of the Group's participating interest in the Maromba Field upon occurrence of the first oil.

The Group also holds a 56% stake of the Kudu production licence, PL-003, offshore Namibia. National Petroleum Corporation of Namibia (NAMCOR), the Namibian state-owned oil company, holds the remaining 44% of the licence. The licence expires in November 2036.

E&P intangible assets that are under the exploration and evaluation phase and are not amortised except for the Intellectual Property agreement described in Note 27, are amortised over 12 years.

Note 17 Equity-accounted investments

Associates

2019

USD MILLION

Entity	OCS Services Limited	Euro Techniques Industries	
Country	British Virgin Islands	France	
Industry	Manning Office	Technology	Total
Carrying amount 1 January 2019	7.2	1.7	8.9
Dividend	-	(0.1)	(0.1)
Share of net profit	0.2	0.5	0.7
Carrying amount 31 December 2019	7.4	2.1	9.5

2018

USD MILLION

Entity	OCS Services Limited	Euro Techniques Industries	
Country	British Virgin Islands	France	
Industry	Manning Office	Technology	Total
Carrying amount 1 January 2018	6.0	1.6	7.6
Dividend	-	(0.1)	(0.1)
Share of net profit	1.2	0.2	1.4
Carrying amount 31 December 2018	7.2	1.7	8.9

OCS

The Group does not have joint control over this investment. The partner is in charge of the daily operation of the company while the Group act as an investment partner. The Group does not have power over more than half of the voting rights in OCS. Further, the Group does not have the

power to cast the majority of votes at meetings of the Board of Directors or equivalent governing body. As the Group is only acting as an investment partner, OCS is considered an associate. The Group's interest in OCS is accounted for using the equity method in the consolidated financial statements.



Note 18 Share capital

Share capital

Authorised share capital:

At 1 January 2019:	214,000,000 ordinary shares at par value USD 0.50 each
At 31 December 2019:	214,000,000 ordinary shares at par value USD 0.50 each

USD THOUSAND

Issued and fully paid:

At 1 January 2019	92,478.2
At 31 December 2019	92,478.2

The Company held a total of 1,513 own shares at 31 December 2019 (1,513). These shares are held as "treasury shares". Book value of the treasury shares was USD 0.3 million at 31 December 2019 (USD 0.3 million).

Reference to "Shareholder information" section for information of the 20 largest shareholders at 31 December 2019.

ICBCL Agreement

In November 2017, the Group closed an agreement with a nominee of the financial leasing firm, ICBC Financial Leasing Co., Ltd. (ICBCL), whereby such nominee becomes an equity partner in BW Catcher Limited. BW Catcher Limited has issued preference shares with a preferential dividend

right to ICBCL, for an aggregate subscription price of USD 275,000,000. The company plans to redeem the preference shares in full over an estimated term of 12 years. The aggregate redemption and dividend payments on the preference shares are estimated to reflect approximately 25-30% of the estimated free cash flow after debt servicing in the Catcher contract over a similar term. The net proceeds from the issue of the preference shares will be used for general corporate purposes. The investment by ICBCL is presented as a non-controlling interest in the statement of financial position of BW Offshore. USD 11.0 million (USD 11.9 million) has been paid in dividend during 2019 and the redemption for 2019 amounts to USD 22.9 million (USD 22.9 million).

Note 19 Loans and borrowings

USD MILLION	Effective interest rate	Maturity date	Carrying amount 2019	Carrying amount 2018
USD 672.5 million Corporate Facility	3 month LIBOR + 2.25%	16-May-24	180.2	-
Convertible bonds	2.50%	12-Nov-24	245.2	-
USD 2,400 million facility	3 month LIBOR + 2.25%	09-Mar-20	-	199.7
Catcher facility	3 month LIBOR + 2.25%	15-Jul-24	483.0	595.8
Petróleo Nautipa facility	3 month LIBOR + 1.70%	14-Sep-22	15.9	27.5
BWO01 - NOK 500 million Bond	3 month NIBOR + 4.50%	15-Mar-20	-	41.7
BWO02 - NOK 500 million Bond	3 month NIBOR + 4.50%	21-Sep-20	-	57.8
BWO03 - NOK 750 million Bond	3 month NIBOR + 4.50%	11-Mar-21	-	86.6
BWO04 - NOK 900 million Bond	3 month NIBOR + 4.25%	16-Mar-22	-	103.7
BWO05 - NOK 900 million Bond	3 month NIBOR + 4.50%	04-Dec-23	101.4	-
Total long-term debt			1,025.7	1,112.8

USD MILLION	Effective interest rate	Maturity date	Carrying amount 2019	Carrying amount 2018
USD 672.5 million Corporate Facility	3 month LIBOR + 2.25%	16-May-24	(2.3)	-
Convertible bonds	2.50%	12-Nov-24	(0.6)	-
USD 2,400 million facility	3 month LIBOR + 2.25%	09-Mar-20	-	137.5
Catcher facility	3 month LIBOR + 2.25%	15-Jul-24	112.8	112.5
Petróleo Nautipa facility	3 month LIBOR + 1.70%	14-Sep-22	11.6	11.6
BWO01 - NOK 500 million Bond	3 month NIBOR + 4.50%	15-Mar-20	27.1	(0.1)
BWO02 - NOK 500 million Bond	3 month NIBOR + 4.50%	21-Sep-20	10.4	(0.1)
BWO03 - NOK 750 million Bond	3 month NIBOR + 4.50%	11-Mar-21	37.5	(0.2)
BWO04 - NOK 900 million Bond	3 month NIBOR + 4.25%	16-Mar-22	25.0	(0.3)
BWO05 - NOK 900 million Bond	3 month NIBOR + 4.50%	04-Dec-23	(0.4)	-
Total short-term debt			221.1	260.9
Total interest-bearing debt			1,246.8	1,373.7

The Group is in compliance with all covenants at 31 December 2019. Covenants are calculated and reported on consolidated financials.

USD 672.5 million Corporate Facility

During the second quarter of 2019, the Group refinanced the previous USD 2,400 million facility into a five-year senior secured USD 672.5 million revolving credit facility. The facility is priced at a margin of 225 basis points above USD LIBOR and if utilisation exceeds 50%, the margin increases by another 25 basis points. The facility is reduced semi-annually with USD 52.5 million. The Group had USD 375.0 million undrawn under the revolving credit facility at 31 December 2019.

The new USD 672.5 million Corporate Facility is subject to certain covenants, including minimum book equity of at least 25% of total assets, debt to EBITDA of maximum 5.5, minimum USD 75 million available liquidity including undrawn amounts and interest coverage ratio of minimum 3.0.

Catcher USD 800 million facility

During the third quarter of 2014, the Group entered into a USD 800 million senior secured pre-and post-delivery term loan facility being a project specific bank financing in relation to construction of an FPSO to operate on the Catcher oil field in the UK North Sea. The facility has a margin of 225 basis points above USD LIBOR and is subject to financial covenants similar to the covenants under the USD 672.5 million Corporate Facility.

Petróleo Nautipa USD 80 million facility

During the first quarter of 2015, the Group entered into a USD 80 million senior secured loan facility in respect of the FPSO Petróleo Nautipa. The loan has a tenor of 7.5 years and will be used for general corporate purposes. The facility is subject to financial covenants similar to the covenants under the USD 672.5 million Corporate Facility.

BWO01 - NOK 500 million Bond

During the first quarter of 2012, BW Offshore Limited successfully completed the placement of a NOK 500 million senior unsecured bond with maturity date on 15 March 2017.

The maturity was extended to 15 March 2020 with NOK 140 million partial redemption on 15 March 2017 as part of the amendment exercise. The proceeds from the Bond loan can be used for general corporate purposes. As per 31 December 2019 NOK 237.6 million was outstanding. Upon placement of BWO05 and the convertible bond, the remaining balance is repaid mid-January 2020 upon expiry of the 60 days Call Notice period.

BWO02 - NOK 500 million Bond

During the first quarter of 2013, BW Offshore Limited successfully completed the placement of a NOK 500 million senior unsecured bond with maturity date on 21 March 2018. The maturity was extended to 21 September 2020 with NOK 100 million partial redemption on 23 March 2020. The proceeds from the Bond loan can be used for general corporate purposes. As per 31 December 2019 NOK 91.5 million was outstanding. Upon placement of BWO05 and the convertible bond, the remaining balance is repaid mid-January 2020 upon expiry of the 60 days Call Notice period.

BWO03 - NOK 750 million Bond

During the first quarter of 2014, BW Offshore Limited successfully completed the placement of a NOK 750 million senior unsecured bond with maturity date on 11 March 2019. The maturity was extended to 11 March 2021 with NOK 150 million partial redemption on 11 September 2020. The proceeds from the Bond loan can be used for general corporate purposes. As per 31 December 2019 NOK 329 million was outstanding. Upon placement of BWO05 and the convertible bond, the remaining balance is repaid mid-January 2020 upon expiry of the 60 days Call Notice period.

BWO04 - NOK 900 million Bond

During the second quarter of 2015, BW Offshore Limited successfully completed the placement of a NOK 900 million senior unsecured bond with maturity date on 16 June 2020. The maturity was extended to 16 March 2022 with NOK 90 million partial redemption on 16 March 2021 and NOK 180 million partial redemption on 16 December 2021. The proceeds from the Bond loan can be used for general corporate purposes. As per 31 December 2019 NOK 220 million was outstanding. Upon placement of BWO05 and the



convertible bond, the remaining balance is repaid mid-January 2020 upon expiry of the 60 days Call Notice period.

BWO05 – NOK 900 million Bond

During the fourth quarter 2019, BW Offshore Limited successfully completed the placement of a NOK 900 million senior unsecured bond with maturity date on 4 December 2023. The proceeds from the Bond loan was used to partly repay existing bond loans. The bond loan is subject to certain covenants, including minimum book equity of at least 25% of total assets and minimum USD 75 million available liquidity including undrawn amounts available for utilisation by the Group.

Convertible bonds

During the fourth quarter 2019, BW Offshore Limited issued a USD 297.4 million convertible bond with a five-year tenor and coupon of 2.50% per annum, payable semi-annually in arrears. The convertible bond has no regular repayments and matures in full on 12 November 2024. There are no financial covenants in the convertible bond agreement. The proceeds from the convertible bond loan is used to refinance the existing bond loans and general corporate purposes. The initial conversion price of USD 10.24 corresponds to a conversion premium of 37.5% over the volume weighted average price of the shares on the Oslo Stock Exchange at 5 November 2019 (converted at the prevailing USD:NOK spot rate equal to NOK 9.1921 / USD 1.00).

USD MILLION

Proceeds from issue of convertible bonds	297.4
Transaction costs	(3.8)
Net proceeds	293.6
Amount classified as equity (net of transaction costs of USD 0.7 million)	(50.1)
Accreted interest	1.1
Carrying amount of liability at 31 December 2019	244.6

Reconciliation of movements of liabilities and equity to cash flows arising from financing activities

2019

USD MILLION	Liabilities				Equity			Total
	Interest payable	Other liabilities	Interest-bearing short-term debt	Interest-bearing long-term debt	Share capital/premium	Other equity	Non-controlling interests	
Balance at 1 January 2019			260.9	1,112.8	1,188.0	(192.4)	325.3	
Proceeds from loans and borrowings	-	-	-	1,001.2	-	-	-	1,001.2
Repayment of borrowings	-	-	(138.9)	(997.6)	-	-	-	(1,136.5)
Transferred to/from non-controlling interests	-	(5.0)	-	-	-	-	(32.6)	(37.6)
Payment of lease liabilities	(10.3)	-	-	-	-	-	-	(10.3)
Interest paid	(78.2)	-	(3.6)	(10.5)	-	-	-	(92.3)
Total changes from financing cash flows	(88.5)	(5.0)	(142.5)	(6.9)	-	-	(32.6)	(275.5)
Effects of changes in foreign exchange rate and interest rate swaps			(5.8)	70.8	-	-	-	65.0
Liability-related:								
Expensed capitalised borrowing costs			2.6	3.9	-	-	-	6.5
Accreted interest			-	1.1	-	-	-	1.1
Non-cash movements			105.9	(105.9)	-	-	-	-
Total liability-related other changes			108.5	(100.9)	-	-	-	7.6
Total equity-related other changes			-	(50.1)	-	124.0	46.2	120.1
Balance at 31 December 2019			221.1	1,025.7	1,188.0	(68.4)	338.9	



USD MILLION	Liabilities				Equity			Total
	Interest payable	Other liabilities	Interest-bearing short-term debt	Interest-bearing long-term debt	Share capital/premium	Other equity	Non-controlling interests	
Balance at 1 January 2018			222.8	1,198.0	1,188.0	(216.5)	287.9	
Proceeds from loans and borrowings	-	-	-	241.0	-	-	-	241.0
Repayment of borrowings	-	-	(38.3)	(240.0)	-	-	-	(278.3)
Transferred to/from non-controlling interests	-	7.1	-	-	-	-	24.0	31.1
Interest paid	(78.3)	-	-	-	-	-	-	(78.3)
Total changes from financing cash flows	(78.3)	7.1	(38.3)	1.0	-	-	24.0	(84.5)
Effects of changes in foreign exchange rate			(0.1)	(15.2)	-	-	-	(15.3)
Liability-related:								
Expensed capitalised borrowing costs			1.6	3.9	-	-	-	5.5
Non-cash movements			74.9	(74.9)	-	-	-	-
Total liability-related other changes			76.5	(71.0)	-	-	-	5.5
Total equity-related other changes			-	-	-	24.1	13.4	37.5
Balance at 31 December 2018			260.9	1,112.8	1,188.0	(192.4)	325.3	

Note 20 Trade, other payables and other non-current liabilities

USD MILLION	2019	2018
Trade payables	49.3	33.0
Accrued vessel expenses	40.0	44.4
Accrued other expenses	138.5	109.5
Public duties payables	11.8	11.5
Deferred revenues	84.1	123.7
Total trade and other payables	323.7	322.1

USD MILLION	2019	2018
Deferred revenues	212.1	244.2
Long-term deposit	5.7	5.7
Other long-term liabilities	0.8	0.8
Total other non-current liabilities	218.6	250.7

Deferred revenues primarily relate to the advance consideration received from customers for which revenue is recognised over time, mainly over the remaining contract period.

