BW LPG Limited

Condensed Consolidated Interim Financial Information Q2 2019 and H1 2019
FINANCIAL SUMMARY

SELECTED KEY FINANCIAL INFORMATION

<table>
<thead>
<tr>
<th>Income Statement</th>
<th>Q2 2019 US$ million</th>
<th>Q2 2018 US$ million</th>
<th>Increase/ (Decrease) %</th>
<th>H1 2019 US$ million</th>
<th>H1 2018 US$ million</th>
<th>Increase/ (Decrease) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>176.2</td>
<td>106.9</td>
<td>64.8</td>
<td>294.2</td>
<td>224.8</td>
<td>30.9</td>
</tr>
<tr>
<td>TCE income</td>
<td>110.8</td>
<td>61.2</td>
<td>81.0</td>
<td>171.1</td>
<td>134.4</td>
<td>27.3</td>
</tr>
<tr>
<td>EBITDA</td>
<td>74.6</td>
<td>8.1</td>
<td>N.M</td>
<td>95.3</td>
<td>33.4</td>
<td>N.M</td>
</tr>
<tr>
<td>Profit/(Loss) after tax</td>
<td>26.5</td>
<td>(27.1)</td>
<td>N.M</td>
<td>2.9</td>
<td>(35.5)</td>
<td>N.M</td>
</tr>
</tbody>
</table>

(US$ per share)
Basic and diluted EPS

0.19                                   (0.20)         N.M

0.02                                   (0.25)         N.M

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th></th>
<th>30 June 2019 US$ million</th>
<th>31 December 2018 US$ million</th>
<th>Increase/ (Decrease) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents</td>
<td></td>
<td>53.0</td>
<td>50.1</td>
<td>5.8</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>2,407.5</td>
<td>2,259.9</td>
<td>6.5</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>1,445.5</td>
<td>1,276.3</td>
<td>13.3</td>
</tr>
</tbody>
</table>

“N.M” denotes not meaningful.

HIGHLIGHTS - Q2 2019

- VLGC TCE rates averaged US$27,500/day in Q2 2019 (H1 2019: US$21,300/day) compared with US$14,800/day in Q2 2018 (H1 2018: US$16,100/day).

- On 1 January 2019, BW LPG adopted the new IFRS 16 ‘Leases’. The net impact on Q2 2019 was an increase of US$9.1 million on EBITDA, this was offset by a higher depreciation and interest expense of US$9.8 million, resulting in a decrease in net profit after tax of US$0.7 million.


- The Board has declared an interim cash dividend of US$0.10 per share, amounting to US$13.9 million. The shares will be traded ex-dividend from 3 September 2019. The dividend will be payable on or about 13 September 2019 to shareholders on record as at 04 September 2019. This Condensed Consolidated Interim Financial Information does not reflect this interim dividend, which will be accounted for in shareholders’ equity as an appropriation of retained earnings in the financial year ending 31 December 2019.
PERFORMANCE REVIEW – Q2 2019 AND H1 2019

Operating revenue was US$176.2 million in Q2 2019 (Q2 2018: US$106.9 million) and US$294.2 million in H1 2019 (H1 2018: US$224.8 million). Time Charter Equivalent (“TCE”) income increased to US$110.8 million in Q2 2019 and US$171.1 million in H1 2019, mainly attributable to higher LPG spot rates and higher fleet utilisation.

Charter hire expenses decreased to US$3.9 million in Q2 2019 and US$8.3 million in H1 2019. This is mainly due to the adoption of IFRS 16 ‘Leases’ on 1 January 2019. IFRS 16 ‘Leases’ resulted in the capitalisation of the lease components of all charter-in contracts as right-of-use assets and corresponding lease liabilities, except for three contracts with less than 12 months remaining lease terms which continue to be presented as charter hire expenses. The non-lease components amounting to US$2.7 million in Q2 2019 and US$5.4 million in H1 2019 were not capitalised and are presented as “Other operating expenses”.

The decrease in charter hire expenses of US$11.8 million in Q2 2019 and US$23.7 million in H1 2019 was offset by the following:

- higher depreciation charge recognised on the right-of-use assets of US$8.2 million in Q2 2019 and US$16.4 million in H1 2019; and
- higher interest expenses on the lease liabilities of US$1.6 million in Q2 2019 and US$3.4 million in H1 2019.

The net impact of adopting IFRS 16 ‘Leases’ was an increase of US$9.1 million and US$18.3 million on EBITDA for Q2 2019 and H1 2019, and a decrease in profit of US$0.7 million and US$1.5 million for Q2 2019 and H1 2019.

EBITDA increased to US$74.6 million and US$95.3 million for Q2 2019 and H1 2019, respectively, primarily due to higher TCE income and the adoption of IFRS 16 ‘Leases’.

Profit after tax was US$26.5 million for Q2 2019 (Q2 2018: loss after tax of US$27.1 million) and US$2.9 million for H1 2019 (H1 2018: loss after tax of US$35.5 million).

