



RESULTS HAMPERED BY WEAK VLGC RESULTS AND TRANSITION TAX

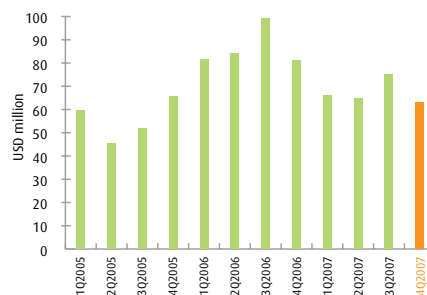
HIGHLIGHTS

- Weaker VLGC results due to increase in bunker prices
- Moderately improved results from LGC segment
- MGC earnings good but results affected by impairment charges
- BW Prince delivered from the yard
- New Norwegian tonnage tax system ratified by the Parliament
- No dividend payments proposed for 2007

BW Prince delivered in November



Operating result before depreciation and disposals



BW GAS – THE LEADING CLEAN ENERGY CARRIER

BW Gas is a leading global provider of gas marine transportation services. The company is the largest owner and operator of LPG (liquefied petroleum gas) carriers and one of the largest independent owners and operators of LNG (liquefied natural gas) carriers. BW Gas owns, part-owns and/or operates a fleet of

91 vessels (including newbuildings), of which 77 are LPG vessels (transporting mainly LPG and ammonia) and 14 are LNG vessels. Currently the company employs approximately 1,930 seagoing personnel and 180 onshore employees.

KEY OPERATIONAL AND FINANCIAL DATA

(Unaudited figures in USD million)	Fourth quarter		Full year	
	2007	2006	2007	2006
Operating profit before depreciation and disposals	63.0	81.0	268.9	345.1
Operating profit	32.2	68.7	189.1	258.7
Net profit (loss) from continuing operations	-577.1	50.5	-489.7	224.7
Net profit (loss) incl. discontinued operations	-577.1	50.5	-489.7	223.7
Earnings per share, continuing operations	-4.5	0.4	-3.9	1.7
Cash and cash equivalents	302.0	248.9	302.0	248.9
Interest bearing debt	1,724.5	1,605.7	1,724.5	1,605.7
Average number of shares outstanding	128,097,885	128,097,885	128,097,885	128,097,885

RESULTS

BW Gas recorded a fourth-quarter operating profit before depreciation and disposals of USD 63.0 million, compared to USD 81.0 million in the fourth quarter of 2006. Operating profit was USD 32.2 million in the fourth quarter of 2007, compared to USD 68.7 million in the same period of 2006. Gain on sale of vessels amounted to USD 0.3 million, compared to USD 15.5 million in the fourth quarter of 2006.

The fourth quarter of 2007 showed steady freight rates for the VLGC segment, an increase in the freight rates for the LGCs and a slight decrease for the MGCs compared to the same period in 2006. However, the increase in bunker prices limits result improvements. The operating profit in the LPG segment amounted to USD 12.1 million in the fourth quarter of 2007 compared to USD 38.6 million in the fourth quarter of 2006. Impairment charges amounted to USD 4.5 million in the fourth quarter of 2007, while no impairment charges were made in the same period of 2006. The average number of LPG vessels decreased from 42.7 to 39.0.

The operating profit in the LNG segment amounted to USD 22.8 million in the fourth quarter of 2007, the same figure as in the fourth quarter of 2006. The smaller LNG vessel, Century, was idle for 55 days during the fourth quarter of 2007. In the same period in 2006 the LNG segment suffered from 45 offhire days, mainly related to repairs of stern tube bearings on the vessel LNG River Orashi. The depreciations decreased by USD 1.5 million following the change in estimated useful economic life of LNG vessels from 30 to 35 years as of January 2007. The average number of LNG vessels decreased from 8.0 to 7.0.

The operating expenses increased by USD 8,7 million from USD 53,0 in the fourth quarter of 2006 to USD 61,7 million in the fourth quarter of 2007 mainly due to overall higher personnel expenses, the depreciation of USD against NOK and deductibles charged on both LPG and LNG vessels.

The accounts show net financial expenses of USD 25.9 million in the fourth quarter of 2007 (USD 17.9 million in 2006), of which interest expenses amounted to USD 23.4 million (USD 26.6 million in 2006). The decrease in interest expenses is mainly due to Berge Summit being reclassified to financial lease in the fourth quarter of 2006, giving a yearly effect of USD 2.0 million, and to capitalised interest being USD 1.0 million higher in the fourth quarter of 2007 compared to the same period in 2006. Other financial items amounted to USD -11.9 million in the fourth quarter of 2007 (USD 2.2 million in 2006), and consist mainly of changes in market to market value of interest rate swaps.

Profit before tax was USD 6.3 million in the fourth quarter of 2007 compared to USD 50.8 million in the fourth quarter of 2006. Net loss from continuing operations was USD 577.1 million (USD -4.5 per share) in the fourth quarter of 2007 compared to a net profit of USD 50.5 million in the fourth quarter of 2006 (USD 0.4 per share).

The income tax expense of USD 583.4 million in the fourth quarter of 2007 is mainly related to the transition tax following the changes in the Norwegian tonnage tax regime, which implies taxation of a ten year period of undistributed profit kept in the old tonnage tax system not previously subject to taxation. 33% of the transition tax will be waived by the tax authorities if an equal amount is spent on environmental investments. However, the accounting related to the environmental fund remains uncertain. The transition tax has been recognized 100% as a tax liability at present value in the financial accounts awaiting the final regulations related to the environmental fund.

The government has stated that the environmental fund shall be treated as equity and if the final regulations are changed accordingly, an adjustment of USD 158 million will be carried out.

For the year 2007 the operating profit amounted to USD 189.1 million (USD 258.7 million in 2006). The 2007 figures include a net gain on sale of tangible fixed assets from continuing operations of USD 32.1 million (USD 15.6 million in 2006).

Profit before tax from continuing operations amounted to USD 114.2 million in year 2007 (USD 231.5 million in 2006). Net loss from continuing operations was USD 489.7 million (USD -3.9 per share) in year 2007 compared to a net profit of USD 224.7 million in year 2006 (USD 1.7 per share).

The group's equity ratio has decreased substantially from 39.8% at year-end 2006 to 18.0% at year-end 2007 due to the transition tax liability following the changes in the Norwegian tonnage tax regime. The board of directors believes it is important to rebuild the equity to a level that appropriately reflects the risk inherent in the company's business, and hence proposes not to pay dividends for 2007.

FINANCING

BW Gas had cash and cash equivalents of USD 302.0 million at the end of fourth quarter 2007 (USD 248.9 million in 2006). Total assets were USD 2,989.7 million (USD 2,870.8 million in 2006). Shareholders' equity amounted to USD 539.7 million (USD 1,142.5 million in 2006). Total liabilities amounted to USD 2,450.0 million (USD 1,728.3 million in 2006). Included in the 2007 figure is USD 554.1 million in long-term tax liability connected with the changes in the Norwegian tonnage tax system. Interest-bearing debt amounted to USD 1,724.5 million (USD 1,605.7 million in 2006). The equity ratio decreased to 18.1% at the end of the fourth quarter 2007 from 39.8% at the end of the fourth quarter 2006.

Under the 7-year unsecured USD 1.5 billion revolving credit facility, USD 1.07 billion was drawn by the end of December 2007. One serious impact from the transition tax is breaches of financial covenants in the loan agreements. The covenants in the USD 1.5 billion credit facility have been temporarily amended for a period of 15 months, and the bond loan agreements will have to be amended.

BW Gas has hedged a total of USD 587 million of its balance sheet debt through interest rate swaps. The swaps have a weighted average fixed interest rate of 4.94% (excl. margin) and a weighted average remaining duration of 6.6 years as per end of the fourth quarter 2007. The marked to market value of the interest rate swaps was USD -17.8 million at the end of December 2007.

The company has also entered into USD 213 million in interest rate swaps with forward start related to two LNG vessels financed through two French single investor leases. These swaps have 12.5 years duration starting in December 2008 and an average fixed interest rate of 5.25%. The marked to market value of the interest rate swaps was USD -11.2 million at the end of December 2007.

MAJOR EVENTS

In October 2007, the MGC vessels BW Havlur and BW Havsol were delivered to the joint venture with Tailwind.

In November 2007, the VLGC vessel BW Prince was delivered from the yard.

In December 2007, the Norwegian Parliament ratified the proposal for a new Norwegian tonnage tax system by approving the state budget for 2008. The new tonnage tax system implies taxation over a ten year period of undistributed profit kept in the old system not previously subject to taxation, which effectively means a back-tax of the shipping industry from 1996. The effect of the new system for BW Gas is a tax of approximately NOK 3.9 billion. 67% will be payable with 10% annually over 10 years, while 33% of the amount will be waived by the tax authorities if an equal amount is spent on environmental investments. For more information, see note 7 to the interim financial statements.

The board of directors has decided to challenge the legality of the transition rules in relation to paragraph 97 of the Norwegian Constitution.

SUBSEQUENT EVENTS

In January 2008, the last of the two smaller LNG vessels, Century, was sold with delivery in February. Net gain on sale is estimated at USD 3.0 million and will be recognised in first quarter of 2008.