Note 21 Provisions

The Group has made a provision for asset retirement obligations (ARO) related to future demobilisation of FPSOs operating for the Group, removal and decommissioning umbilicals and other production assets, plugging and abandonment of production or exploration wells and removal of other subsurface equipment and facilities in Gabon. The

amount recognised is the present value of the estimated future expenditures determined in accordance with local conditions and requirements. The applied discount rate is 6 % (6%), calculated based on risk free rate, adjusted for credit risk of the Group.

USD MILLION	Asset retirement obligations
Provision during 2018	16.0
Accretion expense 2018	0.2
Provision at 31 December 2018	16.2
Change in estimate during 2019	(7.6)
Accretion expense 2019	0.3
Provision at 31 December 2019	8.9

Note 22 Financial instruments - fair values and risk management

The Group's central finance division has the responsibility for financing, treasury management and financial risk management.

Financial risk factors

Activities expose the Group to a variety of financial risks: market risk (including currency risk, and commodity price risk), credit risk, liquidity risk and interest rate risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. A finance management team led by the Chief Financial Officer identifies and evaluates financial risks in close co-operation with the Group's operating units. The finance management team's activities are governed by policies approved by the Board of Directors for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity. The finance management team will report to the Group's Top Management, the Audit Committee and the Board of Directors on the status on activities on a regular basis.

The Group does not use financial instruments, including financial derivatives, for trading purposes.

Market risk

BW Offshore expects the global balance of crude oil supply and demand outlook to remain challenging for producers. Supply is dominated by growth in US shale in the short term and this is increasing pressure on OPEC to prolong production cuts to stabilise the market. Demand growth estimates are being revised downwards as global turmoil is increasing, led by the deterioration in trade relations between US and China.

Recent years have seen cash flow from offshore field developments improving. Focus on cutting cost and increasing efficiency as well as focus on phasing has reduced time to first oil and payback for these developments. As free cash flow from offshore field developments are improving it is expected that this segment will see growth with an increasing number of projects being sanctioned going forward. This development with shorter cycle investments and more phasing is considered to be reflected in increased demand for leased FPSOs.

Through the investment in Dussafu an integrated asset and field development strategy has been deployed. Focus is on a phased low risk approach, with short term from final investment decision ('FID') to first oil, short term to payback and a low break even. As BW Offshore is intended to separately list BW Energy Limited ('BW Energy'), the integrated asset and field development strategy will continue. The majority of BW Offshore's fleet remains on long-term contracts with national and independent oil companies. These contracts will continue to generate significant cash flow in the time ahead. However, as contracts are coming to an end, BW Offshore is well positioned to continue to generate cash flow from the fleet through redeployments proactively enabled through BW Energy as well as through new contracts with clients of BW Offshore.

BW Offshore generates such cash flows that it enables a reduced leverage, good liquidity and a strong financial position.

Credit risk

Most of the Group's customer contracts are long-term. The Group assesses the credit quality of the customers on a regular basis, considering its financial position, experience and other factors. There are no guarantees that the financial



position of the Group's major customers will not materially change during the contracted period, as it happens from time to time that customers decides to sell the production licence, which exposes the Group to a new customer on an existing lease contract. The Group will normally have contractual clauses to prevent a customer to novate the lease contract without consent. Given the limited number of major customers of the Group and the significant portion these represent to the Group's revenue, the inability of one or more of them to make full payment on any of the Group's contracted units may have a significant adverse impact on the financial position.

As most of the Group's portfolio is with historically solid counterparties, where a significant number are also rated by international credit rating agencies, the Group believes that the credit risk related to counterparties is at a manageable level.

Another risk factor to be addressed is whether negative reservoir development may affect the oil company's ability to fulfil its obligations within the fixed contract. The probability for options to be exercised and extension of contracts to be entered into will be negatively affected by a reduction in actual reservoir reserves. It is common for customers, i.e. the oil companies, to contract the firm period for the FPSO lease corresponding to the expected producing life of the reserves. A low oil price creates an additional risk factor where the price of oil is so low that it does not create sufficient cash flow for the oil companies to carry out their obligations during the fixed contract term. The existing contracts are seeking to protect the Group against these risks through termination fees, cash-flow arrangements and financial- and corporate guarantees. However, there are situations where the Group might suffer losses due to situations beyond the Group's control. The Group will continue its active risk management to mitigate these risk factors. This is, amongst other things, done through regular evaluation of counterparties and their financial situation, as well as through having a close dialogue with clients.

Overdue trade receivables were USD 35.0 million at the end of 2019, compared to USD 23.2 million at the end of 2018. The overdue situation was mainly related to units operating in New Zealand and West Africa (reference to Note 12).

The Group is also exposed to certain credit risk related to agreements entered into with suppliers such as yards used for conversion projects. The Group manages its exposure to such risks through a thorough evaluation of the

counterparty and subsequently by continuous monitoring of larger counterparties.

The Group has policies that limit the amount of credit exposure against any financial institution. Cash deposits, derivatives and financial guarantees are predominantly maintained with investment grade financial institutions. The maximum risk exposure is represented by the carrying amount of the financial assets in the balance sheet except for financial guarantees.

The Group regards its maximum credit risk exposure to the carrying amount of trade receivables (reference to Note 12), other current assets and financial lease receivables (reference to Note 24).

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions in order to meet obligations of finance liabilities when they become due. Due to the dynamic nature of the underlying businesses, the Group maintains sufficient cash for its daily operations and its investment program via short-term cash deposits at banks and a commitment to make available funds from the unutilised portion of revolving facilities offered by financial institutions to the Group.

The Group monitors the liquidity through cash flow forecasting of operational and investment activities in the short-, medium- and long-term.

The refinancing of the USD 672.5 million Corporate Facility, the placement of BWO05 bond and the Convertible bond has extended tenors of the Groups financing and has mitigated short term refinancing and liquidity risk. Cashflows from continuing operations are sufficient to fulfil short-term financial obligations. Production from BW Catcher throughout 2019 has been a significant contributor to the cash flow of the Group and together with the production of oil from BW Adolo in the Dussafu licence.

The following table sets out the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. When counterparties have a choice of when to settle an amount, the liability is included based on the earliest date of which the counterparty can require settlement.



Maturity profile - financial liabilities, Year ended 2019

USD MILLION	Q1 20	Q2 20	Q3 20	Q4 20	2020	2021	2022-2024	2025 and beyond	Total
USD 672.5 million Corporate Facility	-	-	-	-	-	-	185.0	-	185.0
Convertible bonds	-	-	-	-	-	-	297.4	-	297.4
Catcher facility	28.6	28.6	28.6	28.6	114.3	114.3	371.4	-	600.0
Petróleo Nautipa facility	5.8	-	5.8	-	11.6	8.0	8.0	-	27.6
BW001 - NOK 500 million Bond ¹⁾	42.8	-	-	-	42.8	-	-	-	42.8
BW002 - NOK 500 million Bond ¹⁾	15.5	-	-	-	15.5	-	-	-	15.5
BW003 - NOK 750 million Bond ¹⁾	54.4	-	-	-	54.4	-	-	-	54.4
BW004 - NOK 900 million Bond ¹⁾	28.3	-	-	-	28.3	-	-	-	28.3
BW005 - NOK 900 million Bond ¹⁾	-	-	-	-	-	-	98.8	-	98.8
Interest rate swaps	2.5	5.3	1.6	5.4	14.9	14.0	35.0	-	63.9
Interest payments	9.1	8.2	8.0	7.6	32.9	27.0	46.0	-	105.9
Other	1.3	1.4	1.4	1.2	5.3	5.0	5.0	-	15.3
Trade and other payable current	117.9	68.6	68.6	68.6	323.7	-	-	-	323.7
Total	306.2	112.1	113.9	111.3	643.6	168.3	1,046.6	-	1,858.5

1) Bond loan illustrated at swapped USD/NOK rate

Maturity profile - financial liabilities, Year ended 2018

USD MILLION	Q1 19	Q2 19	Q3 19	Q4 19	2019	2020	2021-2023	2024 and beyond	Total
USD 2,400 million facility	92.6	-	46.3	-	138.9	200.0	-	-	338.9
Catcher facility	28.6	28.6	28.6	28.6	114.4	114.4	342.8	142.8	714.4
Petróleo Nautipa facility	5.8	-	5.8	-	11.6	11.6	16.0	-	39.2
BW001 - NOK 500 million Bond ¹⁾	-	-	-	-	-	65.0	-	-	65.0
BW002 - NOK 500 million Bond ¹⁾	-	-	-	-	-	86.8	-	-	86.8
BW003 - NOK 750 million Bond ¹⁾	-	-	-	-	-	24.8	99.2	-	124.0
BW004 - NOK 900 million Bond ¹⁾	-	-	-	-	-	-	117.0	-	117.0
Interest rate swaps	6.3	6.3	6.4	6.4	25.4	19.2	4.2	(3.6)	45.2
Interest payments	14.5	13.0	12.9	11.5	51.9	32.0	49.1	3.5	136.5
Other	0.5	0.5	0.6	0.5	2.1	2.1	3.4	0.2	7.8
Trade and other payable current	105.3	72.3	72.3	72.3	322.1	-	-	-	322.1
Total	253.6	120.7	172.9	119.3	666.4	555.9	631.7	142.9	1,996.9

1) Bond loan illustrated at swapped USD/NOK rate

The Group has the following undrawn borrowing facilities, which can be utilised if the Group is in compliance with its loan covenants:

USD MILLION	2019	2018
Expire within one year	-	-
Expire beyond one year	375.0	273.9



Foreign currency risk

The functional currency of the Company and most of its subsidiaries is USD. In general, most operating revenues and a significant portion of operating expenses as well as most interest-bearing debt are denominated in USD. The Group is exposed to expenses and investments incurred in currencies other than USD ('foreign currencies'); the major currencies being Norwegian Kroner ('NOK'), Singapore Dollars ('SGD'), British Pounds ('GBP') and Brazilian Reals ('BRL'). Operating expenses denominated in NOK, SGD, GBP, BRL and EUR constitute a part of the Group's total operating expenses. Capital expenditures related to construction, conversion and life extension activities on FPSOs would also to some extent be denominated in other currencies than USD. Consequently, fluctuations in the exchange rate on NOK, SGD, GBP, BRL, and EUR may have significant impact on the financial statements of the Group.

The Group enters into forward/futures contracts to reduce the exchange rate risk on cash flows nominated in foreign currencies, both related to construction and conversion projects and to operating and administrative expenses. The exchange rate risk is calculated for each foreign currency and takes into account assets and liabilities, liabilities not recognised in the balance sheet and expected purchases and sales in the currency in question. Currency hedges and other currency effects include changes in fair value of currency hedges, effects or settlement of these hedges, and other currency effects related to operating cash flows. Most of the cash flows in foreign currencies related to construction and conversion projects will be hedged. As a consequence, the Group's exposure to fluctuations in foreign currencies against USD will be limited.

Total nominal value of the Group's foreign currency contracts was USD 163.5 million at 31 December 2019. Fair value of the foreign currency contracts amounted to negative USD 0.6 million (compared to USD 104.7 million and negative USD 3.0 million in 2018) and are presented gross in the statement of financial position. Net effect of forward exchange contracts recognised in the statement of income in 2019 is positive by USD 2.4 million (negative USD 4.2 million).

The Group is exposed to foreign currency risk on bonds issued in NOK, respectively bond BWO01, BWO02, BWO03, BWO04 and BWO05. The Group had per 31 December 2019 issued bonds totalling NOK 1,778 million. The foreign currency exposure on bond BWO01, BWO02, BWO03 and BWO05 is hedged through cross-currency interest swaps, amended, with a nominal value of USD 211.6 million, while BWO04 is hedged through cross-currency swaps with a nominal value of USD 28.3 million. The market value of the cross-currency interest swaps and the cross-currency swaps was negative by USD 39.8 million at 31 December 2019 (negative USD 111.3 million).

The Group does not apply hedge accounting and net financial income/expense fluctuate due to mark-to-market changes of the swaps and due to currency gains/losses of the bonds.