BALANCE SHEET

As at 30 June 2019, BW LPG has a fleet of 45 vessels, comprising 43 VLGCs and two LGCs. In addition, there are two VLGCs owned and operated by a joint venture and two time charter-in VLGC newbuilds that are under construction. Total assets amounted to US$2,407.5 million (31 December 2018: US$2,259.9 million), of which US$1,966.9 million (31 December 2018: US$2,006.1 million) represented the carrying value of the vessels (including dry docking) and US$156.8 million (31 December 2018: US$nil) represented the carrying value of the right-of-use assets (vessels).

Cash and cash equivalents amounted to US$33.0 million as at 30 June 2019 (31 December 2018: US$50.1 million). Cash flows from operating activities generated a net cash surplus of US$72.6 million in H1 2019 (H1 2018: net cash surplus of US$37.4 million). Together with the proceeds from bank borrowings and sale of assets held-for-sale, cash flows from operating activities were principally utilised for repayments of bank borrowings and interest payments.
MARKET – Q2 2019

Freight Rates

The Baltic benchmark index for VLGCs averaged US$49.8 per ton or US$34,300 per day in Q2 2019. VLGC freight rates recovered strongly, supported by strong U.S. LPG exports, widening geographical LPG price arbitrage between the U.S. and the Far East, and the shipping delay caused by the closure of the Houston Ship Channel in March.

U.S. LPG production grew by 10.8% year over year, and domestic LPG consumption decreased seasonally resulting in LPG inventory levels increasing 35.5% year over year. This supported an increasing geographical LPG price spread, and U.S. LPG exports reached the highest in history driving up the VLGC utilisation and freight rates. Global waterborne LPG trade reached 25.8 million tons, 5.7% growth year over year and total VLGC LPG trade reached 19.5 million tons, 10.2% growth year over year.

LPG Exports

Global LPG trade continues to be driven by the U.S. North American waterborne LPG exports and grew to 10.7 million tons, up 33.8% year over year. In the second quarter, the Marcus Hook Mariner East 2 expansion project was completed, and exports ramped up to an average of eight VLGCs per month. The Mariner East 2x pipeline construction is expected to be completed by late 2019. The pipeline’s capacity is 250,000 barrels per day, or the equivalent of about four to six VLGC cargoes per month, depending on the LPG content.

Middle Eastern exports were down by 14.6% year over year to 8.8 million tons as exports from all major exporters fell. Iranian LPG exports fell the most by 14.3% year over year to 1.2 million tons driven by the ongoing sanctions. On 2 July 2019, the OPEC+ countries agreed to extend oil production cuts until March 2020 to prevent oil prices falling amid soaring production from the U.S.

LPG Imports

In the second quarter, the increasing LPG export volumes were absorbed by Japan, Europe and China. South Korean and Latin American imports also increased significantly in percentage terms, while volumes to India and Southeast Asia decreased slightly.

India, the second largest LPG importer, decreased its imports by 3.2% to 3.0 million tons. However, Indian LPG imports reached 6.4 million tons year to date, 10.1% higher than the same period last year. LPG imports from Southeast Asia fell by 8.0% to 2.3 million tons. However, year to date imports reached 4.8 million tons, 16.3% higher than the same period last year.

Fleet Supply

In the second quarter, six VLGC newbuilds were delivered and none were recycled, resulting in 5.3% growth in the number of vessels year over year. The global VLGC newbuild orderbook ended Q2 2019 with 37 vessels, equivalent to 13.5% of the total VLGC fleet of 275 vessels. Eight vessels are expected to be delivered in the remainder of 2019, 19 in 2020 and ten vessels have been ordered for delivery in 2021. We estimate that 13 vessels will be recycled in the remainder of 2019, 2020 and 2021.
Outlook

For the rest of 2019 we expect the expansion of Enterprise terminal, expected in late September 2019, to ease the tightness in the U.S. Gulf Coast export terminal capacity and continue to support growing U.S. exports. We maintain our downward view on Middle Eastern exports due to the imposed sanctions on Iran and extension of OPEC+ production cuts.

We have a positive freight outlook for 2H 2019 and 2020. In the longer term, we maintain our view that sustained U.S. LPG production growth and no further newbuild orders remain key to a balanced VLGC market.

RISK FACTORS

BW LPG’s results are largely dependent on the worldwide market for transportation of LPG. Market conditions for shipping activities are typically volatile and, as a consequence, the results may vary considerably from year to year. The market in broad terms is dependent upon the following factors: the supply of vessels, U.S. LPG export volumes and the demand for LPG. The supply of vessels depends on the number of newbuildings entering the market, the demolition of older tonnage and legislation that limits the use of older vessels or sets new standards for vessels used in specific trades. The demand side depends mainly on developments in the global economy.