In February 2008, the VLGC Berge Eagle was sold with delivery in the same month. Net gain on sale is estimated at USD 9.7 million and will be recognised in first quarter of 2008.

SEGMENT REPORTS

LPG segment

The LPG segment provides transportation of liquefied petroleum gas, clean petroleum products (CPP) and ammonia. The LPG segment is divided further into VLGCs (capacity above 70,000 cbm), LGCs (capacities ranging between 50,000 and 70,000 cbm) and MGCs (capacities ranging between 22,000 and 50,000 cbm). The BW Gas LPG vessels operate on spot voyages, contract of affreightments (COAs) and short to medium-term time charters, which include all time charters for a period of five years or less.

The LPG fleet recorded a fourth quarter operating profit of USD 12.1 million, compared to USD 38.6 million for the same period in 2006. The VLGCs showed steady freight rates while the freight rates for the LGCs increased moderately and the MGCs showed a slight decrease. Idle time showed a substantial decline for all segments. The average number of owned LPG vessels decreased from 42.7 to 39.0 in the fourth quarter, while the average number of chartered-in vessels decreased by 1.8 vessels to 7.4 vessels. The 2007 figures include a small correction of sales gains of USD 0.3 million while the 2006 figures includes sales gains of USD 11.6 million. Impairment charges of one MGC vessel of USD 4.5 million were made in fourth quarter 2007 while there were no such charges made in fourth quarter 2006.

The operation of the BW Gas LPG fleet was satisfactory during the fourth quarter of 2007 with no significant offhire beyond scheduled maintenance. One LPG carrier was dry-docked for scheduled maintenance in the fourth quarter of 2007, compared to two vessels in 2006.

SEGMENT ANALYSIS LPG

(USD million)	Fourth quarter	
	2007	2006
Operating revenue	116.7	119.8
Voyage expenses	-24.2	-18.8
TC Income	92.5	101.0
Charter hire expenses	-18.8	-22.8
Salaries and other operating expenses	-35.4	-32.4
Operating profit before depreciation and disposals	38.3	45.8
Depreciation	-18.3	-18.8
Impairment charges/reversals	-4.5	0
Net gain on sale of tangible fixed assets	0.3	11.6
Operating profit	15.8	38.6
Key figures		
Average number of owned and BB vessels (calendar days)	39.0	42.7
Average number of chartered in vessels on TC	7.4	9.2
TC income per calendar day (USD 1,000)	21.7	21.2
Operating expenses per day (USD 1,000)	9.9	8.2

VARIANCE ANALYSIS LPG

(USD million)	
Operating profit fourth quarter 2006	38.6
Operating profit fourth quarter 2007	15.8
Variance operating profit	-22.8
Increase/decrease in spot and TC rates for LPG vessels	2.6
Net investment/increase in number of LPG vessels	-4.5
Increase/decrease in no. of chartered-in vessels	0.6
Depreciation of USD vs NOK effect on operating expenses	-2.1
Net gain on sale of tangible fixed assets	-11.3
Depreciation of vessels	0.5
Impairment charges of vessels	-4.5
Other	-4.1
Total variance explained	-22.8

VLGC (>70,000 CBM)

TC income from the VLGCs amounted to USD 44.9 million in the fourth quarter of 2007 compared to USD 49.2 million in the fourth quarter of 2006. The decrease was primarily attributable to higher bunker prices and fewer vessels. The average number of VLGC vessels decreased from 25.9 in the fourth quarter of 2006 to 23.8 in the fourth quarter of 2007. Average TC income for the VLGC fleet decreased slightly to USD 20,500/day in the fourth quarter of 2007 from USD 20,600/day in the same period 2006. Idle time for the BW Gas operated VLGC fleet decreased substantially to 5.1% in the fourth quarter 2007, from 23.9% in 2006.

The fourth quarter started with a low level of activity. However, activity improved and the VLGC market enjoyed a period with good activity from mid October to early December even though the number of Saudi spot cargoes contracted significantly from the September levels. The large wave of long haul Middle East – North America spot cargoes in late September served to tighten up the supply/demand balance. The positive effect lasted well into the second half of November as vessels generally took 50% longer time to complete a laden voyage to the North America and reposition in the Middle East compared to a Middle East – North Asia voyage. The LPG price increased more than the increase in crude prices and LPG became very expensive for petrochemical buyers. Limited availability of Middle East spot cargoes and winter demand in North Asia tightened the trading market east of Suez in December. The lower spot volumes and high share of short haul movements weakened the supply/demand balance and spot rates came under pressure.

Spot rates firmed from about USD 40 pmt basis Middle East – Japan (about USD 25,000/day on a C-class VLGC excl. idle time) in October to USD 55 pmt (about USD 37,000/day) in mid-November, but declined to USD 45 pmt (about USD 27,500/day) at the end of December.

The market sentiment for period business in LPG was characterised by a gap in owners and charterers rate opinion. Few representative transactions were reported and most business was extensions of existing charters. Twelve-month TC rates for modern vessels have been reported at about USD 23,400/day.

The clean petroleum products (CPP) market firmed from world scale 150 to world scale 240 over the quarter (USD 15,000 -31,000/day on C-class vessels). During the fourth quarter BW Gas had three vessels employed in CPP while no vessels were employed in CPP in the same period 2006.

The BW Prince was delivered from the yard in South Korea in November. BW Gas has five VLGC newbuildings on order, of which three are scheduled for delivery in 2008 and two in 2009. Four of the VLGCs are owned in a 50/50 joint venture with Maran Gas. In addition two chartered-in VLGC newbuildings, of which BW Gas has 33% interest, will be delivered in 2009 and 2010.

The global fleet of VLGCs (>70,000 cbm) numbered 111 vessels at the end of December 2007. Two new contracts were placed in the fourth quarter. The orderbook consists of 51 vessels, 27 vessels are due for delivery in 2008, sixteen in 2009, five in 2010 and three in 2011. 20 VLGCs are more than 25 years old.

LGC (70-50,000 CBM)

TC income from the LGCs amounted to USD 23.9 million in the fourth quarter of 2007, compared to USD 24.1 million in the fourth quarter of 2006. The average number of LGC vessels decreased from 11.4 in the fourth quarter of 2006 to 10.0 in the fourth quarter of 2007. Average TC income for the group's LGC fleet increased to USD 26,000/day in the fourth quarter of 2007, from USD 23,000/day in the same period 2006. Idle time decreased to 7.5% in the fourth quarter of 2007, from 19.8% same period 2006.

The LPG market in the Atlantic started the quarter with little activity as LPG prices were priced too high relative to naphtha for petrochemical producers to buy cargoes. More activity was evident from November with the onset of household sector winter demand. Weather delays related to discharge reduced the efficiency of the fleet. Record high LPG prices in Europe and in Latin America absorbed export volumes from Algeria, volumes normally destined for the US. Latin America even imported cargoes from the US where LPG prices were significantly lower.

The fourth quarter saw increased demand for vessels in ammonia trade supported by strong demand and a significant increase in long haul trade. The traditional winter delays in the Turkish straits were less severe than last year but still contributed to reduce the efficiency of the LGC fleet. Black Sea export volumes increased with completion of the autumn maintenance season and the restart of capacity which had been idled when international ammonia prices were low in the previous quarters. In Europe and in Asia firm ammonia demand and high natural gas prices boosted demand for imports from Black Sea and from Middle East. Europe even received two large ammonia cargoes from Australia. In the US ammonia prices firmed way above the cost of domestic production driven by strong underlying ammonia demand and lower domestic output. Domestic producers with swing capacity maximised urea production, which provided better margins than ammonia with reduced domestic ammonia output as a result. Hence, import requirements increased with Black Sea as the swing supplier.

The global LGC fleet (50,000-70,000 cbm) consisted of 25 vessels at the end of the fourth quarter of 2007. The order book numbered six vessels, of which three are for delivery in 2008 and three are for delivery in 2009. Eleven LGCs are more than 25 years old.

MGC (<50,000 CBM)

TC income from MGCs decreased to USD 23.7 million in the fourth quarter of 2007, from USD 27.7 million in the fourth quarter of 2006. The decrease was due to weaker market rates and fewer vessels. The average number of MGC vessels decreased from 14.6 in the fourth quarter of 2006 to 12.6 in the fourth quarter of 2007. The group's MGC fleet recorded fourth quarter average TC income of USD 20,400/day in 2007, down from USD 20,600 in the same period 2006. Idle time was 1.5% in the fourth quarter of 2007 compared to 5.5% in the fourth quarter of 2006.

While many of the factors described under the LGC segment above also applied to the MGCs one specific factor contributed positively to this segment. The Iranian integrated ammonia and urea plant at Bandar Assaluyeh experienced problems with the urea unit, which feeds off the ammonia production. Lack of sufficient ammonia storage capacity forced the producer to export the entire ammonia output in order to avoid closing the ammonia plant.

The period market remained firm.

The North Sea LPG trade employed three vessels. Idle time was minimal during fourth quarter and rates were well supported.

The global MGC fleet (20,000-40,000 cbm) of fully and semi refrigerated vessels consisted of 77 vessels at the end of the fourth quarter. No new orders were placed in the fourth quarter. The orderbook consists of 29 vessels, seven for delivery in 2008, eighteen in 2009 and four in 2010. Eleven MGCs are more than 25 years old.