Sensitivity Analysis

A reasonably possible strengthening (weakening) of the NOK and SGD against USD at 31st December 2019 would have affected the measurement of financial instruments denominated in a foreign currency and effected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasts.

USD THOUSAND	Profit or loss		Equity, net of cash	
	Strengthening	Weakening	Strengthening	Weakening
At 31 December 2019				
NOK (6% movement)	36	(36)	28	(28)
SGD (3% movement)	807	(807)	670	(670)



Interest rate risk

The Group is exposed to interest rate risk through its funding activities. All of the Group's interest-bearing debt has floating interest rate conditions, making the Group influenced by changes in the market rates. The Group aims to hedge at least 50% of its interest rate exposure.

As of 31 December 2019, the Group's floating rate debt amounted to 1,312.6 USD million (USD 1,383.0 million).

The Group holds interest rate swaps with a nominal value of USD 513.8 million and interest rate caps with a nominal value of USD 100 million with maturity during 2020-2028. The weighted average interest swap rate was 2.2% at 31 December 2019, and the average cap rate was 3.5%. The swaps and caps are held to hedge the quarterly cash flows from floating rate interest payments on the Corporate Facility - loan of USD 620 million, the USD 800 million-loan facility and the Petróleo Nautipa loan facility. The market value of the interest swaps and caps was negative by USD 11.7 million at 31 December 2019 (positive USD 11.7 million) and the changes in fair value has been recognised as a fair value gain on financial instruments.

The cross-currency interest swaps held to hedge the BWO01, BWO02, BWO03 and BWO05 bonds also hedge the interest rate risk on these bonds with a nominal value of USD 211.6 million with a maturity during 2020-2023. The weighted average interest swap rate was 6.6% at 31 December 2019. In December 2019 when BWO05 was settled, bond holders of BWO01, BWO02, BWO03 and BWO04, that was participating in BWO05, executed buy-backs of the shares to be invested in BWO05 and the cross-currency interest rates swaps was respectively partially reversed in accordance with the buy-back volumes. The market value of the cross-currency interest rate swaps was negative by USD 35.6 million at 31 December 2019 (negative USD 94 million) and the changes in fair value has been recognised as a fair value gain on financial instruments.

The following table shows the Group's sensitivity for fluctuations in interest rates. The calculation includes all interest-bearing instruments and interest rate financial derivatives.

	Increase/decrease in basis points	Effect on profit/loss before tax (USD million)
2019	+/- 50	+/- 2.3
2018	+/- 50	+/- 3.6

Of the total interest-bearing debt of USD 1,312.6 million, USD 853.7 million is hedged.

The weighted average interest rate on financial instruments at year-end was as follows:

	2019	2018
Loans secured by collateral	2.2 %	4.2 %
Loans - unsecured	4.4 %	7.1 %

Interest rate on cash deposits was 1.39% as per year-end 2019 (2.4%).

Commodity price risk

The Groups revenues are partly derived from the sale of petroleum products related to the Dussafu licence. Therefore, the Group's revenue is increasingly exposed to fluctuations in the oil price.

BW Offshore will assess the benefits of forward hedging monthly sales contracts on a continuous basis and oil price hedging will be performed in accordance with instructions from the Board of Directors. The Group has not entered into oil price hedging contracts per 31 December 2019.

Fair values

IFRS 13 requires disclosures of fair value measurements by the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The fair value of the Group's currency hedges is determined using forward exchange rates at the balance sheet date, with the resulting value discounted to present value (level 2). This is presented on separate lines in the statement of financial position.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves (level 2). The fair value of the cross-currency interest swaps is presented as non-current liabilities in the statement of financial position.

The fair value of the Group's interest rate swaps, foreign exchange contracts and cross-currency interest swaps are as follows:

USD MILLION	Fair value 2019	Fair value 2018
Derivatives current net asset/(liability)	(0.1)	(2.5)
Derivatives non-current net asset/(liability) FX	(0.6)	(0.5)
Derivatives non-current net asset/(liability) interest rate swaps	(11.7)	11.7
Derivatives non-current net asset/(liability) cross-currency swaps	(39.8)	(111.3)
Total	(52.2)	(102.6)

The carrying amounts and fair value of borrowings are as follows:

USD MILLION	Carrying amount 2019	Carrying amount 2018	Fair value 2019	Fair value 2018
USD 672.5 million Corporate Facility	177.8	-	185.0	-
Convertible bonds	244.7	-	297.4	-
USD 2,400 million facility	-	337.2	-	338.9
Catcher facility	595.8	708.3	600.0	714.4
Petróleo Nautipa facility	27.5	39.1	27.6	39.2
BWO01 - NOK 500 million Bond	27.1	41.6	27.1	41.6
BWO02 - NOK 500 million Bond	10.4	57.7	10.4	57.2
BWO03 - NOK 750 million Bond	37.5	86.4	37.5	87.0
BWO04 - NOK 900 million Bond	25.1	103.4	25.1	103.1
BWO05 - NOK 900 million Bond	101.0	-	102.5	-
Total	1,246.9	1,373.7	1,312.6	1,381.4

The fair value of bonds has been measured in level 2 of the FV hierarchy. Other loans have been measured in level 3. The difference between carrying amount and fair value relates to amortised loan costs and the equity portion of the convertible bond. Other loans were extended in July 2016 based on market terms at that time, and the Group has not made observations indicating there has been any changes in the Group's credit rating subsequent to that time and hence no significant differences between fair value and carrying amount except for amortised loan costs and the equity portion of the convertible bond.

Capital structure and equity

Capital structure is monitored by the Group. The primary focus of the Group's financial strategy is to ensure a healthy capital structure to support its business, fulfil all financial obligations and maximise shareholder values.

The Group also monitors and manages its capital structure in light of changes in the economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to its shareholders, return capital to shareholders or issue new shares. The Group is no longer restricted from paying dividends.

Construction and conversion projects will normally be funded through current loan facilities and/or specific project loan facilities equalling 70-80% of the cost of the project. Project loan facilities can be established either before a contract for the conversion project is signed, during the conversion phase of a project or when the FPSO commence operation.

The Group has also since 2012 issued bonds in NOK. Going forward the Group will consider continuing issuing bonds when the market is attractive and if it provides competitive funding as an alternative to traditional bank financing. The Group has also recently placed a convertible bond and has now more diversified sources of funding.

The Company has no specific targeted equity ratio. However, the loan facilities of the Group have certain covenants related to equity and equity ratio, both closely monitored by the Company (reference to Note 19).



Note 23 List of subsidiaries, associates, joint ventures and non-controlling interests

Subsidiaries	Country of incorporation	Ownership 2019	Ownership 2018
Belokamenka Limited	Bermuda	100%	100%
Berge Carmen Singapore Pte Ltd	Singapore	100%	100%
Bergesen Worldwide Mexico, S.A. de C.V.	Mexico	100%	100%
Bergesen Worldwide Offshore Mexico S. de RL de CV	Mexico	100%	100%
BW Adolo Pte Ltd	Singapore	100%	100%
BW Athena Pte Ltd	Singapore	100%	0%
BW Berge Helene Pte Ltd ²⁾	Singapore	100%	100%
BW Bergesen Worldwide Pte Ltd ²⁾	Singapore	100%	100%
BW Carmen Limited	Bermuda	100%	100%
BW Catcher Limited ³⁾	Bermuda	100%	100%
BW Cidade de São Vicente Pte Ltd ²⁾	Singapore	100%	100%
BW Energy Dussafu B.V. ⁴⁾	Netherlands	100%	100%
BW Energy Gabon Pte Ltd ⁴⁾	Singapore	100%	100%
BW Energy Gabon SA ⁴⁾	Gabon	100%	100%
BW Energy Limited ⁵⁾	Bermuda	69%	0%
BW Energy Maromba B.V. ⁴⁾	Netherlands	100%	0%
BW Energy Maromba do Brazil Ltda ^{1) 4)}	Brazil	100%	100%
BW Energy Holdings Pte Ltd ⁴⁾	Singapore	100%	67%
BW Espoir Ivoirien Pte Ltd	Singapore	100%	0%
BW Kudu Holding Pte Ltd ⁴⁾	Singapore	100%	100%
BW Kudu Limited ⁴⁾	United Kingdom	100%	100%
BW KMZ Limited	Bermuda	100%	100%
BW Maromba Holdings Pte Ltd ⁴⁾	Singapore	100%	0%
BW Nisa Limited	Bermuda	100%	100%
BW Offshore Catcher (UK) Limited	United Kingdom	100%	100%
BW Offshore China Ltd	China	100%	100%
BW Offshore Cyprus Limited	Cyprus	100%	100%
BW Offshore do Brazil Ltda	Brazil	100%	100%
BW Offshore do Brazil Servicos Maritimos Ltda	Brazil	100%	100%
BW Offshore (Ghana) Pte Ltd	Singapore	100%	100%
BW Offshore Global Manning Pte Ltd	Singapore	100%	100%
BW Offshore Holdings Pte Ltd	Singapore	100%	0%
BW Offshore Management B.V.	Netherlands	100%	100%
BW Offshore Nautipa AS	Norway	100%	100%
BW Offshore Netherlands B.V.	Netherlands	100%	100%
BW Offshore Norway AS	Norway	100%	100%
BW Offshore Norwegian Manning AS	Norway	100%	100%
BW Offshore Opportunity I Limited	Bermuda	100%	100%
BW Offshore Peregrino Limited	Bermuda	100%	100%
BW Offshore Poland sp z o.o.	Poland	100%	100%
BW Offshore Shipholding Cyprus Limited	Cyprus	100%	100%
BW Offshore Shipholding Limited	Bermuda	100%	100%
BW Offshore Shipholding Pte Ltd	Singapore	100%	0%
BW Offshore Singapore Pte Ltd	Singapore	100%	100%
BW Offshore TSB Invest Pte Ltd	Singapore	100%	100%
BW Offshore (UK) Limited	United Kingdom	100%	100%
BW Offshore USA Management, Inc.	USA	100%	100%
BW Offshore USA, LLC	USA	100%	100%
BW Opportunity Limited	Bermuda	100%	100%
BW Pioneer (UK) Limited	United Kingdom	100%	100%
BW Polvo Pte Ltd	Singapore	100%	0%
BW Sendje Berge Pte Ltd ²⁾	Singapore	100%	100%
BW Umuroa Pte Ltd	Singapore	100%	0%
BWO-Premier Ghana Limited	Ghana	70%	70%
Egyptian Winlines Shipping Co. SAE	Egypt	100%	100%
Prosafé GFPSO I B.V.	Netherlands	100%	100%
Prosafé Production B.V.	Netherlands	100%	100%
Prosafé Production Nigeria Limited	Nigeria	100%	100%
Prosafé Services Cote d'Ivoire Pte Ltd	Singapore	100%	100%
PT BW Offshore TSB Invest ⁶⁾	Indonesia	49%	49%
Tinworth Pte Ltd	Singapore	100%	100%
Tinworth France SAS ⁷⁾	France	100%	100%
Tinworth Gabon SA	Gabon	100%	100%
Associates			
OCS Services Limited	British Virgin Islands	50%	50%
Euro Techniques Industries	France	40%	40%
Joint ventures			
BW Offshore Nigeria Limited	Nigeria	49%	49%

1) Formerly known as BW Offshore Production do Brazil Ltda

2) Redomiciled from Bermuda to Singapore in May as part of the restructuring exercise

3) Preference shares are issued with a preferential dividend right to ICBCL. The preferential dividend is a fixed percentage of outstanding preference shares, and accordingly the result allocated to non-controlling interest is independent of underlying result in the subsidiary.

4) Owned by BW Energy Limited, ownership effectively reduced to 69% due to Maple Company Limited and Arnet Energy Pte Ltd investment

5) Maple Company Limited owns 30% and Arnet Energy owns 1% with effect from October

6) The company is 51% owned by Indonesian shareholders. The company is recognised in the balance sheet without non-controlling interests, as the Group has put in place, and have finalised agreements that ensure that 100% of profits are retained by the Group.

7) Formerly known as BWO Rouen SAS



Companies with material non-controlling interests

Company	Country of incorporation	Percentage non-controlling interests	
		2019	2018
BW Energy Holdings Pte Ltd 1)	Singapore	0%	33%
BW Energy Limited	Bermuda	31%	0%

1) In preparation for the planned separate listing of BW Energy Limited, the holding in BW Energy Holdings Pte Ltd by Maple Company Limited and Arnet Energy Pte Ltd are transferred on an arms-length basis to BW Energy Limited. Reference to Note 27 Related parties

Note 24 Leases

The Group as a lessee (IFRS 16)

The Group leases office premises, apartments, warehouses and vessel. Leases of office premises generally have lease terms between 1 and 7 years, while apartments and warehouses and vessel generally have lease terms between 1 and 3 years. Previously, these leases were classified as operating leases under IAS 17.

The Group has leases of certain office equipment (i.e., personal computers, printing- and photocopying machines, coffee machines) that are considered of low value.

Total cash outflow for leases included in the statement of cash flows is USD 10.3 million.