BW LPG is also exposed to risk in respect of fuel oil costs. Fuel oil prices are affected by the global political and economic environment. This risk is managed by pricing contracts of affreightment with fuel oil adjustment clauses, or by entering into forward fuel oil contracts or other financial derivative instruments. For voyage contracts, the current fuel costs are priced into the contracts. Other risks that Management takes into account are interest rate risk, credit risk, liquidity risk and capital risk. Management does not expect the exposure to these risks to change materially to cause a significant impact on the performance of BW LPG in the rest of 2019.
Statements to the Half-Yearly Financial Report and the Financial Summary

We confirm to the best of our knowledge that the Condensed Consolidated Interim Financial Information for the six-month period ended 30 June 2019 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of BW LPG Limited’s consolidated assets, liabilities, financial position and income statement as a whole. We also confirm to the best of our knowledge, that the financial summary includes a fair review of important events that have taken place during the six-month period ended 30 June 2019 and their impact on the Condensed Consolidated Interim Financial Information, and accounts properly for the principal risks and uncertainties for the remaining half year of 2019, as well as major related party transactions.

29 August 2019

Andreas Sohmen-Pao  John B Harrison  Andreas Beroutsos
Chairman  Vice Chairman  Director

Anders Onarheim  Anne Grethe Dalane  Martha Kold Bakkevig
Director  Director  Director
Independent Auditors’ Report on Review of Condensed Consolidated Interim Financial Information

Board of Directors
BW LPG Limited

Introduction

We have reviewed the accompanying consolidated balance sheet of BW LPG Limited (“the Company”) and its subsidiaries (“the Group”) as at 30 June 2019, the consolidated statements of comprehensive income and cash flows for the three-month and six-month periods then ended, the consolidated statement of changes in equity for six-month period then ended, and notes to the condensed consolidated interim financial information (“the condensed consolidated interim financial information”). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2019 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting”.

KPMG LLP
Public Accountants and Chartered Accountants

Singapore
29 August 2019
## Consolidated Statement of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019 US$'000</th>
<th>Q2 2018 US$'000</th>
<th>H1 2019 US$'000</th>
<th>H1 2018 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>176,168</td>
<td>106,891</td>
<td>294,221</td>
<td>224,828</td>
</tr>
<tr>
<td><strong>Voyage expenses</strong></td>
<td>(65,323)</td>
<td>(45,704)</td>
<td>(123,170)</td>
<td>(90,384)</td>
</tr>
<tr>
<td><strong>TCE income</strong>*</td>
<td>110,845</td>
<td>61,187</td>
<td>171,051</td>
<td>134,444</td>
</tr>
<tr>
<td><strong>Net gain from commodity contracts</strong></td>
<td>500</td>
<td>-</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td>168</td>
<td>2,371</td>
<td>217</td>
<td>2,921</td>
</tr>
<tr>
<td><strong>Charter hire expenses</strong></td>
<td>(3,920)</td>
<td>(16,910)</td>
<td>(8,270)</td>
<td>(33,381)</td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td>(32,954)</td>
<td>(38,523)</td>
<td>(68,151)</td>
<td>(70,542)</td>
</tr>
<tr>
<td><strong>Operating profit before depreciation, amortisation and impairment (EBITDA)</strong></td>
<td>74,639</td>
<td>8,125</td>
<td>95,347</td>
<td>33,442</td>
</tr>
<tr>
<td><strong>Amortisation charge</strong></td>
<td>-</td>
<td>(814)</td>
<td>-</td>
<td>(2,042)</td>
</tr>
<tr>
<td><strong>Depreciation charge</strong></td>
<td>(32,036)</td>
<td>(24,537)</td>
<td>(63,865)</td>
<td>(48,687)</td>
</tr>
<tr>
<td><strong>Gain on disposal of assets held-for-sale</strong></td>
<td>-</td>
<td>2,426</td>
<td>1,783</td>
<td>5,727</td>
</tr>
<tr>
<td><strong>Operating profit/(loss) (EBIT)</strong></td>
<td>42,603</td>
<td>(17,226)</td>
<td>31,482</td>
<td>(17,287)</td>
</tr>
<tr>
<td><strong>Foreign currency exchange loss - net</strong></td>
<td>(279)</td>
<td>(490)</td>
<td>(571)</td>
<td>(409)</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>1,321</td>
<td>1,343</td>
<td>2,753</td>
<td>2,606</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>(16,426)</td>
<td>(12,344)</td>
<td>(31,150)</td>
<td>(24,256)</td>
</tr>
<tr>
<td><strong>Derivative (loss)/gain</strong></td>
<td>(127)</td>
<td>69</td>
<td>(182)</td>
<td>113</td>
</tr>
<tr>
<td><strong>Other finance expense</strong></td>
<td>(370)</td>
<td>(487)</td>
<td>(789)</td>
<td>(991)</td>
</tr>
<tr>
<td><strong>Finance expense – net</strong></td>
<td>(15,881)</td>
<td>(11,909)</td>
<td>(29,939)</td>
<td>(22,937)</td>
</tr>
<tr>
<td><strong>Share of loss of a joint venture</strong></td>
<td>-</td>
<td>(372)</td>
<td>-</td>
<td>(864)</td>
</tr>
<tr>
<td><strong>Profit/(Loss) before tax for the financial period</strong></td>
<td>26,722</td>
<td>(27,081)</td>
<td>3,326</td>
<td>(35,361)</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(246)</td>
<td>(10)</td>
<td>(394)</td>
<td>(95)</td>
</tr>
<tr>
<td><strong>Profit/(Loss) after tax for the financial period (NPAT)</strong></td>
<td>26,476</td>
<td>(27,091)</td>
<td>2,932</td>
<td>(35,456)</td>
</tr>
</tbody>
</table>

# “TCE income” denotes “time charter equivalent income” which represents revenue from time charters and voyage charters less voyage expenses comprising primarily fuel oil, port charges and commission.