CHARTER-HIRE EXPENSES

The LPG charter-hire expenses decreased to USD 18.8 million in the fourth quarter of 2007, compared to USD 22.8 million in 2006. This decrease was primarily attributable to the number of chartered-in VLGCs, which decreased to 6.8 vessels in the fourth quarter of 2007 from 7.9 vessels in 2006.

TOTAL OPERATING EXPENSES

Total operating expenses in the LPG segment increased to USD 35.4 million in the fourth quarter of 2007, compared with USD 32.4 million in 2006. The increase is mainly due to deductibles charged on two vessels, increased manning costs and the effect of the depreciation of USD versus NOK. One LPG vessel was dry-docked for scheduled maintenance during the fourth quarter of 2007, compared to two vessels in 2006.

DEPRECIATION

The depreciation of LPG vessels decreased to USD 18.3 million in the fourth quarter of 2007, compared to USD 18.8 million in 2006.

IMPAIRMENT CHARGES/REVERSALS

Impairment charges of LPG vessels amounted to USD 4.5 million in the fourth quarter of 2007 while there were no charges in the same quarter in 2006. The impairment charges are related to one MGC vessel.

NET GAIN ON SALE OF VESSELS

A correction of the sale of four vessels following the Tailwind deal in September/October 2007 generated a net gain on sale of vessels of USD 0.3 million in the fourth quarter of 2007. Gain on sale of vessels during the fourth quarter of 2006 amounted to USD 11.6 million.

LNG segment

The LNG segment provides transportation of liquefied natural gas, with vessel size ranging from 138,000 to 150,000 cbm. Since 2000, BW Gas has considerably expanded the presence in the LNG sector by making substantial investments in new LNG vessels.

The LNG fleet recorded a the fourth quarter operating profit of USD 22.8 million, the same figure as in the fourth quarter of 2006. The smaller LNG vessel, Century, was idle for 55 days during the fourth quarter of 2007. In the same period in 2006 the LNG segment suffered from 45 offhire days, mainly related to repairs of stern tube bearings on the vessel LNG River Orashi. The decrease in depreciation expenses due to estimated extension of useful economic lifetime from 30 to 35 years offset the decline in time charter income.

At the end of the fourth quarter of 2007, the group's LNG business consisted of eight LNG vessels: three 138,000 cbm, four 146,000 cbm and one smaller 30,000 cbm LNG carriers. All of the LNG vessels operate under long-term time charters, except for the single smaller LNG vessel which was on timecharter until end October 2007 and then idle for the rest of 2007.

Under the long-term time charters, the company charters out the vessel to its customer at an agreed rate for an agreed period and remains responsible for the technical management of the vessel. The smaller LNG carrier, Century was idle and circulated for sale. BW Gas has two vessels on firm order, scheduled for delivery in 2009, and subsidiaries of BW Limited have one LNG vessels on order, scheduled for delivery in 2008. BW Gas manages three vessels for BW Limited both commercially and technically. All the newbuildings will commence long-term timecharters when delivered.

SEGMENT ANALYSIS LNG

(USD million)	Fourth quarter	
	2007	2006
Operating revenue	36.6	37.9
Voyage expenses	-0.7	-0.8
TC Income	35.9	37.1
Financial lease interest income	2.4	2.4
Total operating income	38.3	39.5
Charter hire expenses	0.0	0.0
Salaries and other operating expenses	-8.6	-8.3
Operating profit before depreciation and disposals	29.7	31.2
Depreciation	-6.9	-8.4
Impairment charges/reversals	0.0	0.0
Net gain on sale of tangible fixed assets	0.0	0.0
Operating profit	22.8	22.8

Key figures

Average number of owned and BB vessels (calendar days)	6.5	7.5
Average number of vessels leased out on financial lease	0.5	0.5
TC income per calendar day (USD 1,000)	60.0	53.8
Operating expenses per day (USD 1,000)	13.4	11.3

VARIANCE ANALYSIS LNG

(USD million)	
Operating profit fourth quarter 2006	22.8
Operating profit fourth quarter 2007	22.8
Variance operating profit	0.0
Net investment/increase in number of LNG vessels	-0.4
Depreciation of USD vs NOK, effect on operating expenses	-0.5
Depreciation of vessels	1.5
Other	-0.6
Total variance explained	0.0

Operating income from the LNG vessels including one vessel on financial lease decreased to USD 38.3 million in the fourth quarter of 2007 from USD 39.5 million in the fourth quarter of 2006. Average TC income for the group's LNG fleet increased to USD 60,000/day in the fourth quarter of 2007 from USD 53,800/day in the fourth quarter of 2006. Excluding the small LNG carrier Century (1974 built), the LNG fleet generated an average TC income of USD 69,600/day in the fourth quarter of 2007, compared to USD 66,600/day in 2006.

Interest in developing new LNG projects is more muted both on the production and on the receiving (regasification) side due to sharp cost escalations, long lead times and more uncertainty around the long term natural gas price in the US. Only two projects are expected to receive final investment decision in 2008. These are NLNG Train 7 (re-tender from 2007) and Brass LNG.

Activity in the newbuilding market increased in the fourth quarter. Eleven orders were placed and the majority of these were related to shipping tender awards. At the end of December the world LNG fleet consisted of 254 vessels. 135 firm newbuildings were on order, of which 58 are for delivery in 2008, 44 in 2009, nineteen in 2010, thirteen in 2011 and one in 2012.

TOTAL OPERATING EXPENSES

Total operating expenses increased to USD 8.6 million in the fourth quarter of 2007, compared to USD 8.3 million in the fourth quarter of 2006. The increase is mainly due to deductibles charged in relation to damage repair and modification of stern tube bearings of two vessels and to the damage of the turbine rotor of one vessel. Manning costs also show an increase due to a general pressure on wages for qualified gas officers.

DEPRECIATIONS

The depreciation of vessels decreased to USD 6.9 million in the fourth quarter of 2007, compared to USD 8.4 million in 2006. This decrease is mainly attributable to the estimated useful economic life for the LNG vessels being changed from 30 years to 35 years from January 2007.

NET GAIN ON SALE OF VESSELS

There was no sale of vessels during the fourth quarter of 2007 or in the same period of 2006.

OUTLOOK

LPG trade volumes are still expected to show firm growth in 2008 although some of the LPG export capacities related to new LNG projects are delayed. This is caused by severe constraints in the LNG equipment and construction industry. The new Qatar Gas train, Snøhvit LNG and NLNG Train 6 are delayed. This will have the effect of delaying some of the LNG related LPG production scheduled to come on-stream in 2008.

Relatively weak domestic LPG prices in the US, impacted by low domestic natural gas prices, could limit Middle East producers spot sales to the US short term as higher prices are achievable in Asia and in Europe. This could have a negative effect on tonne-mile demand. However, over the course of 2008 firm growth in LPG export volumes from Africa and Middle East is expected to lower the export LPG prices relative to the crude oil and oil product prices including the price of naphtha. We expect this to contribute positively to shipping demand. Demand for vessels will increase with growing volume and longer distances as an evolving LPG surplus east of Suez will have to find a market west. The US market is the only choice with large import capacity and downstream capacity. US petrochemical plants are the world's most flexible and can crack the full spectrum of alternative feedstock from light petroleum gases to heavier petroleum products in liquid form.

While the VLGC fleet only grew by one vessel to 111 vessels in 2007, the fleet expansion will be substantial in 2008 with 28 newbuildings to be delivered. The VLGC market is expected to stay under pressure in 2008 due to the delay of LPG export capacities related to new LNG projects and rapid fleet expansion. The downward adjustments applies to Saudi Arabia, Abu Dhabi and Iran, with the exception of Qatar where projected exports have been adjusted upwards.

For 2008, 26% of the VLGC fleet capacity has been booked on fixed contracts cover at an average TC level of USD 23,200 per voyage day. 29% of the VLGC fleet capacity has been booked on floating freight rates and 45% remains unfixe. Increased LPG production from Algeria, Nigeria and elsewhere in West Africa is expected to result in only a modest growth in LGC cargoes in 2008 as there is likely to be increased competition from a rapidly growing fleet of VLGC vessels.

The outlook for the LGCs in ammonia trade in 2008 is positive and driven by firm prices for agricultural products and strong fertilizer demand. New low cost export related ammonia capacity phased in during the last couple of years in Trinidad, Egypt and Iran has only now become fully operational. Substantial new export capacity will come on-stream in Egypt and in Iran this year. The Iranian plant scheduled to come on stream in November 2007 is delayed but commercial operation is expected from early 2008.

The outlook for 2008 for the LGC segment is quite positive although it could take some time before this year's fleet expansion of three vessels is absorbed. A possible increase in shipping distances and scrapping of old tonnage would have a positive impact on the tonnage balance.

For 2008, 68% of the LGC fleet capacity has been booked on fixed contracts cover at an average TC level of USD 29,300 per voyage day. 32% of the LGC fleet is unfixe.

The outlook for the MGC segment in 2008 is positive for much the same reasons as mentioned under the LGC segment. Most of the newbuildings to be delivered in 2008 have been tied up on long term TC business and the bulk of the order-book will not be delivered until 2009.