Right-of-use assets and lease liabilities

USD MILLION	Land and buildings	Vessels	Right-of-use assets	Lease liabilities
Balance at 1 January 2019	24.5	5.1	29.6	29.6
Additions	1.9	-	1.9	1.9
Interest adjustments	0.4	-	0.4	0.4
Depreciation expense	(6.7)	(3.2)	(9.9)	n/a
Interest expense	n/a	n/a	n/a	1.2
Lease payments	n/a	n/a	n/a	(10.3)
Foreign currency translation gain/(loss)	-	-	-	0.2
Balance at 31 December 2019	20.1	1.9	22.0	23.0

Amounts recognised in profit or loss

2019 Leases under IFRS 16

USD MILLION	2019
Interest on lease liabilities	1.2
Expenses relating to short-term leases	0.6

Extension options

Some leases, such as lease of office leases, contain contractual rights and options, such as extension and cancellation options, exercisable only by the Group and not by the lessors. These options may impact the estimated lease term. The Group assesses at lease commencement, and subsequently when facts and circumstances which under the control of the Group require it, whether it is reasonably certain to exercise these options and reflects this in the lease term.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of 10.4 million.

The Group as a lessor

The Group has entered into lease contracts as lessor.

Finance lease

The FPSO Yuum K'ak' Náab commenced operations in Mexico in July 2007 on a firm 15-year lease contract. The



title of the vessel will automatically be transferred to the customer at the end of the lease term without compensation. The net present value of the minimum lease payments amounts to substantially all the fair value of the FPSO at the inception of the lease. In addition, the firm contract period is for the major part of the economic life of the FPSO.

Accordingly, this contract is classified as a finance lease. The Group will operate and maintain the FPSO over the 15-year contract period. Revenues and expenses arising from this operation are recognised as revenues from contracts with customers, lease interest and operating expenses on vessels.

The future minimum lease payments receivable from finance lease is presented in the table below:

USD MILLION	2019	2018
Not later than one year	25.3	25.3
Later than one year and not later than five years	37.7	63.0
Later than five years	-	-
Gross receivables from finance leases	63.0	88.3
Unearned future finance income on finance leases	(5.7)	(10.9)
Net investment in finance leases	57.3	77.4
Included in non-current assets (Financial lease receivables)	35.6	57.3
Included in current assets (Financial lease receivables)	21.7	20.1

Operating leases

BW Athena and Berge Helene are not on contract as of December 2018. Berge Helene is being prepared for redeployment to Maromba filed in Brazil. The contract on Umuroa is terminated with effect from 31 December 2019. The vessel will be demobilised early 2020. Belokamenka was sold for recycling in December 2018.

BW Opportunity is currently in lay-up but still on contract with Petrobras. The Group has decided to start repairing the unit awaiting an agreement with Petrobras on whether the client would like the FPSO to return on the field.

The rest of the FPSOs owned by year-end are on firm operating lease contracts. BW Adolo commenced operation in September 2018 on the Dussafu field offshore Gabon.

Future minimum payments receivable under non-cancellable operating leases contract as at 31 December are as follows:

USD MILLION	2019	2018
Not later than one year	382.5	442.2
Later than one year and not later than five years	785.9	907.1
Later than five years	-	150.7
Total amount	1,168.4	1,500.0

Note 25 Commitments and guarantees

Commitments related to life extension activities, conversion projects, development of oil fields and operations, contracted for at the balance sheet date, but not recognised in the financial statements are as follows:

USD MILLION	2019	2018
Nominal amount	170.0	111.8
Fair value	157.4	103.5
Interest rate	8.0 %	8.0 %

The commitment included committed contract values for conversion of BW Adolo, development of the Dussafu field, committed contract values related to life extension activities on the fleet, as well as for ongoing operations.

The Group has issued bank guarantees in favour of various customers totalling USD 69.1 million (USD 69.2 million).

The bank debt related to the USD 672.5 million Corporate Facility, as referred to in Note 19, is secured by:

- a parent company guarantee from BW Offshore Limited
- first priority mortgages over ten FPSOs
- first priority secured interest in all earnings and proceeds of insurance related to the same ten FPSOs

The bank debt related to the Catcher loan facility, as referred to in Note 19, is secured by:

- a parent company guarantee from BW Offshore Limited

- a first priority mortgage over the FPSO BW Catcher, owned by BW Catcher Limited, Bermuda
- first priority secured interest in all earnings and proceeds of insurance related to the FPSO

The bank debt related to the Petróleo Nautipa facility, as referred to in Note 19, is secured by:

- a parent company guarantee from BW Offshore Limited
- a first priority mortgage over the FPSO Petróleo Nautipa owned by Tinworth Pte Ltd
- first priority secured interest in all earnings and proceeds of insurance related to the FPSO Petróleo Nautipa

The carrying value of vessels pledged as collateral per 31 December 2019 was USD 2,226.3 million (USD 2,469.8 million). In addition, the shares in certain vessel owning companies in the Group are pledged.

Note 26 Contingent assets and liabilities

In December 2019, Tullow exercised its 10% back-in right into the Dussafu license as stipulated in the production sharing contract (PSC), reducing the Group's ownership of the Dussafu license to 73.5%. The exercise of the back-in right was subject to Tullow reimbursing the other Parties for its share of historic costs related to the Dussafu development. The total amount has been disputed by the Parties. However, the Parties have now reached an agreement for the undisputed share of the costs, representing a total of USD 40.9 million as at the end of 2019. The net amount payable by Tullow to the existing partners is USD 19.8 million. The Group's share of USD 15.9 million was received in December 2019. Negotiations are ongoing to resolve the disputed costs, which amount to an additional USD 18.7 million. A receivable is recognised in the consolidated statement of financial position based on management best estimate. If an agreement is not reached, then the dispute will be submitted to a simplified arbitration. The Groups' share of the disputed costs is 81.67%.

In March 2019, the Group entered into agreements to acquire 100% of the Maromba licence in Brazil field offshore Brazil from Petrobras (70%) and Chevron (30%). In August 2019, The Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP) has granted the Group status as operator in Brazil and approved the transfer of Chevron and Petrobras' participating interest in the Maromba field to the Group. The closing of the transaction with Chevron and Petrobras is subject to certain condition precedents. The approval as operator satisfies the main condition precedent for the closing of the Maromba field acquisition and triggered the first milestone payment of USD 30 million to Chevron and Petrobras. The total acquisition price for the Maromba field is USD 115 million, which will be paid over three milestones as the development progresses towards first oil. The second milestone is due at start of drilling activities and the third milestone is due at first oil or 3 years after the start of drilling activities, whichever comes first.

In April 2016, the Group received a tax assessment and tax collection letter issued by the Indonesian Tax Office related to a tax audit for 2013 and 2014. The tax office disagrees with the revenue recognition method used by the Group. The Group has obtained written expert advice in respect of the revenue recognition method adopted by the Group confirming that this is supported by Indonesian GAAP and International Financial Reporting Standards. A tax audit for 2015 was concluded in June 2017. Similar to the tax audit for 2013 and 2014, the tax office disagrees with the revenue recognition method used by the Group. The Group brought its case to the Tax Court and on 10 February 2020 the result of the appeal was announced in favour of the Group. The Tax Office may seek an appeal to the Supreme Court. Total claim is USD 26.5 million, including interest USD of 7.6 million, which could also be subject to 100% penalties. Management assesses this claim to be unmerited and no amounts have consequently been provided for in the accounts.

BW Opportunity is currently in lay-up. The FPSO is still on contract with Petrobras. The Group continues the dialogue with the client regarding a firm plan for the FPSO and the field.

The Group has an ongoing tax audit in Brazil related to allocation of revenue between the local entities and the vessel owning entities outside Brazil. Based on an evaluation of the case in collaboration with legal advisors, it is not found probable that the final tax assessment will result in additional tax expense for the Group, and no provision has been made. The total exposure is approximately USD 5.1 million.

In June 2019 the Group received a tax assessment letter issued by Gabon tax authorities related to a tax audit for 2014-2017. Total claim is USD 8.5 million including penalties. The Group has provided for the probable amount of the exposure.

In addition to the cases mentioned above, the Group also from time to time have tax audits and other minor disputes with clients or vendors. Provisions or claims are recognised in accordance with the accounting policies as stated in Note 2.



Note 27 Related parties transactions

The largest individual shareholder, BW Group Limited owning 49.9%, is incorporated in Bermuda and is controlled by Sohmen family interests.

Investments in subsidiaries are disclosed in Note 23.

Investments in associates are disclosed in Note 17.

Remuneration to the Board of Directors, Top Management and auditors is detailed in Note 8.

During 2018, BW Offshore, in partnership with the BW Group Limited (the partnership), finalised an agreement with Seaboard Production Partners, LLC (SPP) for the transfer of Intellectual Property, including but not limited to development plans, reservoir and geological analysis and economic modelling to be utilised in the development of the Dussafu field. The manager, also a shareholder of SPP is now a key employee of BW Offshore. Under the terms of the agreement, the partnership has paid an upfront payment of USD 7.5 million for the intellectual property. The agreement is built on an earn out model with a defined set of performance targets, which would entitle SPP further payments conditional upon these targets being met. Nominal payments under the agreement could amount to a further USD 67.5 million over the life of the Dussafu development. No performance targets were met by December 2019.

During 2016, BW Offshore, in partnership with the BW Group Limited entered into an agreement to acquire 66.67% of the Dussafu production sharing contract (PSC) offshore Gabon. BW Offshore formed a company known as BW Energy Holdings Pte. Ltd. (BWEH), for the purpose of pursuing oil and gas interests. As per year-end 2016 the company was owned 100% by BW Offshore, after the closing of the transaction in 2017, the company was owned 66.67% by BW Offshore and 33.33% by Maple Company Limited, a wholly owned subsidiary of BW Group Limited.

In March 2019, Carl Arnet the former CEO of BW Offshore Limited became the holder of 1% shares in BWEH. The new shares in BWEH were allotted to Arnet Energy, a wholly owned entity by Carl Arnet for a total consideration of USD 1.85 million, including a pro rata share of shareholder loans.

Following this transaction, the shareholders of BWEH are the BW Offshore Group (66%), BW Group (33%) and Arnet Energy (1%). Similar to the other shareholders in BWEH, Arnet Energy is obliged to provide continued funding in respect of BWEH's business and development costs for its projects, whether through equity or shareholder loans.

In October 2019, BW Offshore Singapore Pte Ltd (BWOS), a wholly owned subsidiary of BW Offshore entered into share swap agreements pursuant to which the shares in and receivables on certain subsidiaries through which the Company holds its E&P assets are transferred to BW Energy. BW Energy Limited is a newly established Bermuda Limited company and will serve as parent company for the E&P business.

The E&P assets include the Group's shareholding interest in:

- BW Energy Holdings Pte Ltd, which holds the ownership interest in the Dussafu production sharing contract. As consideration, BWOS, Maple Company Limited and Arnet Energy Pte Ltd will receive, respectively, 66%, 33% and 1% of the shares in BW Energy, which mirrors their shareholdings in BW Energy Holdings Pte Ltd.
- BW Kudu Holding Pte Ltd, which holds a 56% participating interest in the Kudu licence.
- BW Maromba Holdings Pte Ltd which, through its wholly owned subsidiary has entered into definite agreements to acquire 100% of the participating interest in the Maromba licence.

Following completion of the above transactions, the Group's ownership interest in BW Energy Limited is 68.6%, while BW Group Limited and Arnet Energy Pte Ltd own 30.5% and 0.9% respectively.

During 2019, Arnet Energy provided a short-term loan amounting to USD 0.6 million to BWEH related to development activities on Dussafu. USD 0.3 was repaid in the same period. By the end of 2019, total short-term loan provided by Arnet Energy Limited to BWEH amounted to USD 0.3 million was converted into equity in BW Energy Limited, a subsidiary of BW Offshore Limited.

During 2019, Maple Company Limited provided BWEH with a short-term loan amounting to USD 4.1 million related to development activities on Dussafu. In the same period, BWEH repaid USD 9.4 million. By the end of 2019, total short-term loan provided by Maple Company Limited to BWEH amounted to USD 10.3 million (USD 15.6 million) was converted into equity in BW Energy Limited, a subsidiary of BW Offshore Limited.

In 2019, the Group signed a Memorandum of Understanding ("MOU") with Magma Oil & Gas Ltda (Magma) granting an option to Magma for the acquisition of 5% of the Group's participating interest in the Maromba Field upon occurrence of the first oil (reference to note 16). In July 2019, the Group appointed a shareholder in Magma as country manager for BW Energy in Brazil.



Note 28 Subsequent events

Trading in the shares of BW Energy on the Oslo Stock Exchange commenced on 19 February 2020.

BW Group Limited has been allocated 6,378,971 Offer Shares, which is equivalent to NOK 156 million (approximately USD 17 million).

The Group has resolved to distribute approximately 37,741,000 shares in BW Energy (the "Dividend Shares") to

the eligible BW Offshore shareholders (the "BW Offshore Dividend Distribution"). The total value of the Dividend Shares is approximately NOK 921 million (approximately USD 100 million).

Following the completion of the Offering (excluding over-allotment) and the BW Offshore Dividend Distribution, the free float of BW Energy's shares are approximately 25% and the retained share interest in BW Energy Limited is 38.8%.