The accompanying notes form an integral part of these condensed consolidated interim financial information.
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019 US$'000</th>
<th>Q2 2018 US$'000</th>
<th>H1 2019 US$'000</th>
<th>H1 2018 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other comprehensive income/(loss):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Items that may be subsequently reclassified to profit or loss:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow hedges</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- fair value (loss)/gain</td>
<td>(12,853)</td>
<td>2,856</td>
<td>(21,350)</td>
<td>10,538</td>
</tr>
<tr>
<td>- reclassification to profit or loss</td>
<td>(509)</td>
<td>(230)</td>
<td>(1,370)</td>
<td>155</td>
</tr>
<tr>
<td>Share of other comprehensive loss of a joint venture</td>
<td></td>
<td>(31)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other comprehensive (loss)/income, net of tax</strong></td>
<td>(13,362)</td>
<td>2,595</td>
<td>(22,720)</td>
<td>10,642</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) for the financial period</strong></td>
<td>13,114</td>
<td>(24,496)</td>
<td>(19,788)</td>
<td>(24,814)</td>
</tr>
<tr>
<td><strong>Profit/(Loss) attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Company</td>
<td>26,386</td>
<td>(27,624)</td>
<td>2,772</td>
<td>(34,640)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>90</td>
<td>533</td>
<td>160</td>
<td>(816)</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the Company</td>
<td>13,024</td>
<td>(25,029)</td>
<td>(19,948)</td>
<td>(23,998)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>90</td>
<td>533</td>
<td>160</td>
<td>(816)</td>
</tr>
<tr>
<td><strong>Earnings/(Loss) per share attributable to the equity holders of the Company:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(expressed in US$ per share)</td>
<td>0.19</td>
<td>(0.20)</td>
<td>0.02</td>
<td>(0.25)</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these condensed consolidated interim financial information.
### CONSOLIDATED BALANCE SHEET

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>US$'000</td>
<td>US$’000</td>
</tr>
<tr>
<td>4</td>
<td>Derivative financial instruments</td>
<td>956</td>
<td>6,580</td>
</tr>
<tr>
<td>5</td>
<td>Loan receivables from a joint venture</td>
<td>56,250</td>
<td>58,150</td>
</tr>
<tr>
<td></td>
<td><strong>Total other non-current assets</strong></td>
<td>57,206</td>
<td>64,730</td>
</tr>
<tr>
<td>6</td>
<td>Property, plant and equipment</td>
<td>2,123,966</td>
<td>2,006,368</td>
</tr>
<tr>
<td></td>
<td><strong>Total non-current assets</strong></td>
<td>2,181,172</td>
<td>2,071,098</td>
</tr>
<tr>
<td></td>
<td>Inventories</td>
<td>26,212</td>
<td>28,015</td>
</tr>
<tr>
<td></td>
<td>Trade and other receivables</td>
<td>139,840</td>
<td>96,756</td>
</tr>
<tr>
<td></td>
<td>Derivative financial instruments</td>
<td>1,961</td>
<td>3,769</td>
</tr>
<tr>
<td></td>
<td>Loan receivables from a joint venture</td>
<td>5,338</td>
<td>5,408</td>
</tr>
<tr>
<td></td>
<td>Assets held for sale</td>
<td>-</td>
<td>4,823</td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>53,012</td>
<td>50,075</td>
</tr>
<tr>
<td></td>
<td><strong>Total current assets</strong></td>
<td>226,363</td>
<td>188,846</td>
</tr>
<tr>
<td></td>
<td><strong>Total assets</strong></td>
<td>2,407,535</td>
<td>2,259,944</td>
</tr>
<tr>
<td>9</td>
<td>Share capital</td>
<td>1,419</td>
<td>1,419</td>
</tr>
<tr>
<td></td>
<td>Share premium</td>
<td>289,812</td>
<td>289,812</td>
</tr>
<tr>
<td></td>
<td>Treasury shares</td>
<td>(14,432)</td>
<td>(12,700)</td>
</tr>
<tr>
<td></td>
<td>Contributed surplus</td>
<td>685,913</td>
<td>685,913</td>
</tr>
<tr>
<td></td>
<td>Other reserves</td>
<td>(50,016)</td>
<td>(27,356)</td>
</tr>
<tr>
<td></td>
<td>Retained earnings</td>
<td>48,827</td>
<td>46,055</td>
</tr>
<tr>
<td></td>
<td><strong>Non-controlling interests</strong></td>
<td>961,523</td>
<td>983,143</td>
</tr>
<tr>
<td></td>
<td><strong>Total shareholders’ equity</strong></td>
<td>962,063</td>
<td>983,625</td>
</tr>
<tr>
<td>11</td>
<td>Borrowings</td>
<td>1,208,617</td>
<td>1,101,343</td>
</tr>
<tr>
<td>4</td>
<td>Derivative financial instruments</td>
<td>13,143</td>
<td>527</td>
</tr>
<tr>
<td></td>
<td>Provision for onerous contracts</td>
<td>-</td>
<td>1,100</td>
</tr>
<tr>
<td></td>
<td>Other provisions</td>
<td>462</td>
<td>230</td>
</tr>
<tr>
<td></td>
<td><strong>Total non-current liabilities</strong></td>
<td>1,222,222</td>
<td>1,103,200</td>
</tr>
<tr>
<td>11</td>
<td>Borrowings</td>
<td>160,216</td>
<td>133,353</td>
</tr>
<tr>
<td>4</td>
<td>Derivative financial instruments</td>
<td>1,874</td>
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<tr>
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<td></td>
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<tr>
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<td>223,250</td>
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<td></td>
<td><strong>Total liabilities</strong></td>
<td>1,445,472</td>
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<td></td>
<td><strong>Total equity and liabilities</strong></td>
<td>2,407,535</td>
<td>2,259,944</td>
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</table>