For 2008, 89% of the MGC fleet capacity has been booked on fixed contracts cover at an average TC level of USD 21,800 per voyage day. 11% of the MGC fleet is unfixe.

The board of directors expects a lower operating profit for 2008 compared to 2007 due to expected delays in LPG production associated with new LNG projects coupled with a substantial influx of new VLGC vessels.

Oslo, 13 February 2008
The board of directors

SEPARATE SEGMENT REPORT

SHIPPING SEGMENT REPORTS - CONTINUING OPERATIONS

(Unaudited figures in USD million)	Fourth quarter		Full year	
	2007	2006	2007	2006
LPG				
Operating revenue	116.7	119.8	480.4	523.7
Voyage expenses	-24.2	-18.8	-102.4	-97.2
TC Income	92.5	101.0	378.0	426.5
Charter hire expenses	-18.8	-22.8	-78.2	-79.2
Salaries and other operating expenses	-35.4	-32.4	-137.7	-120.7
Operating profit before depreciation and disposals	38.3	45.8	162.1	226.6
Depreciation	-18.3	-18.8	-74.3	-65.3
Impairment charges	-4.5	0.0	-4.5	0.0
Net gain on sale of tangible fixed assets	0.3	11.6	29.3	11.5
Operating profit	15.8	38.6	112.6	172.8
Key figures				
Average number of owned and BB vessels (calendar days)	39.0	42.7	40.5	37.2
Average number of owned and BB vessels (voyage days)	38.5	42.1	39.2	36.3
Average number of chartered in vessels on TC	7.4	9.2	8.0	8.8
TC income per calendar day (USD 1,000) ¹⁾	21.7	21.2	21.4	25.4
TC income per voyage day (USD 1,000) ²⁾	21.9	21.4	21.9	25.9
Operating expenses per day (USD 1,000) ³⁾	9.9	8.2	9.3	8.9
Carrying value vessels	1,211.4	1,187.4	1,211.4	1,187.4
LPG - VLGC				
Operating revenue	61.2	61.3	255.3	312.2
Voyage expenses	-16.3	-12.1	-77.6	-68.8
TC Income	44.9	49.2	177.7	243.4
Charter hire expenses	-18.2	-20.7	-73.8	-73.0
Salaries and other operating expenses	-17.9	-16.0	-64.7	-61.2
Operating profit before depreciation and disposals	8.8	12.5	39.2	109.2
Depreciation	-6.7	-6.1	-26.8	-24.2
Net gain on sale of tangible fixed assets	0.0	0.0	14.9	-0.1
Operating profit	2.1	6.4	27.3	84.9
Key figures				
Average number of owned and BB vessels (calendar days)	17.0	18.0	17.0	16.5
Average number of owned and BB vessels (voyage days)	16.8	17.8	16.7	16.1
Average number of chartered in vessels on TC	6.8	7.9	7.3	7.7
TC income per calendar day (USD 1,000) ¹⁾	20.5	20.6	20.0	27.6
TC income per voyage day (USD 1,000) ²⁾	20.7	20.8	20.3	28.0
Operating expenses per day (USD 1,000) ³⁾	11.4	9.7	10.4	10.2
Carrying value vessels	513.1	393.8	513.1	393.8
LPG - LGC				
Operating revenue	27.4	26.6	109.3	109.5
Voyage expenses	-3.5	-2.5	-11.8	-15.5
TC Income	23.9	24.1	97.5	94.0
Charter hire expenses	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-7.8	-8.0	-33.6	-30.4
Operating profit before depreciation and disposals	16.1	16.1	63.9	63.6
Depreciation	-5.2	-5.9	-20.7	-19.5
Net gain on sale of tangible fixed assets	0.0	11.6	4.4	11.6
Operating profit	10.9	21.8	47.6	55.7
Key figures				
Average number of owned and BB vessels (calendar days)	10.0	11.4	10.4	10.1
Average number of owned and BB vessels (voyage days)	9.9	11.3	9.9	9.9
Average number of chartered in vessels on TC	0.0	0.0	0.0	0.0
TC income per calendar day (USD 1,000) ¹⁾	26.0	23.0	25.7	25.5
TC income per voyage day (USD 1,000) ²⁾	26.2	23.2	27.0	26.0
Operating expenses per day (USD 1,000) ³⁾	8.5	7.6	8.9	8.2
Carrying value vessels	378.2	396.0	378.2	396.0

SEPARATE SEGMENT REPORT

SHIPPING SEGMENT REPORTS - CONTINUING OPERATIONS

(Unaudited figures in USD million)	Fourth quarter		Full year	
	2007	2006	2007	2006
LPG - MGC				
Operating revenue	28.1	31.9	115.8	102.0
Voyage expenses	-4.4	-4.2	-13.0	-12.9
TC Income	23.7	27.7	102.8	89.1
Charter hire expenses	-0.6	-2.1	-4.4	-6.2
Salaries and other operating expenses	-9.7	-8.4	-39.4	-29.1
Operating profit before depreciation and disposals	13.4	17.2	59.0	53.8
Depreciation	-6.4	-6.8	-26.8	-21.6
Impairment charges	-4.5	0.0	-4.5	0.0
Net gain on sale of tangible fixed assets	0.3	0.0	10.0	0.0
Operating profit (loss)	2.8	10.4	37.7	32.2
Key figures				
Average number of owned and BB vessels (calendar days)	12.0	13.3	13.1	10.6
Average number of owned and BB vessels (voyage days)	11.8	13.0	12.6	10.3
Average number of chartered in vessels on TC	0.6	1.3	0.7	1.1
TC income per calendar day (USD 1,000) ¹⁾	20.4	20.6	20.4	20.9
TC income per voyage day (USD 1,000) ²⁾	20.8	21.1	21.2	21.4
Operating expenses per day (USD 1,000) ³⁾	8.8	6.9	8.2	7.5
Carrying value vessels	320.1	397.6	320.1	397.6
LNG				
Operating revenue	36.6	37.9	143.2	142.4
Voyage expenses	-0.7	-0.8	-3.7	-2.8
TC Income	35.9	37.1	139.5	139.6
Financial lease interest income	2.4	2.4	9.6	9.6
Total operating income	38.3	39.5	149.1	149.2
Charter hire expenses	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-8.6	-8.3	-32.5	-29.9
Operating profit before depreciation and disposals	29.7	31.2	116.6	119.3
Depreciation	-6.9	-8.4	-27.8	-32.4
Net gain on sale of tangible fixed assets	0.0	0.0	2.7	0.0
Operating profit	22.8	22.8	91.5	86.9
Key figures				
Average number of owned and BB vessels (calendar days)	6.5	7.5	6.9	7.3
Average number of owned and BB vessels (voyage days)	6.4	7.0	6.5	7.2
Average number of vessels leased out on financial lease	0.5	0.5	0.5	0.5
Average number of chartered in vessels on TC	0.0	0.0	0.0	0.0
TC income per calendar day (USD 1,000) ¹⁾	60.0	53.8	55.4	52.4
TC income per voyage day (USD 1,000) ²⁾	61.0	57.6	58.8	53.1
Operating expenses per day (USD 1,000) ³⁾	13.4	11.3	12.0	10.5
Carrying value vessels	866.1	894.9	866.1	894.9
Financial lease receivable	85.8	87.0	85.8	87.0

Definitions key figures

¹⁾ [TC income]*1,000/[Average number of owned and BB vessels (calendar days) + Average number of chartered in vessels on TC]/[Number of calendar days in period]

²⁾ [TC income]*1,000/[Average number of owned and BB vessels (voyage days) + Average number of chartered in vessels on TC]/[Number of voyage days in period]
Voyage days = Calendar days – Technical Offhire days

³⁾ ([Salaries, social security and pensions + Other operating expenses])*1,000/[Average number of owned and BB vessels (calendar days) + Average number of vessels leased out]/[Number of calendar days in period]

CONDENSED CONSOLIDATED INTERIM
AND PRELIMINARY ANNUAL FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INTERIM AND PRELIMINARY ANNUAL FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Fourth quarter		Full year	
	2007	2006	2007	2006
Operating revenue	176.6	175.0	704.1	729.9
Voyage expenses	-25.0	-19.5	-106.2	-100.8
Charter hire expenses	-26.9	-21.5	-107.1	-94.9
Salaries, social security and pensions	-30.9	-24.2	-107.4	-87.6
Other operating expenses	-30.8	-28.8	-114.5	-101.5
Operating profit before depreciation and disposals	63.0	81.0	268.9	345.1
Depreciation	-26.6	-27.8	-107.4	-102.0
Impairment charges	-4.5	0.0	-4.5	0.0
Net gain/loss on sale of tangible fixed assets	0.3	15.5	32.1	15.6
Operating profit	32.2	68.7	189.1	258.7
Interest income	7.9	5.0	23.8	23.3
Interest expenses	-23.4	-26.6	-86.9	-78.7
Net foreign exchange gain/loss	1.2	1.0	0.0	5.9
Share of profit from associates	0.3	0.5	1.7	2.2
Other financial items	-11.9	2.2	-13.5	20.1
Net financial items	-25.9	-17.9	-74.9	-27.2
Profit before tax	6.3	50.8	114.2	231.5
Income tax expense	-583.4	-0.3	-603.9	-6.8
Net profit (loss) from continuing operations	-577.1	50.5	-489.7	224.7
Net profit (loss) from discontinued operations	0.0	0.0	0.0	-1.0
Net profit (loss)	-577.1	50.5	-489.7	223.7
Minority interest	-0.2	4.3	7.4	12.7
Majority interest	-576.9	46.2	-497.1	211.0
Basic and diluted ¹⁾ earnings per share (EPS) in USD, continuing operations	-4.5	0.4	-3.9	1.7
Basic and diluted ¹⁾ earnings per share in USD, discontinued operations	0.0	0.0	0.0	-0.1
Basic and diluted ¹⁾ earnings per share in USD, all operations	-4.5	0.4	-3.9	1.6
Average number of shares outstanding	128,097,885	128,097,885	128,097,885	128,097,885

¹⁾ There are no dilutive potential shares, and therefore the diluted EPS equals the basic EPS.