Note 29 Reserves (unaudited)

The Group has used the services of Netherland, Sewell & Associates, Inc. (NSAI) for estimating and certifying the reserves and resources.

Evaluations have been based on standard petroleum engineering and evaluation principles. This include use of standard engineering and geoscience methods, or a combination of methods, including volumetric analysis, analogy, and reservoir modelling, considered to be appropriate and

necessary to classify, categorize, and estimate volumes in accordance with the 2007 PRMS definitions and guidelines. The reserves and contingent resources in this report have been estimated using deterministic methods.

As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, conclusions necessarily represent only informed professional judgment.

Estimated remaining gross oil reserves as of December 31, 2019:

As of 31.12.2019	1P Gross mmbbl	1P Net mmbbl	2P Gross mmbbl	2P Net mmbbl
Dussafu Marine Permit	76.0	55.9	111.4	81.9
As of 31.12.2018	1P Gross mmbbl	1P Net mmbbl	2P Gross mmbbl	2P Net mmbbl
Dussafu Marine Permit	25.9	19.2	35.1	24.2

Proved reserves (1P) are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those

additional reserves which are sequentially less certain to be recovered than proved reserves and 2P is proved and probable reserves.

During 2018 and 2019, the Group had the following reserve development:

	2P reserve mmbbl
Balance as of 31 December 2017	23.5
Production 2018	(1.2)
Revision of previous estimate	12.8
Balance as of 31 December 2018	35.1
Production 2019	(4.3)
Revision of previous estimate	80.6
Balance as of 31 December 2019	111.4





Parent company financial statements

Statement of Income
Statement of Comprehensive Income
Statement of Financial Position
Statement of Changes in Shareholders' Equity
Statement of Cash Flows

- 1 General information
- 2 Accounting policies
- 3 Operating expenses
- 4 Income tax
- 5 Cash and cash equivalents
- 6 Share capital
- 7 Loans and borrowings
- 8 Trade and other payables
- 9 Financial assets and liabilities
- 10 Financial risk management
- 11 Shares in subsidiaries
- 12 Guarantees
- 13 Intercompany receivables and payables
- 14 Intangible assets

Responsibility statement
Alternative performance measures
Independent auditor's report



Statement of Income

USD MILLION (Year ended 31 December)	Note	2019	2018
Dividend income		54.2	-
Operating expenses			
Other expenses	3	(35.0)	(34.8)
Total operating expenses		(35.0)	(34.8)
Operating profit/(loss)		19.2	(34.8)
Interest income		35.8	30.1
Interest expense		(39.1)	(30.8)
Net currency exchange gain/ (loss)		(72.0)	15.6
Fair value gain/ (loss) on financial instruments		69.3	(17.5)
Loss on sale of subsidiaries	11	(196.4)	-
Impairment	11,13	(10.4)	(15.1)
Other financial income		-	0.3
Other financial expenses		(2.1)	(0.5)
Net financial items		(214.9)	(18.0)
Profit / (loss) before tax		(195.7)	(52.8)
Income tax expense		(1.0)	(0.1)
Net profit/ (loss) for the year		(196.7)	(52.9)

Statement of Comprehensive Income

USD MILLION (Year ended 31 December)	Note	2019	2018
Profit / (loss) for the year		(196.7)	(52.9)
Other comprehensive income			
Reclassification during the year to profit of cash flow hedges	10	2.0	2.9
Total comprehensive income for the year		(194.7)	(50.0)

The notes on pages 117-125 are an integral part of these financial statements.



Statement of Financial Position

USD MILLION (As at 31 December)	Note	2019	2018
ASSETS			
Intangible assets	14	2.9	-
Shares in subsidiaries	11	1,250.3	1,034.3
Intercompany receivables long-term	13	520.4	-
Derivatives		4.4	0.7
Total non-current assets		1,778.0	1,035.0
Trade and other receivables		0.2	0.1
Intercompany receivables short-term	13	280.3	546.3
Derivatives		0.5	-
Cash and cash equivalents	5	21.4	12.0
Total current assets		302.4	558.4
Total assets		2,080.4	1,593.3
EQUITY			
Share capital	6	92.5	92.5
Share premium		1,095.5	1,095.5
Other equity		(323.3)	(179.5)
Total shareholders' equity		864.7	1,008.5
LIABILITIES			
Interest-bearing long-term debt	7,9	346.6	289.7
Intercompany payables long-term	13	130.4	-
Derivatives		23.2	111.7
Total non-current liabilities		500.2	401.4
Interest-bearing short-term debt	7,9	99.0	(0.6)
Trade and other payables	8,9	2.8	2.4
Intercompany payables short-term	13	590.8	180.4
Derivatives		22.9	1.3
Total current liabilities		715.5	183.5
Total shareholders' equity and liabilities		2,080.4	1,593.3

The notes on pages 117-125 are an integral part of these financial statements.



Statement of Changes in Shareholders' Equity

USD MILLION	Share capital	Share premium	Treasury shares	Cash flow hedges	Equity component of convertible bonds	Other elements	Total equity
At 1 January 2018	92.5	1,095.5	(2.9)	(4.9)	-	(121.8)	1,058.4
Profit/(loss) for the period	-	-	-	-	-	(52.9)	(52.9)
Other comprehensive income	-	-	-	2.9	-	-	2.9
Share-based payment	-	-	0.1	-	-	-	0.1
Other equity transactions	-	-	2.5	-	-	(2.5)	-
Total equity at 31 December 2018	92.5	1,095.5	(0.3)	(2.0)	-	(177.2)	1,008.5
At 1 January 2019	92.5	1,095.5	(0.3)	(2.0)	-	(177.2)	1,008.5
Profit/(loss) for the period	-	-	-	-	-	(196.7)	(196.7)
Other comprehensive income	-	-	-	2.0	-	-	2.0
Issue of convertible bonds	-	-	-	-	50.1	-	50.1
Share-based payment	-	-	-	-	-	1.0	1.0
Other equity transactions	-	-	-	-	-	(0.2)	(0.2)
Total equity at 31 December 2019	92.5	1,095.5	(0.3)	-	50.1	(373.1)	864.7

The notes on pages 117-125 are an integral part of these financial statements.



Statement of Cash Flows

USD MILLION (Year ended 31 December)	Note	2019	2018
Operating activities			
Profit/ (loss) before tax		(195.7)	(52.8)
Taxes paid	4	(1.0)	(0.1)
Impairment charges	13	10.4	15.1
Loss from sale of shares	11	196.4	-
Fair value change on financial instruments		(71.1)	12.5
Changes in receivables and accounts payable		0.3	0.2
Share-based payment expense		1.0	-
Add back of net interest expense		5.2	1.2
Other items from operating activities		9.7	(11.6)
Net cash flows used in operating activities		(44.8)	(35.4)
Investing activities			
Investments in subsidiaries		(6.0)	(9.0)
Investment in intangible assets	14	(2.9)	-
Interest received		35.8	30.1
Dividend received		54.2	-
Net cash flows from investing activities		81.1	21.1
Financing activities			
Changes in intercompany receivables/payables	13	(130.4)	28.6
Repayment of long-term debt	7	(251.7)	-
Proceeds from new interest-bearing debt	7	396.2	-
Interest paid		(41.0)	(31.2)
Net cash flows used in financing activities		(26.9)	(2.6)
Net change in cash and cash equivalents		9.4	(16.9)
Cash and cash equivalents at 1 January		12.0	28.9
Cash and cash equivalents at 31 December	5	21.4	12.0

The notes on pages 117-125 are an integral part of these financial statements.



Notes

Note 1 General information

BW Offshore Limited ("BW Offshore" or the "Company") was incorporated in Bermuda in 2005 and is domiciled in Bermuda with registered address Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. BW Offshore Limited is the holding company.

The Company is listed on the Oslo Stock Exchange (OSE).

All figures are in USD million if not otherwise stated. As a result of rounding differences, numbers and or percentages may not add up to the total. Figures in brackets refer to corresponding figures for 2018.

The financial statements were approved by the Board of Directors on 27 February 2020.

Note 2 Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The financial statements have been prepared pursuant to the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through equity or the statement of income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Accounting for subsidiaries

The subsidiaries are entities (including special purpose entities) over which the Company has control. Control is achieved when the Company is exposed or has rights to variable returns from its involvement with a company in which it has invested and has the ability to use its power to affect its returns from this company. Investments in subsidiaries are stated at cost less any impairment.

Currency translation

Functional and presentation currency

The Company's presentation currency is United States Dollars ("USD"). This is also the functional currency of the Company and most of its subsidiaries.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the date of transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of financial year-end exchange rates of monetary assets and liabilities denominated in

foreign currencies are recognised in the statement of income. Currency translation gains and losses, from items which are hedged as part of a connecting cash flow hedge, are recognised in other comprehensive income.

Revenue recognition

Interest income

Interest income is recognised on a time proportion basis applying the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company's financial assets are derivatives, trade- and intercompany receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Except for trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, (in the case of a financial asset not at fair value through profit or loss), transaction costs.

The Company classifies its financial assets in two categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortised cost

The Company measures financial assets at amortised cost if

both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade- and intercompany receivables and other short-term deposits.

Financial assets at fair value through profit or loss

Derivatives at fair value are carried in the statement of financial position at fair value with net changes in fair value through profit or loss. The category includes foreign exchange contracts and interest rate swaps.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a. the Company has transferred substantially all the risks and rewards of the asset, or
 - b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets

For intercompany receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime Estimated Credit Losses (ECLs) at each reporting date, based on its historical credit loss experience.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost except for financial liabilities at fair value through profit or loss (FVTPL). Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and short-term deposits with an original maturity of three months or less.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where the Company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in USD, that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.



Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

Provisions for other liabilities and charges

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, when it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Classification of assets and liabilities

Assets for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Liabilities which fall due more than one year after being

incurred are classified as long-term liabilities, except for following year's instalments on long-term debt. This is presented as current interest-bearing debt. Liabilities which fall due less than one year after they are incurred are classified as current liabilities.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Shares in subsidiaries and intercompany receivables are subject to impairment testing at the end of each reporting period. Valuation is subject to assessment of the recoverability in the underlying investment or receivable. Management's assessment can affect the level of impairment loss, or reversal of such, that is recognised in profit or loss.

Changes in accounting policies

There are no changes in the accounting policies. The Company has no lease agreements so IFRS 16 does not impact the financial statements.

Note 3 Operating expenses

USD MILLION	2019	2018
Management fee	20.8	20.1
Lawyer's fee	1.8	2.1
Consultant's fee	2.2	2.4
Auditor's fee	0.3	0.1
Other operating expenses	9.9	10.1
Total operating expenses	35.0	34.8

Management fee is fee for management services provided to the Company by subsidiaries in the Group.

Note 4 Income tax

BW Offshore Limited is a Bermuda company. Currently, the Company is not required to pay taxes in Bermuda on ordinary income or capital gains. The Company has received written assurance from the Minister of Finance in Bermuda that it will be exempt from taxation until 2036.

The income tax for 2019 concerns withholding tax which the Company is subject to in certain countries where the Company has financial income.



Note 5 Cash and cash equivalents

Cash and cash equivalents comprise the following items:

USD MILLION	2019	2018
Bank deposits	21.4	12.0
Total cash and cash equivalents	21.4	12.0

Note 6 Share capital

Authorised share capital:

At 1 January 2019	214,000,000 ordinary shares at par value USD 0.50 each
At 31 December 2019	214,000,000 ordinary shares at par value USD 0.50 each

USD THOUSAND

Issued and fully paid:

At 1 January 2019	92,478.2
At 31 December 2019	92,478.2

The Company held a total of 1,513 own shares at 31 December 2019 (1,513).

Note 7 Loans and borrowings

USD MILLION	Effective interest rate	Maturity date	Carrying amount 2019	Carrying amount 2018
Convertible bonds	2.50%	12-Nov-24	245.2	-
BW001 - NOK 500 million Bond	3 month NIBOR + 4.50%	15-Mar-20	-	41.7
BW002 - NOK 500 million Bond	3 month NIBOR + 4.50%	21-Sep-20	-	57.8
BW003 - NOK 750 million Bond	3 month NIBOR + 4.50%	11-Mar-21	-	86.6
BW004 - NOK 900 million Bond	3 month NIBOR + 4.25%	16-Mar-22	-	103.6
BW005 - NOK 900 million Bond	3 month NIBOR + 4.50%	04-Dec-23	101.4	-
Total long-term debt			346.6	289.7



USD MILLION	Effective interest rate	Maturity date	Carrying amount 2019	Carrying amount 2018
Convertible bonds	2.50%	12-Nov-24	(0.6)	-
BW001 - NOK 500 million Bond	3 month NIBOR + 4.50%	15-Mar-20	27.1	(0.1)
BW002 - NOK 500 million Bond	3 month NIBOR + 4.50%	21-Sep-20	10.4	(0.1)
BW003 - NOK 750 million Bond	3 month NIBOR + 4.50%	11-Mar-21	37.5	(0.2)
BW004 - NOK 900 million Bond	3 month NIBOR + 4.25%	16-Mar-22	25.0	(0.2)
BW005 - NOK 900 million Bond	3 month NIBOR + 4.50%	04-Dec-23	(0.4)	-
Total short-term debt			99.0	(0.6)
Total interest-bearing debt			445.6	289.1

BW001 - NOK 500 million Bond

During the first quarter of 2012, BW Offshore Limited successfully completed the placement of a NOK 500 million senior unsecured bond with maturity date on 15 March 2017. The maturity was extended to 15 March 2020 with NOK 140 million partial redemption on 15 March 2017 as part of the amendment exercise. The proceeds from the Bond loan can be used for general corporate purposes. As per 31 December 2019 NOK 237.6 million was outstanding. Upon placement of BW005 and the convertible bond, the remaining balance is repaid mid-January 2020 upon expiry of the 60 days Call Notice period.