The accompanying notes form an integral part of these condensed consolidated interim financial information.
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### Attributable to equity holders of the Company

<table>
<thead>
<tr>
<th>Note</th>
<th>Share capital US$’000</th>
<th>Share premium US$’000</th>
<th>Treasury shares US$’000</th>
<th>Contributed surplus US$’000</th>
<th>Capital Reserve US$’000</th>
<th>Hedging reserve US$’000</th>
<th>Share-based payment reserve US$’000</th>
<th>Currency translation reserve US$’000</th>
<th>Retained earnings US$’000</th>
<th>Total Non-controlling interests US$’000</th>
<th>Total equity US$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2019</td>
<td>1,419</td>
<td>289,812</td>
<td>(12,700)</td>
<td>685,913</td>
<td>(36,259)</td>
<td>8,914</td>
<td>16</td>
<td>(27)</td>
<td>46,055</td>
<td>983,143</td>
<td>482</td>
</tr>
<tr>
<td>Profit for the financial period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,772</td>
<td>2,772</td>
<td>160</td>
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<tr>
<td>Other comprehensive loss for the financial period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(22,720)</td>
<td>-</td>
<td>(22,720)</td>
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<td>Total comprehensive (loss)/income for the financial period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(22,720)</td>
<td>-</td>
<td>-</td>
<td>2,772</td>
<td>(19,948)</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>60</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td>- Value of employee services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Purchases of treasury shares</td>
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<td>-</td>
<td>-</td>
<td>(1,732)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,732)</td>
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</tr>
<tr>
<td>Distributions to non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(102)</td>
</tr>
<tr>
<td>Total transactions with owners, recognised directly in equity</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>60</td>
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<td>(14,432)</td>
<td>685,913</td>
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<td>(27)</td>
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The accompanying notes form an integral part of these condensed consolidated interim financial statements.
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

<table>
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<tr>
<th>Note</th>
<th>Share capital</th>
<th>Share premium</th>
<th>Treasury shares</th>
<th>Contributed surplus</th>
<th>Capital reserve</th>
<th>Hedging reserve</th>
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<th>Currency translation reserve</th>
<th>Retained earnings</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total</th>
<th>Total equity</th>
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<tr>
<td></td>
<td>US$’000</td>
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<td>US$’000</td>
<td>US$’000</td>
<td>US$’000</td>
<td>US$’000</td>
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<tr>
<td>Balance at 1 January 2018</td>
<td>1,419</td>
<td>289,812</td>
<td>(1,565)</td>
<td>685,913</td>
<td>(36,259)</td>
<td>5,792</td>
<td>182</td>
<td>24</td>
<td>124,938</td>
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<td>1,073,548</td>
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<td>7,483</td>
<td>7,483</td>
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<td>Restated balance at 1 January 2018</td>
<td>1,419</td>
<td>289,812</td>
<td>(1,565)</td>
<td>685,913</td>
<td>(36,259)</td>
<td>5,792</td>
<td>182</td>
<td>24</td>
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<td>1,066,065</td>
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<td>-</td>
<td>(34,640)</td>
<td>(34,640)</td>
<td>(816)</td>
<td>(35,456)</td>
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<td>-</td>
<td>10,693</td>
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<td>(51)</td>
<td>10,642</td>
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<tr>
<td>Total comprehensive income/(loss) for the financial period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,693</td>
<td>-</td>
<td>(51)</td>
<td>(34,640)</td>
<td>(23,998)</td>
<td>(816)</td>
<td>(24,814)</td>
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<tr>
<td>Share-based payment reserves</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>(157)</td>
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<td>- Value of employee services</td>
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<td>(11,150)</td>
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<td>(11,150)</td>
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<td>Distributions to non-controlling interests</td>
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<td>(13,127)</td>
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<td>289,812</td>
<td>(12,700)</td>
<td>685,913</td>
<td>(36,259)</td>
<td>16,485</td>
<td>10</td>
<td>(27)</td>
<td>82,815</td>
<td>1,027,468</td>
<td>656</td>
<td>1,028,124</td>
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</table>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