CONSOLIDATED BALANCE SHEET

(Unaudited figures in USD million)	31.12.07	31.12.06
ASSETS		
Tangible fixed assets	2,324.3	2,290.1
Intangible fixed assets	5.9	5.2
Investments in associates	1.5	3.5
Other financial long term assets	245.0	225.6
Total non-current assets	2,576.7	2,524.4
Inventories	16.0	13.1
Receivables	94.6	76.5
Short term investments	0.4	7.9
Cash and cash equivalents	302.0	248.9
Total current assets	413.0	346.4
Total assets	2,989.7	2,870.8
EQUITY AND LIABILITIES		
Paid-in capital	16.8	16.8
Retained earnings	465.1	1,057.3
Minority interests	57.8	68.4
Total equity	539.7	1,142.5
Long-term interest bearing debt	1,481.7	1,577.9
Net pension liabilities	13.3	10.4
Long-term tax liability	554.1	0.0
Other non interest bearing debt and provisions	31.6	3.2
Total non-current liabilities	2,080.7	1,591.5
Short-term interest bearing debt	242.8	27.8
Tax and public duties payable	66.5	13.6
Other non interest bearing liabilities and provisions	60.0	95.4
Total current liabilities	369.3	136.8
Total equity and liabilities	2,989.7	2,870.8

CONSOLIDATED CASH FLOW STATEMENT

(Unaudited figures in USD million)	Fourth quarter		Full year	
	2007	2006	2007	2006
Net profit before tax including discontinued operations	6.3	50.5	114.2	230.5
Adjustment for:				
Gain/loss on disposal of assets and shares	-0.3	-15.6	-37.7	-15.6
Depreciation and impairment charges	31.1	27.8	111.9	102.0
Change in inventories, receivables and payables	6.4	9.7	-29.3	26.5
Net cash flow from operations ¹⁾	43.5	72.4	159.1	343.4
Investments in operating fixed assets	-60.1	-24.0	-247.2	-573.4
Sales of operating fixed assets (at sales value)	39.7	29.0	146.1	29.0
Net cash in acquired/demerged companies	0.0	0.0	0.0	9.4
Change in other investments	0.3	7.2	-13.7	22.4
Net cash flow from investing activities ²⁾	-20.1	12.2	-114.8	-512.6
New long-term debt	104.5	6.5	350.9	341.3
Repayments of debt	-184.0	-54.6	-232.1	-238.1
Paid in / distributed equity	-5.9	-8.4	-110.0	-39.4
Net cash flow from financing activities	-85.4	-56.5	8.8	63.8
Net change in cash during period	-62.0	28.1	53.1	-105.4
Cash at beginning of period	364.0	220.8	248.9	354.3
Cash at end of period	302.0	248.9	302.0	248.9
¹⁾ Net operating cash flow from discontinued operations	n.a.	n.a.	n.a.	-1.0
²⁾ Net investing cash flow from discontinued operations	n.a.	n.a.	n.a.	0.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Fourth quarter		Full year	
	2007	2006	2007	2006
Equity last year	1,131.0	1,105.1	1,142.5	928.9
Adjustment on previous period acquisition price allocation ¹⁾	0.0	0.0	9.0	0.0
Equity at the beginning of period	1,131.0	1,105.1	1,151.5	928.9
Net profit	-577.1	50.5	-489.7	223.7
Dividend paid	0.0	0.0	-93.2	-33.7
Net gain/loss on available for sale financial assets	0.0	-1.2	-7.5	-8.1
Net paid to/from minority interests	-5.9	-8.4	-16.8	-5.7
Purchase of minority interests	0.0	0.0	0.0	39.4
Share based compensation effect	0.3	0.1	1.2	0.9
Hedge accounting	-7.9	-6.0	-10.7	-5.1
Exchange rate adjustments	-0.3	2.4	4.7	2.4
Other	-0.4	0.0	0.2	-0.2
Equity at the end of period	539.7	1,142.5	539.7	1,142.5

¹⁾ In connection with the purchase of Edda Gas KS and the transfer from investment in associated company to investment in subsidiary (full consolidation) in 2006, the group did not recognise a previously eliminated internal gain of USD 9.0 million. This should have been recognised, increasing the carrying value of the vessels and the equity accordingly. The increase in equity and vessel value was corrected in the first quarter 2007, without adjusting the historical figures.

NOTES NOTE 1 - NATURE OF OPERATION

BW Gas is a leading global provider of gas marine transportation services. The group is the largest owner and operator of LPG (liquefied petroleum gas) carriers, and one of the largest independent owners and operators of LNG (liquefied natural gas) carriers. The operation is organised into two main business segments: LNG and LPG, where the latter is sub-divided into three sub segments depending on the size of the vessels (VLGC, LGC, MGC).

NOTE 2 - BASIS OF PRESENTATION

The condensed consolidated interim and preliminary annual financial information 'interim financial information' has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. This financial information should be read together with the consolidated financial statements of BW Gas and all its subsidiaries (the group) as of 31 December 2006, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as they provide an update of previously reported information. The interim and preliminary annual financial information was approved by the board of directors on 13 February 2008.

The preparation of consolidated interim condensed financial information in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Estimates have principally been made in respect to fair values of financial instruments, impairment provisions, deferred profit tax, pensions, useful life of vessels, classification of leases and provision for liabilities. Actual results could differ from those estimates.

The accompanying notes are an integral part of these financial statements.

CHANGES IN THE GROUP

BW Gas established the 50/50 joint venture partnership with Tailwind in third quarter 2007. The joint venture is included in the group accounts based on a proportional consolidation of the 50% share in the company.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied and the presentation of the interim condensed consolidated financial information is consistent with the consolidated financial statements for the year ended 31 December 2006.

NEW ACCOUNTING DEVELOPMENTS

Management has assessed that there are no new IFRS accounting standards, amendments and interpretations to standards that are relevant to the company with respect to the interim consolidated information reported.

CHANGE IN ACCOUNTING ESTIMATES AND ALLOCATIONS

With effect from first quarter 2007, the group has increased the useful life of the modern LNG vessels from 30 to 35 years. The change impact the quarterly depreciations in the LNG segment with a reduction of approximately USD 1.1 million.

NOTE 4 - SEGMENT INFORMATION

The group had in the period two business segments: LPG and LNG. The business segments are organized and managed according to the nature of services provided (type of vessel and goods transported). Further, the group presents the column 'Unallocated', which includes overheads and eliminations not directly attributable to the LNG or LPG segment. Unallocated also contains the tanker business, which size is below threshold for separate segment reporting.

As the vessels neither trades on regular routes nor in limited geographic areas, geographic segment revenues are not presented.

The LNG segment provides transportation of liquefied natural gas, with vessel size ranging from 138,000 to 165,000 cbm (excluding the two smaller LNG-vessels Century and Havfru. Havfru was disposed in second quarter 2007).

The LPG segment provides transportation of liquefied petroleum gas, clean petroleum products (CPP) and ammonia. The segment comprises three main categories of vessels: VLGCs (Very Large Gas Carriers with capacity above 70,000 cbm), LGCs (Large Gas Carriers with capacities ranging between 50,000 and 70,000 cbm) and MGCs (Medium size Gas Carriers with capacities less than 50,000 cbm).

The following tables present the operating result and carrying value of the vessels regarding the group's business segments.

SEGMENT REPORTS - CONTINUING OPERATIONS

(Unaudited figures in USD million)	Fourth quarter		Full year	
	2007	2006	2007	2006
LPG				
Operating revenue	116.7	119.8	480.4	523.7
Voyage expenses	-24.2	-18.8	-102.4	-97.2
Charter hire expenses	-18.8	-22.8	-78.2	-79.2
Salaries and other operating expenses	-35.4	-32.4	-137.7	-120.7
Depreciation	-18.3	-18.8	-74.3	-65.3
Impairment charges	-4.5	0.0	-4.5	0.0
Net gain on sale of tangible fixed assets	0.3	11.6	29.3	11.5
Operating profit	15.8	38.6	112.6	172.8
Carrying value vessels	1,211.4	1,187.4	1,211.4	1,187.4
LPG - VLGC				
Operating revenue	61.2	61.3	255.3	312.2
Voyage expenses	-16.3	-12.1	-77.6	-68.8
Charter hire expenses	-18.2	-20.7	-73.8	-73.0
Salaries and other operating expenses	-17.9	-16.0	-64.7	-61.2
Depreciation	-6.7	-6.1	-26.8	-24.2
Net gain on sale of tangible fixed assets	0.0	0.0	14.9	-0.1
Operating profit	2.1	6.4	27.3	84.9
Carrying value vessels	513.1	393.8	513.1	393.8
LPG - LGC				
Operating revenue	27.4	26.6	109.3	109.5
Voyage expenses	-3.5	-2.5	-11.8	-15.5
Charter hire expenses	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-7.8	-8.0	-33.6	-30.4
Depreciation	-5.2	-5.9	-20.7	-19.5
Net gain on sale of tangible fixed assets	0.0	11.6	4.4	11.6
Operating profit	10.9	21.8	47.6	55.7
Carrying value vessels	378.2	396.0	378.2	396.0

SEGMENT REPORTS - CONTINUING OPERATIONS CONT.