BW002 - NOK 500 million Bond

During the first quarter of 2013, BW Offshore Limited successfully completed the placement of a NOK 500 million senior unsecured bond with maturity date on 21 March 2018. The maturity was extended to 21 September 2020 with NOK 100 million partial redemption on 23 March 2020. The proceeds from the Bond loan can be used for general corporate purposes. As per 31 December 2019 NOK 91.5 million was outstanding. Upon placement of BW005 and the convertible bond, the remaining balance is repaid mid-January 2020 upon expiry of the 60 days Call Notice period.

BW003 - NOK 750 million Bond

During the first quarter of 2014, BW Offshore Limited successfully completed the placement of a NOK 750 million senior unsecured bond with maturity date on 11 March 2019. The maturity was extended to 11 March 2021 with NOK 150 million partial redemption on 11 September 2020. The proceeds from the Bond loan can be used for general corporate purposes. As per 31 December 2019 NOK 329 million was outstanding. Upon placement of BW005 and the convertible bond, the remaining balance is repaid mid-January 2020 upon expiry of the 60 days Call Notice period.

BW004 - NOK 900 million Bond

During the second quarter of 2015, BW Offshore Limited successfully completed the placement of a NOK 900 million senior unsecured bond with maturity date on 16 June 2020. The maturity was extended to 16 March 2022 with NOK 90 million partial redemption on 16 March 2021 and NOK 180 million partial redemption on 16 December 2021. The proceeds from the Bond loan can be used for general corporate purposes. As per 31 December 2019 NOK 220 million was outstanding. Upon placement of BW005 and the convertible bond, the remaining balance is repaid mid-January 2020 upon expiry of the 60 days Call Notice period.

BW005 - NOK 900 million Bond

During the fourth quarter 2019, BW Offshore Limited successfully completed the placement of a NOK 900 million senior unsecured bond with maturity date on 4 December 2023. The proceeds from the Bond loan was used to partly repay existing bond loans. The bond loan is subject to certain covenants, including minimum book equity of at least 25% of total assets and minimum USD 75 million available liquidity including undrawn amounts available for utilisation by the Group.

Convertible bonds

During the fourth quarter 2019, BW Offshore Limited issued a USD 297.4 million convertible bond with a five-year tenor and coupon of 2.50% per annum, payable semi-annually in arrears. The convertible bond has no regular repayments and matures in full on 12 November 2024. There are no financial covenants in the convertible bond agreement. The proceeds from the convertible bond loan will be used to refinance the existing bond loans and general corporate purposes. The initial conversion price of USD 10.24 corresponds to a conversion premium of 375% over the volume weighted average price of the shares on the Oslo Stock Exchange at 5 November 2019 (converted at the prevailing USD:NOK spot rate equal to NOK 9.1921 / USD 1.00).



USD MILLION

Proceeds from issue of convertible bonds	297.4
Transaction costs	(3.8)
Net proceeds	293.6
Amount classified as equity (net of transaction costs of USD 0.7 million)	(50.1)
Accreted interest	1.1
Carrying amount of liability at 31 December 2019	244.6

Reconciliation of movements of liabilities to cash flows arising from financing activities

2019

USD MILLION	Interest payable	Liabilities			Total
		Intercompany payables	Interest-bearing short-term debt	Interest-bearing long-term debt	
Balance at 1 January 2019	-	-	(0.6)	289.7	
Proceeds from loans and borrowings	-	-	-	396.2	396.2
Repayment of borrowings	-	-	-	(251.7)	(251.7)
Interest paid	(35.7)	-	(1.0)	(4.3)	(41.0)
Changes in intercompany receivables	-	(130.4)	-	-	(130.4)
Total changes from financing cash flows	(35.7)	(130.4)	(1.0)	140.2	(26.9)
Effects of changes in foreign exchange rate			(5.8)	70.6	64.8
Liability-related:					
Non-cash movements			105.8	(105.8)	-
Accreted interest			-	1.1	1.1
Expensed capitalised borrowing costs			0.6	0.9	1.5
Total liability-related other changes			106.4	(103.8)	2.6
Total equity-related other changes			-	(50.1)	(50.1)
Balance at 31 December 2019			99.0	346.6	

2018

USD MILLION	Interest payable	Liabilities			Total
		Intercompany payables	Interest-bearing short-term debt	Interest-bearing long-term debt	
Balance at 1 January 2018	-	-	(0.7)	304.3	
Repayment of borrowings	-	-	-	-	-
Interest paid	(31.2)	-	-	-	(31.2)
Changes in intercompany receivables	-	28.6	-	-	28.6
Total changes from financing cash flows	(31.2)	28.6	-	-	(2.6)
Effects of changes in foreign exchange rate			-	(15.2)	(15.2)
Liability-related:					
Expensed capitalised borrowing costs			-	0.7	0.7
Total liability-related other changes			-	0.7	0.7
Balance at 31 December 2018			(0.6)	289.7	



Note 8 Trade and other payables

USD MILLION	2019	2018
Other accruals	2.8	2.4
Total trade and other payables	2.8	2.4

Note 9 Financial assets and liabilities

As of 31 December, the Company had financial assets and liabilities in the following categories:

USD MILLION Year ended 31 December 2019	Financial assets	Financial liabilities measured at amortised cost	Fair value
Cash and cash equivalents	21.4	-	21.4
Derivatives	4.9	-	4.9
Interest-bearing debt	-	445.6	445.6
Other current liabilities	-	25.7	25.7
Total	26.3	471.3	497.6

USD MILLION Year ended 31 December 2018	Financial assets	Financial liabilities measured at amortised cost	Fair value
Cash and cash equivalents	12.0	-	12.0
Derivatives	0.7	-	0.7
Interest-bearing debt	-	289.1	289.1
Other current liabilities	-	3.7	3.7
Total	12.7	292.8	305.5

Note 10 Financial risk management

The Company's activities expose it to a variety of financial risks. Overall risk management follows and is handled by the BW Offshore Group. These processes and policies are described in more detail under Note 22 of the consolidated financial statements.

Foreign currency risk

The Company's business is not exposed to significant foreign exchange risk as its operating expenses are mainly denominated in United States Dollars, which is the functional currency of the Company. The Company enters into forward/futures contracts to reduce the exchange-rate risk in cash flows nominated in foreign currencies related to administrative expenses. The exchange-rate risk is calculated for each foreign currency and considers assets and liabilities, liabilities not recognised in the balance sheet and expected purchases and sales in the currency in question. Currency hedges and other currency effects include changes in fair value of currency hedges, effects or settlement of these hedges, and other currency effects related to operating cash flows.

The Company is exposed to foreign currency risk on bonds issued in NOK, respectively bond BWO01, BWO02, BWO03, BWO04 and BWO05. The foreign currency exposure on bond BWO01, BWO02, BWO03 and BWO05 are hedged through cross-currency interest swaps with a nominal value of USD 211.6 million, while BWO04 is hedged through cross-currency swaps with a nominal value of USD 28.3 million.

Interest rate risk

Except for the amount due to and from subsidiaries, the Company's operating cash flows are independent of changes in market interest rates.

The Company holds interest rate caps with a nominal value of USD 100 million in total with maturity in 2023. The caps are held to hedge the quarterly cash flows from floating rate interest payments on the Corporate Facility loan.

The cross-currency interest swaps held to hedge the BWO01, BWO02, BWO03 and BWO05 bonds also hedge the interest rate risk on these bonds.

Credit risk

The Company's credit risk is primarily attributable to the amount due from the subsidiaries (non-trade). At the balance sheet date, this amount due from subsidiaries (non-trade) is not past due. The maximum exposure is represented by the carrying amount of this financial asset on the balance sheet.

Liquidity risk and capital risk

The funding requirements of the Company are met by the subsidiaries of the BW Offshore Group. The Company's objective when managing capital is to ensure that the Company is adequately capitalised and that funding requirements are met by the BW Offshore Group.

The Company is not subject to any externally imposed capital requirements.

Note 11 Shares in subsidiaries

Name of companies	Country of incorporation	2019	2018
Belokamenka Limited	Bermuda	100 %	100 %
Berge Carmen Singapore Pte. Ltd.	Singapore	0 %	100 %
BW Catcher Limited	Bermuda	100 %	100 %
BW Nisa Limited	Bermuda	100 %	100 %
BW Offshore Cyprus Limited	Cyprus	0 %	100 %
BW Offshore do Brazil Ltda.	Brazil	100 %	100 %
BW Offshore Holdings Pte. Ltd.	Singapore	100 %	0 %
BW Offshore Opportunity I Limited	Bermuda	100 %	100 %
BW Offshore Peregrino Limited	Bermuda	100 %	100 %
BW Offshore Shipholding Ltd	Bermuda	100 %	100 %

Berge Carmen Singapore Pte. Ltd. and BW Offshore Cyprus Limited was sold to a 100% owned Group company. Net loss from sale of subsidiaries was USD 196.4 million. In 2018, the Company recorded an impairment of 7.5 million,

mainly related to investments in subsidiaries, to reflect the underlying assets and liabilities of the subsidiaries as of 31 December 2018.



Note 12 Guarantees

The Company has issued parent guarantees as security for its subsidiaries' bank debts, relating to the USD 672.5 million Corporate facility, the Catcher USD 800 million facility and the Petróleo Nautipa USD 80 million facility, as listed in Note 25 of the consolidated financial statements of BW Offshore Group.

Note 13 Intercompany receivables and payables

USD MILLION	2019	2018
Intercompany receivables long-term	520.4	-
Intercompany receivables short-term	280.3	546.3
Intercompany payables long-term	130.4	-
Intercompany payables short-term	590.8	180.4

Intercompany loan agreements with subsidiaries are set up based on regular market rates. Outstanding balances at year-end are unsecured. For the year ended 31 December 2019, the Company has recorded an impairment of USD 10.4 million on intercompany loan (9.3 million). In 2018, the Company recorded a reversal of impairment of USD 1.6 million.

Note 14 Intangible assets

USD MILLION	2019	2018
Software	2.9	-
Total	2.9	-

Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2019 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties facing the Company and the Group.

27 February 2020

Mr. Andreas
Sohlen-Pao
Chairman

Mr. Christophe
Pettenati-Auzière
Vice Chairman

Ms. Clare
Spottiswoode
Director

Mr. Maarten
Scholten
Director

Mr. René
Kofod-Olsen
Director

Mr. Carl K.
Arnet
Director



Alternative performance measures

The Group discloses alternative performance measures in addition to those required by IFRS, as we believe these provide useful information to management, investors and security analysts regarding our historical financial performance.

EBIT

EBIT, as defined by the Group, means earnings before interest and tax. Reference to Consolidated Statement of Income in the Financial Statements for calculation of EBIT.

EBITDA

EBITDA, as defined by the Group, means EBIT excluding depreciation and amortisation, impairment and disposal

and gain from sale of tangible fixed asset. EBITDA may differ from similarly titled measures from other companies. Reference to Consolidated Statement of Income in the Financial Statements for calculation of EBITDA.

Capital expenditures

Capital expenditures means investments in vessels, E&P assets, intangible assets and property and other equipment, including capitalised interest and asset retirement obligations. Capital expenditure may differ from investment in operating fixed assets and intangible assets presented in the Consolidated Statement of Cash Flows, as capital expenditure may also contain non-cash transactions.

USD MILLION	2019	2018
Vessels	113.6	147.0
Tangible E&P assets	73.8	175.6
Property and other equipment	4.3	4.8
Intangible assets	72.0	33.1
Total capital expenditures	263.7	360.5
Adjustment between years	2.2	12.7
Asset retirement obligation	7.6	(16.0)
Investment in operating fixed asset and intangible assets	273.5	357.2

Net interest-bearing debt

Net interest-bearing debt is defined as short-term and long-term interest-bearing debt less cash and cash equivalents.

USD MILLION	2019	2018
Cash and cash equivalents	(250.2)	(142.1)
Long-term interest-bearing debt	1,025.7	1,112.8
Short-term interest-bearing debt	221.1	260.9
Net interest-bearing debt	996.6	1,231.6

Order backlog

Order backlog is defined as the aggregated revenue backlog from firm contracts and probable options.

Equity ratio

Equity ratio is an indicator of the relative proportion of equity used to finance the Group's assets, defined as total equity divided by total assets.