<table>
<thead>
<tr>
<th>Note</th>
<th>Share capital</th>
<th>Share premium</th>
<th>Treasury shares</th>
<th>Contributed surplus</th>
<th>Capital reserve</th>
<th>Hedging reserve</th>
<th>Share-based payment reserve</th>
<th>Currency translation reserve</th>
<th>Retained earnings</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>US$'000</td>
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<td>US$'000</td>
<td>US$'000</td>
<td>US$'000</td>
<td>US$'000</td>
</tr>
<tr>
<td>Balance at 1 July 2018</td>
<td>1,419</td>
<td>289,812</td>
<td>(12,700)</td>
<td>685,913</td>
<td>(36,259)</td>
<td>16,485</td>
<td>10</td>
<td>(27)</td>
<td>82,815</td>
<td>1,027,468</td>
<td>656</td>
<td>1,028,124</td>
</tr>
<tr>
<td>Loss for the financial period</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(36,760)</td>
<td>(36,760)</td>
<td>(174)</td>
</tr>
<tr>
<td>Other comprehensive loss for the financial period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7,571)</td>
<td>-</td>
<td>-</td>
<td>(7,571)</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive loss for the financial period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7,571)</td>
<td>-</td>
<td>-</td>
<td>(36,760)</td>
<td>(44,331)</td>
<td>(174)</td>
</tr>
<tr>
<td>Share-based payment reserves</td>
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<td>6</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
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</tr>
<tr>
<td>- Value of employee services</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<td>-</td>
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</tr>
<tr>
<td>Purchases of treasury shares</td>
<td>10</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Distributions to non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total transactions with owners, recognised directly in equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Balance at 31 December 2018</td>
<td>1,419</td>
<td>289,812</td>
<td>(12,700)</td>
<td>685,913</td>
<td>(36,259)</td>
<td>8,914</td>
<td>16</td>
<td>(27)</td>
<td>46,055</td>
<td>983,143</td>
<td>482</td>
<td>983,625</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.
### CONSOLIDATED STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019 US$’000</th>
<th>Q2 2018 US$’000</th>
<th>H1 2019 US$’000</th>
<th>H1 2018 US$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit/(Loss) before tax for the financial period</strong></td>
<td>26,722</td>
<td>(27,081)</td>
<td>3,326</td>
<td>(35,361)</td>
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<td></td>
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<td>- amortisation charge</td>
<td>-</td>
<td>814</td>
<td>-</td>
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<td>32,036</td>
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<td>-</td>
<td>103</td>
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<tr>
<td>- gain on disposal of assets held-for-sale</td>
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<td>(2,426)</td>
<td>(1,783)</td>
<td>(5,727)</td>
</tr>
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<td>(1,343)</td>
<td>(2,753)</td>
<td>(2,606)</td>
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<td>- interest expense</td>
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<td>907</td>
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<td>- share-based payments</td>
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<td>- share of loss of a joint venture</td>
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<td>864</td>
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<tr>
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<td>94,534</td>
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<td>(2,426)</td>
<td>1,803</td>
<td>(4,848)</td>
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<td>(9,717)</td>
<td>(43,084)</td>
<td>3,428</td>
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<td>22,297</td>
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<td>(1,637)</td>
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<td>- margin account held with broker</td>
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<td>-</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash generated/(used in) from operations</strong></td>
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<td>37,871</td>
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<td>(267)</td>
<td>(230)</td>
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<td><strong>Net cash provided/(used in) by operating activities</strong></td>
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<td>72,593</td>
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<tr>
<td><strong>Cash flow from investing activities</strong></td>
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<td></td>
<td></td>
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<tr>
<td><strong>Purchases of property, plant and equipment</strong></td>
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<td>(5,976)</td>
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<td><strong>Proceeds from sale of assets held-for-sale</strong></td>
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<td><strong>Repayment of loan receivable from joint venture</strong></td>
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<td><strong>Net cash (used in)/provided by investing activities</strong></td>
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</table>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.
### CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