(Unaudited figures in USD million)	Fourth quarter		Full year	
	2007	2006	2007	2006
LPG - MGC				
Operating revenue	28.1	31.9	115.8	102.0
Voyage expenses	-4.4	-4.2	-13.0	-12.9
Charter hire expenses	-0.6	-2.1	-4.4	-6.2
Salaries and other operating expenses	-9.7	-8.4	-39.4	-29.1
Depreciation	-6.4	-6.8	-26.8	-21.6
Impairment charges	-4.5	0.0	-4.5	0.0
Net gain on sale of tangible fixed assets	0.3	0.0	10.0	0.0
Operating profit (loss)	2.8	10.4	37.7	32.2
Carrying value vessels	320.1	397.6	320.1	397.6
LNG				
Operating revenue	36.6	37.9	143.2	142.4
Financial lease interest income	2.4	2.4	9.6	9.6
Voyage expenses	-0.7	-0.8	-3.7	-2.8
Charter hire expenses	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-8.6	-8.3	-32.5	-29.9
Depreciation	-6.9	-8.4	-27.8	-32.4
Net gain on sale of tangible fixed assets	0.0	0.0	2.7	0.0
Operating profit	22.8	22.8	91.5	86.9
Carrying value vessels	866.1	894.9	866.1	894.9
Financial lease receivable	85.8	87.0	85.8	87.0
UNALLOCATED				
Operating revenue	21.0	17.5	71.0	55.9
Voyage expenses	0.0	0.0	0.0	-0.7
Charter hire expenses	-8.1	-7.1	-29.0	-21.4
Salaries and other operating expenses	-17.7	-12.1	-51.6	-38.4
Depreciation	-1.4	-1.2	-5.3	-4.6
Net gain on sale of tangible fixed assets	0.0	0.0	0.0	0.1
Operating profit (loss)	-6.2	-2.9	-14.9	-9.1

RECONCILIATION TO CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Fourth quarter		Full year	
	2007	2006	2007	2006
Operating revenue				
LPG	116.7	119.8	480.4	523.7
LNG	39.0	40.3	152.8	152.0
Unallocated	21.0	17.5	71.0	55.9
Total	176.6	177.6	704.1	731.6
Correction related to financial lease	0.0	-2.6	0.0	-1.7
Reconciled to consolidated income statement	176.6	175.0	704.1	729.9
Operating profit				
LPG	15.8	38.6	112.6	172.8
LNG	22.8	22.8	91.5	86.9
Unallocated	-6.2	-2.9	-14.9	-9.1
Total	32.2	58.1	189.1	250.6
Correction related to financial lease	0.0	10.6	0.0	8.1
Reconciled to consolidated income statement	32.2	68.7	189.1	258.7

NOTE 5 - TANGIBLE AND INTANGIBLE FIXED ASSETS

(Unaudited figures in USD million)	Fourth quarter		Full year	
	2007	2006	2007	2006
Carrying value at the beginning of the period	2,341.7	2,401.3	2,295.3	1,754.5
Additions	59.3	-11.0	256.2	710.5
Disposals	-39.4	-17.4	-114.1	-18.0
Transferred due to financial lease reclassification	0.0	-52.1	0.0	-52.1
Foreign exchange rate adjustments	-0.3	2.4	4.7	2.4
Depreciations in the period	-26.6	-27.9	-107.4	-102.0
Impairment charges in the period	-4.5	0.0	-4.5	0.0
- Hereof depreciations and impairment reclassified to discount. op.	0.0	0.0	0.0	0.3
Carrying value at the end of the period	2,330.2	2,295.3	2,330.2	2,295.3

Tangible fixed assets includes the following main items: Vessels (including periodic maintenance), vessels under construction, real estate, vehicles and equipment. Intangible fixed assets are mainly related to software.

MAJOR TRANSACTIONS AND INVESTMENTS

Disposal of vessels	Type	Size	Delivery	Ownership share
BW Sisu	VLGC	75,989 cbm	27.02.07	100%
Berge Arrow	VLGC	75,609 cbm	04.05.07	100%
Havfru	LNG	29,388 cbm	22.05.07	75%
Havdrott	LGC	54,226 cbm	06.06.07	86%

Sale of vessels to 50/50 joint venture with Tailwind	Type	Size	Delivery	Ownership share
BW Odin	MGC	38,501 cbm	11.09.07	100%
BW Trader	VLGC	78,631 cbm	26.09.07	100%
BW Havsol	MGC	18,152 cbm	01.10.07	100%
BW Havlur	MGC	18,152 cbm	08.10.07	100%

BW Gas has transferred by sales transactions the ownership interest in four LPG carriers to the joint venture, whereas two vessels were delivered in September 2007 and the two remaining vessels were delivered in October 2007. BW Gas retains technical and commercial management of the vessels. BW Gas has booked a profit of USD 11.0 million on the disposal of the 50% share of the four vessels.

Newbuildings at balance sheet date	Type	Size	Delivery	Ownership share
Hull no 2258 Daewoo	LNG Carrier	162,400 cbm	2009	100%
Hull no 2259 Daewoo	LNG Carrier	162,400 cbm	2009	100%
Hull no 1849 Hyundai	VLGC	82,000 cbm	2008	100%
Hull no 2317 Daewoo	VLGC	83,800 cbm	2008	50%
Hull no 2318 Daewoo	VLGC	83,800 cbm	2008	50%
Hull no 2319 Daewoo	VLGC	83,800 cbm	2008	50%
Hull no 2320 Daewoo	VLGC	83,800 cbm	2009	50%

Total investment in vessels under construction was (in USD million)

First quarter 2007	11.2
Second quarter 2007	26.5
Third quarter 2007	44.2
Fourth quarter 2007	52.1
Total year to date	134.0

Delivery of newbuildings	Type	Size	Delivered	Ownership share
BW Prince	VLGC	82,383 cbm	16.11.07	100%

Delivery of purchased second hand vessels	Type	Built	Size	Delivered	Ownership share
BW Boss (ex. Formosagas Bright)	VLGC	2001	84,301 cbm	20.03.07	100%
BW Borg (ex. Formosagas Apollo)	VLGC	2001	84,333 cbm	02.04.07	100%

BW Boss and BW Borg were chartered in on BB-contracts with purchase options. The options have been exercised with a purchase price of USD 42.5 million each.

NOTE 6 - INTEREST-BEARING DEBT

(Unaudited figures in USD million)	31.12.07	31.12.06
Unsecured credit facility (limit 1,500) ¹⁾	1,064.3	1,094.9
Bond loan ²⁾	211.3	152.2
Financial lease/ Tax lease liabilities	82.0	86.6
Mortgage bank borrowings ³⁾	357.4	272.0
Other interest-bearing debt	9.5	0.0
Total interest-bearing debt	1,724.5	1,605.7
- Hereof classified as long-term ⁴⁾	1,481.7	1,577.9
- Hereof classified as short-term ⁴⁾	242.8	27.8

¹⁾ The credit facility is unsecured, but the group is required to comply with financial covenants. The covenants were amended in December 2007 for a period of 15 months. The group is in compliance with these covenants, however reference is made to note 8 regarding the uncertainties arising from the changes in the Norwegian tonnage tax regime and cross default clauses in the loan agreements. The credit facility has a term of seven years from when it was established on 28 October 2005. The interest charge on the credit facility is LIBOR + 60 basis points, increasing to LIBOR + 65 basis points during the period of seven years.

²⁾ BW Gas issued two bond loans with three and five year maturities in July 2006. The 3-year bond issue totalled NOK 700 million with a coupon rate of 3-months NIBOR +0.30% p.a. The 5-year bond issue has a borrowing limit of NOK 700 million. The first tranche of the 5-year issue was NOK 250 million and with a coupon rate of 3-months NIBOR +0.50% p.a. The proceeds and interest have been swapped into USD. Listing of the two loans took place 15 August 2006 on Oslo Stock Exchange's bond list. In January 2007, the group increased the 5-year bond loan with NOK 100 million with a coupon rate of 3-months NIBOR +0.50% p.a. The proceeds and interest have been swapped into USD. In April 2007, the group increased the 5-year bond loan with NOK 100 million with a coupon rate of 3 months NIBOR +0.50% p.a. yielding NIBOR + 0.45% p.a. The proceeds and interest have been swapped into USD. The bonds are unsecured, but the group is required to comply with financial covenants. The group is in breach with one of these covenants at balance sheet date, and the bond loans have been classified as short-term in accordance with the accounting standards. Reference is made to note 8 regarding the uncertainties arising from the changes in the Norwegian tonnage tax regime.