Independent auditor's report



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To the General Meeting of BW Offshore

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BW Offshore Limited, which comprise:

- The consolidated financial statements of BW Offshore and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- The financial statements of the parent company BW Offshore ("the Company"), which comprise the statement of financial position as at 31 December 2019, the statement of income, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG network Cooperative ("KPMG International"), a Swiss entity.
Statistkontrollerte revisorer: medlemmer av Den norske Revisorforening

Offices in:

Oslo	Eindhoven	Monterrey	Stockholm
Ålesund	Frankfurt	Moscow	St. Petersburg
Bergen	Helsinki	Nairobi	Tromsø
Bodo	Hong Kong	Sandnessjøen	Tyngset
Düsseldorf	Kiev	Stavanger	Ålesund



Auditor's report 2019
BW Offshore Limited

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of FPSO and FSO fleet

Reference is made to Note 14 FPSOS and vessels under construction in the Consolidated Financial statements.

<i>The Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's FPSO and FSO fleet represents a significant portion of total assets. The Group regularly reviews whether there are any impairment indicators and test the individual assets for impairment if an indicator is identified.</p> <p>To determine the recoverability of these assets management uses valuation models which includes management's estimates of the future cash flows that these assets are expected to produce. The carrying value of these assets are particularly sensitive to management's assumptions made around utilisation of the vessels beyond the current contract period. These assumptions are, by nature, dependent upon the application of judgement and are subject to estimation uncertainty. Key assumptions that are subject to significant judgement in the valuation models include, capex for modifications, redeployment expenses, future charter rates and discount rate.</p> <p>For those assets where management identified an impairment (reversal) indicator, an impairment test was performed. Management concluded that no impairment or reversal of impairment should be recognised in 2019.</p>	<p>We assessed whether all material assets requiring impairment testing had been identified by management. For this purpose we have assessed key input factors in the impairment (reversal) trigger assessment, including remaining contract period and field lifetime expectancy.</p> <p>For those assets where management identified an impairment (reversal) trigger, we evaluated the impairment calculations performed, including the assumptions applied.</p> <p>We assessed the estimates of future cash flows and challenged whether these were appropriate considering:</p> <ul style="list-style-type: none"> • historical performance and budgets; • remaining contract period and status of contract renegotiations; • long term market views published by consultancies and respected industry bodies which were sourced by the Group and independently by us; and • previous estimates. <p>We also assessed by reference to market data the inputs to and calculation of the discount rate used by management. The key inputs included the risk-free rate, market risk premium and industry financing structures (gearing and cost of debt and equity). In testing these assumptions we made use of KPMG valuation experts.</p> <p>We assessed the mathematical accuracy of the valuation models used to calculate the value in use.</p> <p>We assessed the adequacy of disclosure related to impairments in Note 14 FPSOs, FSOs and vessels under construction in the Consolidated financial statements.</p>



Auditor's report 2019
BW Offshore Limited

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Chief Executive Officer ("Management") are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty



Auditor's report 2019
BW Offshore Limited

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 27 February 2020
KPMG AS

Arve Gevoll
State Authorised Public Accountant



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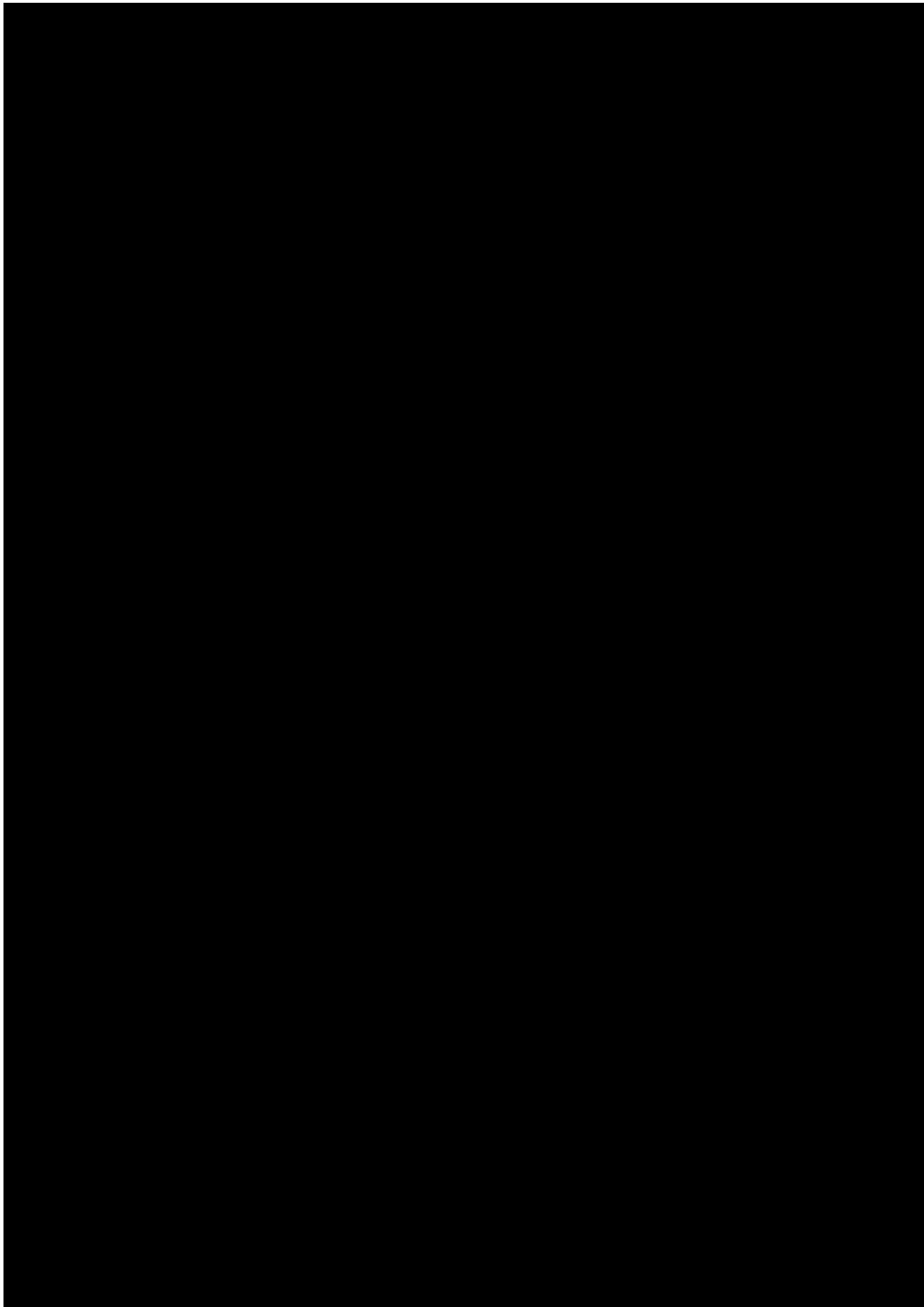
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USA: Houston, New Orleans
Mexico: Ciudad del Carmen
New Zealand: New Plymouth
India: Mumbai
Nigeria: Lagos
Republic of Côte d'Ivoire: Abidjan
Gabon: Port Gentil, Libreville
The People's Republic of China: Shanghai
Indonesia: Jakarta
United Kingdom: Aberdeen
Cyprus: Limassol
Netherlands: Hoofddorp





SMARTER TOGETHER

We deliver efficient offshore
production by meticulously
integrating BW Offshore's
and our clients' know-how
for ever better solutions



www.bwoffshore.com



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	18.07.2016	15.08.2016
Telefon	Deres referanse	Vår referanse
22078139	Morten Suleng	2016/740392

BW OFFSHORE NAUTIPA AS
Postboks 33 Skøyen
0212 OSLO

Fritak for konsernregnskapsplikt for BW Offshore Nautipa AS, org. nr. 989 067 370

Vi viser til deres brev 18. juli 2016 hvor dere søker om fritak fra plikten til å utarbeide konsernregnskap for BW Offshore Nautipa AS.

BW Offshore Nautipa AS er eid av BW Offshore Limited som er hjemmehørende på Bermuda og notert på Oslo Børs. BW Offshore Limited utarbeider konsernregnskap som omfatter underkonsernet BW Offshore Nautipa AS etter IFRS.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for BW Offshore Nautipa AS. Det forutsettes at BW Offshore Limited utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskaper. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med IFRS og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7. september 2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten på norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

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Org.nr: 996250318
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Sentralbord
800 80 000
Telefaks
22 17 08 60



Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



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Til generalforsamlingen i BW Offshore Nautipa AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert BW Offshore Nautipa AS' årsregnskap som viser et overskudd på kr 92 464 315. Årsregnskapet består av balanse per 31. desember 2019, resultatregnskap og kontantstrømpstilling for regnskapsåret avsluttet per denne datoen og noteopplysninger til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2019, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Ållå	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifierer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.



Revisors beretning - 2019
BW Offshore Nautipa AS

Uttalelse om andre lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til resultatdisponering er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokførings-skikk i Norge.

Oslo, 10. juni 2020

KPMG AS

Arve Gevold

Statsautorisert revisor



RESULTATREGNSKAP

BW OFFSHORE NAUTIPA AS

DRIFTSINNETEKTER OG DRIFTSKOSTNADER	Note	2019	2018
Annen driftskostnad	2	75 635	62 845
Sum driftskostnader		75 635	62 845
Driftsresultat		-75 635	-62 845
FINANSINNETEKTER OG FINANSKOSTNADER			
Inntekt på investering i datterselskap	3	111 042 000	86 089 000
Renteinntekt fra foretak i samme konsern		523 915	769 273
Renteinntekt fra tilknyttet selskap		38 367	74 265
Annen renteinntekt		2 228 356	0
Annen finansinntekt		665 239	0
Nedskrivning av finansielle eiendeler		0	36 364 470
Rentekostnad til foretak i samme konsern		3 040 415	2 916 952
Annen rentekostnad		12 254 776	13 608 086
Annen finanskostnad		6 662 736	22 392 779
Resultat av finansposter		92 539 950	11 650 251
Ordinært resultat før skattekostnad		92 464 315	11 587 406
Ordinært resultat		92 464 315	11 587 406
EKSTRAORDINÆRE INNETEKTER OG KOSTNADER			
Årsresultat	8	92 464 315	11 587 406
OVERFØRINGER			
Avsatt til utbytte		42 000 000	0
Avsatt til annen egenkapital		50 464 315	11 587 406
Sum overføringer		92 464 315	11 587 406



BALANSE

BW OFFSHORE NAUTIPA AS

EIENDELER	Note	2019	2018
ANLEGGSMIDLER			
FINANSIELLE ANLEGGSMIDLER			
Investeringer i datterselskap	3	530 000 000	530 000 000
Andre langsiktige fordringer		706 448	0
Sum finansielle anleggsmidler		530 706 448	530 000 000
Sum anleggsmidler		530 706 448	530 000 000
OMLØPSMIDLER			
FORDRINGER			
Andre kortsiktige fordringer		4 719	0
Konsernfordringer	4	63 577 061	0
Sum fordringer		63 581 780	0
INVESTERINGER			
Andre finansielle instrumenter		0	22 043 307
Sum investeringer		0	22 043 307
Bankinnskudd, kontanter o.l.		405 300	1 411 643
Sum omløpsmidler		63 987 080	23 454 950
Sum eiendeler		594 693 528	553 454 950

**BALANSE****BW OFFSHORE NAUTIPA AS**

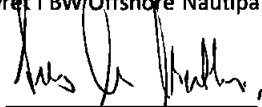
EGENKAPITAL OG GJELD	Note	2019	2018
EGENKAPITAL			
INNSKUTT EGENKAPITAL			
Aksjekapital	7	100 000	100 000
Sum innskutt egenkapital		100 000	100 000
OPPTJENT EGENKAPITAL			
Annen egenkapital		226 043 402	155 579 086
Sum opptjent egenkapital		226 043 402	155 579 086
Sum egenkapital	8	226 143 402	155 679 086
GJELD			
AVSETNING FOR FORPLIKTELSE			
ANNEN LANGSIKTIG GJELD			
Gjeld til kredittinstitusjoner		140 117 377	237 941 497
Langsiktig konserngjeld	4	84 729 654	0
Sum annen langsiktig gjeld		224 847 031	237 941 497
KORTSIKTIG GJELD			
Gjeld til kredittinstitusjoner	5	0	99 801 418
Konserngjeld	4	42 000 000	60 032 949
Annen kortsiktig gjeld	5	101 703 094	0
Sum kortsiktig gjeld		143 703 094	159 834 367
Sum gjeld		368 550 125	397 775 864
Sum egenkapital og gjeld		594 693 528	553 454 950

10.06.2020

Styret i BW Offshore Nautipa AS



Rune Ødegård Bjorbekk
styreleder



Lars Christian Mathiesen
styremedlem



Pia Margrethe Schmitler
daglig leder



INDIREKTE KONTANTSTRØM

BW OFFSHORE NAUTIPA AS

	Note	2019	2018
KONTANTSTRØMMER FRA OPERASJONELLE AKTIVITETER			
Resultat før skattekostnad		92 464 315	11 587 406
Periodens betalte skatt		0	-2 118 668
Nedskrivning anleggsmidler	3	0	36 364 470
Endring i kundefordringer		-22 260 287	-46 100 210
Effekt av valutakursendringer		5 023 781	13 687 273
Poster klassifisert som invest.- eller finans.aktiviteter		12 976 868	15 739 975
Endring i andre tidsavgrensingsposter		-1 255 694	0
Netto kontantstrøm fra operasjonelle aktiviteter		86 948 983	29 160 246
KONTANTSTRØMMER FRA FINANSIERINGSAKTIVITETER			
Endring i langsiktig konsernfordring /-gjeld		210 342 105	65 096 455
Endring i langsiktig gjeld, finansinstitusjoner		-181 970 821	-92 554 674
Nye lånebetingelser IC lån		-104 096 400	0
Rentekostnader (eksterne og konserninterne)		-12 230 210	-15 420 665
Netto kontantstrøm fra finansieringsaktiviteter		-87 955 326	-42 878 884
Netto endring i kontanter og kontantekvivalenter		-1 006 343	-13 718 638
Beh. av kont. og kontantekvivalenter ved per. begynnel		1 411 643	15 130 281
Beh. av kont. og kontantekvivalenter ved per. slutt		405 300	1 411 643



NOTE 1 REGNSKAPSPRINSIPPER

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk.