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<tr>
<th>Note</th>
<th>Q2 2019</th>
<th>Q2 2018</th>
<th>H1 2019</th>
<th>H1 2018</th>
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<tbody>
<tr>
<td></td>
<td>US$’000</td>
<td>US$’000</td>
<td>US$’000</td>
<td>US$’000</td>
</tr>
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<td><strong>Cash flow from financing activities</strong></td>
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<td></td>
<td></td>
<td></td>
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<td>Proceeds from bank borrowings</td>
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<td>Payment of financing fees</td>
<td>(4,488)</td>
<td>-</td>
<td>(4,488)</td>
<td>(1,727)</td>
</tr>
<tr>
<td>Repayments of bank borrowings</td>
<td>(340,212)</td>
<td>(74,250)</td>
<td>(397,718)</td>
<td>(302,805)</td>
</tr>
<tr>
<td>Payment of lease liabilities</td>
<td>(7,493)</td>
<td>-</td>
<td>(14,910)</td>
<td>-</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(15,541)</td>
<td>(12,563)</td>
<td>(28,459)</td>
<td>(22,445)</td>
</tr>
<tr>
<td>Other finance expense paid</td>
<td>(319)</td>
<td>(471)</td>
<td>(665)</td>
<td>(921)</td>
</tr>
<tr>
<td>Purchases of treasury shares</td>
<td>-</td>
<td>(1,383)</td>
<td>(1,732)</td>
<td>(11,150)</td>
</tr>
<tr>
<td>Drawdown of trust receipts</td>
<td>15,767</td>
<td>-</td>
<td>15,767</td>
<td>-</td>
</tr>
<tr>
<td>Distributions to non-controlling interests</td>
<td>(102)</td>
<td>(1,800)</td>
<td>(102)</td>
<td>(1,820)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(18,888)</td>
<td>(40,467)</td>
<td>(73,807)</td>
<td>(130,868)</td>
</tr>
</tbody>
</table>

**Net increase/(decrease) in cash and cash equivalents**

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019</th>
<th>Q2 2018</th>
<th>H1 2019</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$’000</td>
<td>US$’000</td>
<td>US$’000</td>
<td>US$’000</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the financial period</td>
<td>8</td>
<td>38,138</td>
<td>44,084</td>
<td>50,075</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the financial period</td>
<td>8</td>
<td>51,922</td>
<td>40,340</td>
<td>51,922</td>
</tr>
</tbody>
</table>
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial information.

1. General information

BW LPG Limited (the “Company”) is listed on the Oslo Stock Exchange and incorporated and domiciled in Bermuda. The address of its registered office is Suite 400, 22 Church Street, HM 1189, Hamilton HM EX, Bermuda.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are shipowning and chartering.

This Condensed Consolidated Interim Financial Information was approved for issue by the Board of Directors of the Company on 29 August 2019.

2. Significant accounting policies

Basis of preparation

The Condensed Consolidated Interim Financial Information for the three-month and six-month ended 30 June 2019 has been prepared in accordance with IAS 34, ‘Interim Financial Reporting’. The Condensed Consolidated Interim Financial Information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All interim balances and transactions during the three-month period ("Q2 2019") and six-month period ("H1 2019") ended 30 June 2019 and the three-month period ("Q2 2018") and six-month period ("H1 2018") ended 30 June 2018 were reviewed. The balances as at and transactions for the year ended 31 December 2018 ("FY 2018") were audited.

In the preparation of this set of Condensed Consolidated Interim Financial Information, the same accounting policies have been applied as those used in the preparation of the annual financial statements for the year ended 31 December 2018, except as described below.

IFRS 16 ‘Leases’

The Group has adopted IFRS 16 from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group’s financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and liabilities representing its obligation to make leases payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been 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.
2. **Significant accounting policies** (continued)

**Basis of preparation** (continued)

**IFRS 16 ‘Leases’** (continued)

**(a) 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 new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. As a result, it applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

**(b) As a lessee**

The Group time charters vessels from non-related parties under operating lease agreements. These leases have varying terms.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group presents right-of-use assets in ‘property, plant and equipment’, the same line item as it presents underlying assets of the same nature that it owns.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.
2. **Significant accounting policies** (continued)

**Basis of preparation** (continued)

**IFRS 16 ‘Leases’** (continued)

(b) As a lessee (continued)

The Group has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Variable lease payments not dependent on an index or rate and lease payments arising from leases with lease terms less than 12 months are recognised as an expense as incurred, or on a straight-line basis over the lease term and presented within “charter hire expenses”.

Payments made in relation to the non-lease components of the leases are recognised as an expense on a straight-line basis over the lease term and presented within “other vessel operating expenses”.

(i) Transition

Previously, the Group classified time charter-in vessels as operating leases under IAS 17. The lease terms range up to 15 years. Some leases include renewal options after the end of the non-cancellable periods. Some leases provide for additional lease payments that are based on changes in certain indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term. Lease payments associated with these leases shall be recognised as an expense on a straight-line basis over the lease term.

- Applied IAS 37 immediately before 1 January 2019 as an alternative to performing an impairment review. As a result, the right-of-use asset was adjusted by the amount of provision for onerous leases recognised in the consolidated balance sheet immediately before 1 January 2019.

(c) As a lessor

The Group time charters vessels to non-related parties under operating lease agreements. The leases have varying terms.