³⁾ In connection with the Tailwind deal, the established joint venture has drawn a mortgage loan amounting to USD 132 million in third quarter related to the two vessels delivered in September. Additionally USD 68 million was drawn in October. The loan is repayable in semi-annual repayments over 10 years. The interest charge on the loan is LIBOR + 70 basis points. USD 35 million has been swapped for four years at a fixed rate of 4.90% + 70 basis points and USD 65 million has been swapped for 10 years at a fixed interest rate of 5.45% + 70 basis points. The group proportionally consolidates 50% of the joint venture.

⁴⁾ Reference is made to note 8 regarding the uncertainties arising from the changes in the Norwegian tonnage tax regime for more information about the breach of covenants in the bond loan agreements and possible reclassification of all borrowings from long-term to short-term debt.

NOTE 7 - TAX

CHANGES IN THE NORWEGIAN TONNAGE TAX REGIME

The Norwegian Government amended the Norwegian tonnage tax regime during fourth quarter 2007 with effect from 1 January 2007. A general description of the previous tonnage tax regime, including the taxation in case of a withdrawal from the regime is included in the notes to the annual report 2006. Under the previous tonnage tax regime, operating profits were tax exempt unless distributed to shareholders outside the tonnage tax regime or an exit from the tonnage tax regime took place. Under the new tonnage tax regime, operating profits will be fully exempt from taxation on a permanent basis.

The previous tonnage tax regime ceased to exist 1 January 2007 (retroactive), forcing companies either to withdraw from the regime or transfer to the new regime as of this date. A withdrawal will be based on the previous tonnage tax regulations, resulting in a tax of approximately NOK 4.8 billion to be paid over a period based on a 20% per year declining balance method. Transiting to the new regime is based on transition rules, and the untaxed equity as of 1 January 2007, accumulated under the previous tonnage tax regime, is taxed. The taxation is based on the book value of the equity of each company within the tonnage tax regime, rather than the fair values, resulting in a tax of approximately NOK 3.9 billion. 67% of this tax is payable with 10% annually over 10 years, while 33% of the amount will be waived by the tax authorities if an equal amount is spent on environmental investments. BW Gas expects to transit the companies that already are under the tonnage tax regime into the new tax regime, and has accordingly accrued the tax liability related to the 67% tax payable at present value of USD 398.5 million. The accounting of the environmental fund remains uncertain until the regulation related to the environmental fund is finalised. The regulation is expected to be finalised and effective in March 2008. Based on the draft regulation the

environmental fund can not be recognised as equity, and the group has recognised the present value of the environmental fund, amounting to USD 158 million, as a liability at balance sheet date. The government has stated that the environmental fund shall be treated as equity and if the final regulations are changed accordingly, an adjustment will be made to the accounts.

The board of directors has decided to challenge the legality of the transition rules in relation to paragraph 97 of the Norwegian Constitution.

The new tonnage tax regime also changed the taxation upon entry from ordinary taxation. At balance sheet date the company recognised in total USD 45.2 million in total on deferred taxes related to ordinary taxed companies. This amount also includes the temporary differences between the book value and tax value on vessels that were planned to enter the existing regime without entry taxation under the previous entry rules. The amount is recognised at nominal value.

ORDINARY TAXED COMPANIES

The companies are taxed at nominal tax rate of 28% on the net result. Due to losses carried forward, these companies are not in a tax position and there is currently no tax payable as the losses are being utilised. Deferred tax is calculated based on temporary differences and losses carried forward at balance sheet date. As the temporary differences exceed the losses carried forward, a deferred tax has been accrued at balance sheet date.

TONNAGE TAXED COMPANIES

The companies are taxed at a nominal tax rate of 28% on net financial items only, which normally are insignificant. Losses on net financial items can be carried forward. Deferred tax is calculated based on temporary differences on financial items (mainly related to unrealised foreign exchange gains/losses) and losses carried forward. Losses carried forward exceed net temporary differences, and no provision for deferred tax has been made at balance sheet date.

TRANSITION TAX RELATED TO THE TRANSIT FROM THE PREVIOUS TONNAGE TAX REGIME

The 67% transition tax payable has been accrued at present value with USD 398.5 million, whereof USD 47.6 million is classified as short-term, payable within one year after balance sheet date. In addition the 33% environmental fund has been accrued at present value with USD 158 million.

FOREIGN TAXES

For entities with activities abroad, local taxes may also apply in addition to Norwegian tax.

Tax expense	Fourth quarter		Full year	
	2007	2006	2007	2006
Tax payable, ordinary taxed companies	-0.2	0.0	0.0	0.0
Deferred tax expense, ordinary taxed companies	-45.2	0.0	-45.2	0.0
Tax payable, tonnage taxed companies	-2.0	0.2	-2.2	-0.2
Deferred tax expense, tonnage taxed companies	20.5	0.0	0.0	0.0
Foreign tax payable	0.0	-7.0	0.0	-6.6
Transition tax, tonnage taxed companies	-398.5	0.0	-398.5	0.0
Environmental fund, tonnage taxed companies	-158.0	0.0	-158.0	0.0
Total tax expense	-583.4	-6.8	-603.9	-6.8

	31.12.07	31.12.06	Change (expense)
Deferred tax position	31.12.07	31.12.06	
Deferred tax asset/(liability), ordinary taxed companies	-45.2	3.8	
Deferred tax asset/(liability), tonnage taxed companies	0.0	0.0	
Not recognised	0.0	-3.8	
Net deferred tax asset/(liability) recognised in balance sheet	-45.2	0.0	-45.2

The net deferred tax position is mainly related to temporary differences on vessels and unrealised foreign exchange gains on debt in the tax accounts (NOK-based) in the ordinary taxed companies in the group. The latter is a result of the decrease in the exchange rate between NOK and USD. A gain will become taxable once it is realised. Since most of the debt is intercompany between group companies a realisation can be deferred by the group. The temporary differences are partly offset by losses carried forward, and 28% tax on the net amount is recognised as deferred tax.

Tax payable position	31.12.07	31.12.06
Transition tax payable, due in more than one year - at present value	-350.9	0.0
Transition tax payable, due within one year	-47.6	0.0
Transition tax - environmental fund - at present value	-158.0	0.0
Other tax payable	-1.7	-1.0
Total tax payable liability recognised in balance sheet	-558.2	-1.0

NOTE 8 - CONTINGENCIES AND COMMITMENTS

CAPITAL COMMITMENTS

Capital expenditures regarding newbuildings contracted for at the balance sheet date, but not recognised in the financial statements, amounts to USD 539.4 million.

LEGAL CLAIMS

As stated in the 2006 annual report, BW Gas has a dispute with Hess Equatorial Guinea, Inc. (Hess). BW Gas has now received Request for Arbitration from Hess related to the sale of the FPSO Sendje Ceiba which was delivered to Hess in June 2004. Hess has requested the Arbitral Tribunal to render an award granting relief for inter alia BW Gas to be liable for all damages caused to Hess by BW Gas alleged breach of the Purchase and Sale Agreement in an amount to be quantified in the course of the proceedings. The claim is disputed by BW Gas and is by external advisors believed not to lead to any compensation.

There are no other significant changes for the group regarding legal claims.

NOTICE FROM THE CENTRAL TAX OFFICE

In February 2007, Bergesen d.y. Shipping AS received a notice from the Central Tax Office of Large Enterprises stating that the tax authorities were considering increasing the taxable income for the fiscal years 2000 and 2004 with NOK 455.5 million and NOK 30.5 million respectively. The increase was based on the view that a part of the share capital reductions effected in 2000 and 2004 should be classified as payment of dividend rather than of re-payment of paid-in share capital. Reference is made to note 19 (j) in the annual report for 2006.

Although the Central Tax Office in its notice of 27 February 2007 explicitly agreed with the company's classification of the share premium as tax-free repayment of paid-in capital, the Central Tax Office in a new notice dated 11 July 2007 states that it has now re-considered its view and concludes that part of the share premium paid to the shareholder in 2000 should also be deemed as dividend and consequently be subject to tax at company level. The increased taxable income according to the Central Tax Office amounts to NOK 3.2 billion, which is supplemental to the increase previously noticed as mentioned above. The corresponding total potential tax liability would amount to approximately NOK 905 million related to the matter handled in the new notice and totally NOK 1.1 billion related to both matters.

The tax assessment board of the Central Tax Office rendered its resolution in October 2007, confirming that the original tax assessment for 2000 shall stand, as the notice for reassessment of that year was presented beyond the two year time limit for tax reassessments, and since Bergesen dy Shipping AS had given complete and correct information at the time. This resolution relates to the claim for increased income of NOK 3.2 billion and NOK 455.5 million. However, the tax assessment board maintained that the income of Bergesen dy Shipping AS for fiscal year 2004 should be increased by NOK 30.5 million. The Central Tax Office may appeal the decision of the tax assessment board within 4 months.