BRUK AV ESTIMATER

Ledelsen har brukt estimater og forutsetninger som har påvirket resultatregnskapet og verdsettelsen av eiendeler og gjeld, samt usikre eiendeler og forpliktelser på balansedagen under utarbeidelsen av årsregnskapet i henhold til god regnskapsskikk.

VALUTA

Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet. Pengeposter i utenlandsk valuta omregnes til norske kroner ved å benytte balansedagens kurs. Ikke-pengeposter som måles til historisk kurs uttrykt i utenlandsk valuta, omregnes til norske kroner ved å benytte valutakursen på transaksjonstidspunktet. Ikke-pengeposter som måles til virkelig verdi uttrykt i utenlandsk valuta, omregnes til valutakursen fastsatt på måletidspunktet. Valutakursendringer resultatføres løpende i regnskapsperioden under andre finansposter.

SALGSINNTEKTER

Inntekter fra salg av varer resultatføres når levering har funnet sted og det vesentligste av risiko og avkastning er overført.

SKATT

Skattekostnad består av betalbar skatt og endring i utsatt skatt. Utsatt skatt/skattefordel er beregnet på alle forskjeller mellom regnskapsmessig og skattemessig verdi på eiendeler og gjeld. Utsatt skatt er beregnet med 22 % på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli utnyttet.

Betalbar skatt og utsatt skatt er regnskapsført direkte mot egenkapitalen i den grad skattepostene relaterer seg til poster ført direkte mot egenkapitalen.

KLASSIFISERING OG VURDERING AV BALANSEPOSTER

Omløpsmidler og kortsiktig gjeld omfatter poster som forfaller til betaling innen ett år etter anskaffelsestidspunktet, samt poster som knytter seg til varekretsløpet. Øvrige poster er klassifisert som anleggsmiddel/langsiktig gjeld.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på opptakstidspunktet.

Anleggsmidler vurderes til anskaffelseskost, fratrukket av- og nedskrivninger. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

FORSKNING OG UTVIKLING

Utgifter til utvikling balanseføres i den grad det kan identifiseres en fremtidig økonomisk fordel knyttet til utvikling av en identifiserbar immateriell eiendel og utgiftene kan måles pålitelig. I motsatt fall kostnadsføres slike utgifter løpende. Balanseført utvikling avskrives lineært over økonomisk levetid. Utgifter til forskning kostnadsføres løpende.

VARIGE DRIFTSMIDLER

Varige driftsmidler balanseføres og avskrives lineært over driftsmidlets forventede levetid. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Dersom gjenvinnbart beløp av driftsmiddelet er lavere enn balanseført verdi foretas nedskrivning til gjenvinnbart beløp. Gjenvinnbart beløp er det høyeste av netto salgsverdi og verdi i bruk. Verdi i bruk er nåverdien av de fremtidige kontantstrømmene som eiendelen forventes å generere.

FORDRINGER

Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap på krav.

KORTSIKTIGE Plasseringer

Kortsiktige plasseringer (aksjer og andeler vurdert som omløpsmidler) vurderes til laveste av anskaffelseskost og virkelig verdi på balansedagen. Mottatt utbytte og andre utdelinger fra selskapene inntektsføres som annen finansinntekt.

KONTANTSTRØMOPPSTILLING

Kontantstrømoppstillingen er utarbeidet etter den indirekte metode. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.



Note 2 LØNSKOSTNADER, ANTALL ANSATTE, LÅN OG GODTGJØRELSE TIL REVISOR

Det er ingen ansatte i selskapet, og det er ikke gitt styrehonorar for 2019 og 2018.
Godtgjørelse til revisor er kostnadsført med kr 74 741 i 2019 (kr 61 462 2018)



Note 3 Investering i datterselskap

Selskap	Eierandel	31.12.2019	31.12.2018
Tinworth Pte Ltd	100 %	530 000 000	530 000 000
		2019	2018
Utbytte		111 042 000	86 089 000
Nedskrivning			36 364 470

Stemmeandel / utbytteandel tilsvarer eierandel. Tinworth Pte Ltd er hjemmehørende i Singapore.

Tinworth Pte Ltd utdelte USD 12 800 000 / NOK 111 042 000 i utbytte i 2019 (USD 10 100 000 / NOK 86 089 000 i 2018).

Tinworth Pte Ltd hadde i 2018 en egenkapital på USD 33 446 000 og et resultat på USD 5 200 000. 2019 tallene for Tinworth Pte Ltd var ikke klare før signering av årsregnskapet.



Note 4 Mellomværende med selskap i samme konsern og tilknyttede selskap

		2019	2018
Langsiktig fordring	Valuta: Rentebetingelser:		
BW Offshore Cyprus Limited	USD	-	-
Sum langsiktig fordring i samme konsern		-	-
Kortsiktige fordringer		2019	2018
BW Offshore Norway AS		42 000 000	22 000 000
BW Offshore Global Manning AS		21 577 061	-
Sum kortsiktige fordringer i samme konsern		63 577 061	22 000 000
Langsiktig gjeld		2019	2018
Tinworth Pte Ltd		-	2 770 580
BW Offshore Cyprus Limited	USD	84 729 654	57 262 369
Sum langsiktig gjeld i samme konsern		84 731 673	60 032 949
Kortsiktig gjeld		2019	2018
BW Offshore Cyprus Limited	USD	42 000 000	60 032 949
Sum langsiktig gjeld i samme konsern		42 000 000	60 032 949



Note 5 Lån fra finansinstitusjoner

	Forfall	31.12.2019	31.12.2018
Lånefasilitet, USD 80 mill, 3 mnd Libor + 1,70%	14 sep 2022	241 820 472	337 742 915
Herav langsiktig del		140 117 377	237 941 497
Herav kortsiktig del		<u>101 703 094</u>	<u>99 801 418</u>
		241 820 471	337 742 915

Det er avgitt sikkerhet i form av pant i aksjer i Tinworth Pte Ltd og pant i FPSO Petrolo Nautipa (eiet av Tinworth Pte Ltd). Videre er det avgitt morselskapsgaranti fra BW Offshore Limited. Lånet er underlagt covenants som gjelder konsoliderte tall for BW Offshore konsernet. BW Offshore konsernet tilfredstilte alle covenants pr 31.12.2019.



Note 6 Skatt

Skattepliktig inntekt:		
Ordinært resultat før skatt	92 464 315	11 587 406
Permanente forskjeller	-111 042 000	-49 724 596
Mottatt konsernbidrag	20 000 000	22 000 000
Avskåret rentefradrag	0	14 577 649
Anvendelse av fremførbart underskudd	-1 422 315	1 560 924
Skattepliktig inntekt	0	1 383

Betalbar skatt i balansen:		
Betalbar skatt på årets resultat	-4 400 000	-5 060 000
Betalbar skatt på mottatt konsernbidrag	4 400 000	5 060 000
Sum betalbar skatt i balansen	0	0

Skatteeffekten av midlertidige forskjeller og underskudd til fremføring som har gitt opphav til utsatt skatt og utsatte skattefordeler, spesifisert på typer av midlertidige forskjeller

	2019	2018	Endring
Aksjer og andre verdipapirer	-36 364 470	-36 364 470	0
Akkumulert fremførbart underskudd	-11 077 685	-1 641 711	9 435 974
Avskåret rentefradrag	-41 520 153	-41 520 153	0
Inngår ikke i beregningen av utsatt skatt	88 962 308	79 526 334	-9 435 974
Utsatt skattefordel (22 %)	0	0	0

I henhold til god regnskapsskikk balanseføres ikke utsatt skattefordel.



Note 7 Aksjonærer

AKSJEKAPITALEN I BW OFFSHORE NAUTIPA AS PR. 31.12 BESTÅR AV:

	Antall	Pålydende	Bokført
Ordinære aksjer	100	1 000,00	100 000
Sum	100		100 000

EIERSTRUKTUR

De største aksjonærene i % pr. 31.12 var:

	Ordinære	Eierandel	Stemmeandel
BW OFFSHORE CYPRUS LIMITED	100	100,0	100,0
Totalt antall aksjer	100	100,0	100,0



Note 8 Egenkapital

	Aksjekapital	Overkurs	Annen innskutt egenkapital	Annen egenkapital	Sum egenkapital
Pr. 31.12.2018	100 000	0	0	155 579 086	155 679 086
Pr 01.01.2019	100 000	0	0	155 579 086	155 679 086
Årets resultat				92 464 315	92 464 315
Utbytte				-42 000 000	-42 000 000
Konsernbidrag mottatt			0	20 000 000	20 000 000
Pr 31.12.2019	100 000	0	0	226 043 401	226 143 401

Note 9 Hendelser etter balansedagen

Spredningen av koronaviruset tidlig i 2020 påvirker stadig flere land og ble erklært en global pandemi av Verdens helseorganisasjon i mars 2020. Selv om selskapets virksomhet ikke er direkte påvirket av viruset ennå, har vi iverksatt tiltak for å redusere risiko for ansatte, drift og investeringer.

Hvilke konsekvenser Covid 19 pandemien kan ha for vår operasjonelle drift og investeringer generelt, kan ikke forutses på tidspunktet for offentliggjøring av regnskapene for 2019. Samtidig med Covid 19 utbruddet har oljeprisen falt betydelig. Beslutningen av OPEC + i april 2020 om å kutte olje produksjonen vil tiden vise om dette har en effekt på oljeprisen.

Mens selskapet iverksetter tiltak for å dempe virkningen, er varigheten og alvorlighetsgraden av prisetallet og konsekvensene av det foreløpig usikkert.



BW OFFSHORE NAUTIPA AS

Org nr 989 067 370

Årsberetning

Selskapets kontor er i Oslo, Norge. Selskapet er et heleid datterselskap av BW Offshore Cyprus Ltd, et selskap registrert på Kypros. Begge selskap er heleide døtre i BW Offshore gruppen. Morselskapet i gruppen er BW Offshore Limited, et selskap registrert på Bermuda og notert på Oslo Børs.

Selskapet har ingen ansatte.

Selskapet investerer i selskap som eier, leier og driver flytende oljeproduksjonsskip (FPSO).

Styret bekrefter at regnskapet er satt opp under forutsetning om fortsatt drift i samsvar med regnskapslovens §3-3. Styret har vurdert cashflow forecast for kommende periode og har konkludert med at utbytte fra datter vil være tilstrekkelig til å betjene selskapets forpliktelser. I tillegg har BW Offshore Limited avgitt morselskapsgaranti for bankgjelden.

Selskapet eier det Singapore registrerte selskapet Tinworth Pte Ltd som eier FPSO'en Petroleo Nautipa. Investeringen er finansiert med gjeld fra finansinstitusjoner og er sikret med pant i eiendeler samt garanti fra BW Offshore Limited.

Årsregnskapet gir et rettviseende bilde av eiendeler og gjeld, finansiell stilling og resultat.

Årsresultatet viser et overskudd på kr 92 464 315, som hovedsakelig reflekterer utbytteinntekt, et urealisert valutatap på selskapets gjeld, rentekostnader, samt nedskrivning på aksjer i datter.

Selskapets annen egenkapital utgjør kr 268 043 402 pr 31.12.2019 etter konsernbidrag fra søsterselskap med kr 20 000 000.

Styret foreslår følgende disponering av årets resultat:

Utbytte til selskapets aksjonær	kr 42 000 000
<u>Annen egenkapital</u>	<u>kr 50 464 315</u>
Totalt disponert	kr 92 464 315

Virksomheten forurenser lite, men virksomheten til selskapet det er investert i kan innebære en mulig miljørisiko. Selskapet inntar en aktiv holdning med hensyn til å håndtere sin eksponering mot miljøet gjennom en sikker og rasjonell operasjon, et aktivt vedlikehold og en betryggende avfallshåndtering.



Oslo 10.06.2020

I styret for BW Offshore Nautipa AS

Rune Ødegård Bjorbekk
Styrets leder

Lars Christian Mathiesen
Styremedlem

Pia Margrethe Schnitler
Daglig leder