The company and its advisors have appealed the resolution related to fiscal year 2004 to the Appeal tax assessment board. No provisions have been made in the accounts.

In 2005, Bergesen d.y. Shipping AS, a wholly owned subsidiary of Bergesen d.y. ASA (now BW Gas ASA), was demerged into the companies Bergesen d.y. Shipping AS and Bergesen Gas Shipping AS. Bergesen d.y. Shipping AS is owned 100% by Bergesen Dry Bulk Holding AS, a company which is not part of the BW Gas Group. Bergesen Gas Shipping AS is indirectly owned 100% by BW Gas ASA. Under the demerger plan the fair values and the share capital were split between the two companies in the ratio 14.5% to Bergesen d.y. Shipping AS and 85.5% to Bergesen Gas Shipping AS, and a potential tax liability will in the company's opinion inter partes be split the same way.

CHANGES IN THE NORWEGIAN TONNAGE TAX REGIME - UNCERTAINTIES

Reference is made to Note 7 regarding the uncertainty regarding the accounting of the environmental fund. If finally deemed as equity, the amount will increase the equity and the 2007 net result with USD 158 million accordingly. The final outcome is expected to be known within the finalisation of the annual report for 2007.

The unsecured credit facility, the lease financing facilities and the bond loan (reference is made to note 6) have covenants based on a book value equity ratio (equity/total assets) of 35% and 25%. In addition all borrowings in the group have cross-default clauses. The banks in the unsecured credit facility and the lease financing facilities have all agreed on a temporary amendment of the covenants. The equity ratio is reduced to 15% and minimum equity is reduced from USD 750 million to USD 450 million, for a period of 15 months, starting 1 January 2008. The agreement was reached in December 2007.

Based on the balance sheet as of 31.12.07, the group is in breach with the equity ratio covenant in the bond loan agreements. The group will seek to apply for a similar waiver as above with the bond holders. If an agreement is not reached, a default situation may occur and could also trigger the cross-default clauses in all loan agreements of the group. If so, the loans will have to be reclassified as short-term debt. The final outcome is expected to be known within the finalisation of the annual report for 2007. The group aims to reach an agreement with the bond holders within 29 February 2008.

NOTE 9 - SUBSEQUENT EVENTS

In January 2008, the last of the two smaller LNG vessels, Century, was sold with delivery in February. Net gain on sale is estimated at USD 3.0 million and will be recognised in first quarter of 2008.

In February 2008, the VLGC Berge Eagle was sold with delivery in the same month. Net gain on sale is estimated at USD 9.7 million and will be recognised in first quarter of 2008.

Oslo, 13 February 2008
The board of directors

FLEET LIST



FLEET LIST

Name	Year built/ To be delivered	Capacity (cbm)	Ownership (%)/ Timecharter/Pool	TC/BB expiry	TC/BB rate (USD/day)
VLGCs (>70,000 CBM)					
Owned/bareboat					
BW Borg	2001	84,333	100.00		
BW Boss	2001	84,301	100.00		
BW Prince	2007	82,383	100.00		
Berge Racine	1985	81,698	100.00		
Berge Ragnhild	1986	81,640	100.00		
Berge Rachel	1984	81,599	100.00		
BW Denise	2001	78,637	100.00		
Berge Danuta	2000	78,552	100.00		
BW Clipper	1992	78,549	100.00		
BW Challenger	1992	78,539	100.00		
BW Captain	1991	78,530	100.00		
BW Trader	2006	78,631	50.00		
BW Saga	1979	75,853	100.00		
BW Strand	1982	75,849	100.00		
BW Sund	1981	75,823	100.00		
Berge Eagle	1978	75,649	100.00		
BW Broker	2007	80,138	Bareboat	Jun 2017	23,014
Berge Summit	1990	78,488	Bareboat	Jun 2015	
Chartered-in					
Berge Ningbo	2006	82,258	TC/Purchase option	Feb 2018	21,546
Berge Nantong	2006	82,244	TC/Purchase option	Jul 2018	21,546
Gas Taurus	2001	78,921	Short-term TC to BW Gas (75%)	Mar 2008	29,934
Linden Pride	2001	78,912	Short-term TC to BW Gas (75%)	Feb 2008	29,934
Yuyo Berge	2005	78,908	TC/Purchase option	Mar 2013	23,520
Leto Providence	2003	78,908	Short-term TC to BW Gas (33%)	Dec 2008	27,942
Chelsea Bridge	1987	77,749	Timecharter	Feb 2010	22,521
Tower Bridge	1991	75,352	Timecharter	Mar 2010	24,000
Newbuildings					
NB Daewoo 2317	May 2008	83,800	50.00		
NB Daewoo 2318	Nov 2008	83,800	50.00		
NB Daewoo 2319	Jan 2009	83,800	50.00		
NB Daewoo 2320	May 2009	83,800	50.00		
NB Mitsubishi 2239	2Q 2009	83,000	TC/Purchase option (33%)	2Q 2024	29,600
NB Mitsubishi 2247	2H 2010	83,000	TC/Purchase option (33%)	2H 2025	29,800
NB Hyundai 1849	Feb 2008	82,000	100.00		
Total (33 VLGCs)		2,645,644			
Operated					
Flanders Harmony	1993	85,826	Pool		
Flanders Tenacity	1996	84,269	Pool		
Berge Frost	1983	85,662	Pool		
Flanders Loyalty	2007	84,597	Pool		
Flanders Liberty	2008	84,000	Pool		
Hellas Nautius	2003	82,195	Pool		
Berge Commander	1991	78,543	Pool		
Berge Sword	1979	75,689	Pool		
Total (8 VLGCs)		660,781			

Name	Year built/ To be delivered	Capacity (cbm)	Ownership (%)/ Timecharter/Pool	TC/BB expiry	TC/BB rate (USD/day)
LGCs (70-50,000 CBM)					
Owned					
BW Hesiod	2005	60,239	51.00		
BW Herdis	2004	60,217	51.00		
BW Nantes	2003	59,399	100.00		
BW Nice	2003	59,375	100.00		
BW Havfrost	1991	57,180	86.17		
BW Helios	1992	57,160	100.00		
Havis	1993	57,139	77.50		
Hekabe	1977	54,226	43.08		
Havkong	1978	54,226	43.08		
BW Hemina	1979	54,226	86.17		
Havglimt	1978	52,408	62.50		
Total (11 LGCs)		625,795			
Operated					
Clipper Moon	2003	59,460	Pool		
Clipper Sky	2004	59,342	Pool		
Maharshi Vamadeva (ex. Helice)	1991	57,206	Pool		
Harriette N	1980	57,001	Pool		
Hugo N	1980	56,952	Pool		
Clipper Posh	1983	56,854	Pool		
Steven N	1979	53,354	Pool		
Clippper Lady	1978	53,317	Pool		
Total (8 LGCs)		453,486			
MGCs (<50,000 CBM)					
Owned					
BW Sombeke	2006	38,436	50.00		
BW Odin	2005	38,501	50.00		
Havrim	1980	37,829	55.00		
BW Hugin	2002	35,229	53.00		
Hedda	1993	34,754	53.00		
Helga	1994	34,754	53.00		
Herakles	1982	30,455	100.00		
BW Munin	1989	27,980	53.00		
Hebris	1983	24,012	69.50		
BW Hermes	1983	24,981	100.00		
BW Havsol	1997	18,152	50.00		
BW Havlur	1997	18,152	50.00		
BW Havlys	1983	17,640	100.00		
BW Helen	2000	6,060	100.00		
Chartered-in long term					
Viking River	2007	38,458	Timecharter	May 2022	19,068
Nordic River	2007	38,458	Timecharter	Jul 2022	19,068
Marola	2003	37,314	Timecharter	Mar 2016	19,397
Total (17 MGCs)		501,165			

Note: Fleet list does not include 3 part-owned semi-refrigerated vessels.

Name	Year built/ To be delivered	Capacity (cbm)	Ownership (%)	Charterer	CP expiry
LNG vessels					
Owned					
LNG Benue	2006	145,952	100.00	Nigeria LNG	Sep 2026
LNG Enugu	2005	145,926	100.00	Nigeria LNG	Apr 2026
LNG River Orashi	2004	145,914	100.00	Nigeria LNG	May 2025
LNG Oyo	2005	145,842	100.00	Nigeria LNG	Jun 2026
Berge Arzew	2004	138,089	50.00	Sonatrach	Jul 2024
BW Suez Boston	2003	138,059	51.00	Suez Energy	Jan 2023
Berge Everett	2003	138,028	100.00	Suez Energy	Jun 2023
Century	1974	29,589	75.13		
Newbuildings					
NB Daewoo 2258	May 2009	162,400	100.00	Suez Energy	May 2029
NB Daewoo 2259	May 2009	162,400	100.00	Suez Energy	May 2029
Total (10 LNG vessels)		1,352,199			
Operated					
LNG Kano	2007	148,565		Nigeria LNG	Jul 2027
LNG Ondo	2007	148,534		Nigeria LNG	Sep 2028
LNG Lokoja	2006	148,471		Nigeria LNG	May 2027
NB Daewoo 2232	Jun 2008	148,300		Nigeria LNG	Dec 2028
Total (4 LNG vessels)		593,870			
TOTAL		6,832,940			

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