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 in which it acts as a lessor. However, the Group has applied IFRS 15 ‘Revenue from Contracts with Customers’ to allocate consideration in the contract to each lease and non-lease component.
2. Significant accounting policies (continued)

Basis of preparation (continued)

IFRS 16 ‘Leases’ (continued)

(d) Impact on financial statements

(i) Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

<table>
<thead>
<tr>
<th>Description</th>
<th>US$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right-of-use assets presented in property, plant and equipment</td>
<td>173,195</td>
</tr>
<tr>
<td>Lease liabilities presented in borrowings</td>
<td>174,295</td>
</tr>
<tr>
<td>Provision for onerous contracts (note 12)</td>
<td>(1,100)</td>
</tr>
</tbody>
</table>

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 4%.

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 1 January 2019 US$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease commitment as at 31 December 2018 as disclosed in the Group’s consolidated financial statement (note 14(b))</td>
<td>400,945</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>- Leases with commencement date after 1 January 2019</td>
<td>(129,079)</td>
</tr>
<tr>
<td>- Recognition exemption for leases with less than 12 months of lease term at transition</td>
<td>(11,148)</td>
</tr>
<tr>
<td>- Consideration allocated to non-lease components</td>
<td>(65,099)</td>
</tr>
<tr>
<td>Discounted using the incremental borrowing rate as at 1 January 2019</td>
<td>195,619</td>
</tr>
<tr>
<td>Lease liabilities recognised at 1 January 2019</td>
<td>174,295</td>
</tr>
</tbody>
</table>

(ii) Impact for the period

As a result of the adoption of IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised right-of-use assets of US$156.8 million (note 6) and lease liabilities of US$159.4 million (note 11) as at 30 June 2019.

Also in relation to those leases under IFRS 16, there was a decrease in charter hire expenses of US$11.8 million for Q2 2019 (H1 2019: US$23.7 million) previously recognised under IAS 17. Under IFRS 16, the Group has recognised depreciation charges of US$8.2 million for Q2 2019 (H1 2019: US$16.4 million) on right-of-use assets and interest costs of US$1.6 million for Q2 2019 (H1 2019: US$3.4 million) from lease liabilities. The non-lease components from these leases amounted to US$2.7 million for Q2 2019 (H1 2019: US$5.4 million) and are presented as “Other operating expenses”. The net impact of adopting IFRS 16 ‘Leases’ was a decrease in profit of US$0.7 million for Q2 2019 (H1 2019: US$1.5 million).
2. **Significant accounting policies** (continued)

**Basis of preparation** (continued)

**Commodity contracts**

Contracts to buy and sell commodities are accounted for as derivatives at fair value through profit or loss. Accordingly, the net settlement of these contracts are presented within “Net gain from commodity contracts” on the Consolidated Statement of Comprehensive Income.

**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to management whose members are responsible for allocating resources and assessing performance of the operating segments.

**Critical accounting estimates, assumptions and judgements**

The preparation of the Condensed Consolidated Interim Financial Information requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Condensed Consolidated Interim Financial Information, the significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018, except for the new significant judgement related to lessee accounting under IFRS 16, which is described above.

3. **Revenue**

Charter revenue is disaggregated as follows:

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019 US$'000</th>
<th>Q2 2018 US$'000</th>
<th>H1 2019 US$'000</th>
<th>H1 2018 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- voyage charter</td>
<td>157,809</td>
<td>81,067</td>
<td>256,150</td>
<td>163,308</td>
</tr>
<tr>
<td>- time charter</td>
<td>18,359</td>
<td>25,824</td>
<td>38,071</td>
<td>61,520</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>176,168</strong></td>
<td><strong>106,891</strong></td>
<td><strong>294,221</strong></td>
<td><strong>224,828</strong></td>
</tr>
</tbody>
</table>
4. Derivative financial instruments

<table>
<thead>
<tr>
<th></th>
<th>30 June 2019</th>
<th></th>
<th>31 December 2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assets US$’000</td>
<td>Liabilities US$’000</td>
<td>Assets US$’000</td>
<td>Liabilities US$’000</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>1,210</td>
<td>(13,193)</td>
<td>10,334</td>
<td>(1,366)</td>
</tr>
<tr>
<td>Bunker swaps</td>
<td>-</td>
<td>(1,824)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Forward foreign</td>
<td>13</td>
<td>-</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td>exchange contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity contracts</td>
<td>1,694</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>and derivatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,917</td>
<td>(15,017)</td>
<td>10,349</td>
<td>(1,366)</td>
</tr>
<tr>
<td>Non-current</td>
<td>956</td>
<td>(13,143)</td>
<td>6,580</td>
<td>(527)</td>
</tr>
<tr>
<td>Current</td>
<td>1,961</td>
<td>(1,874)</td>
<td>3,769</td>
<td>(839)</td>
</tr>
<tr>
<td></td>
<td>2,917</td>
<td>(15,017)</td>
<td>10,349</td>
<td>(1,366)</td>
</tr>
</tbody>
</table>

As at 30 June 2019, the Group had interest rate swaps with total notional principal amounting to US$685.4 million (31 December 2018: US$789.1 million). The Group’s interest rate swaps mature between 2022 to 2028.

Interest rate swaps were transacted to hedge interest rate risk on bank borrowings. After taking into account the effects of these contracts, for part of the bank borrowings, the Group would effectively pay fixed interest rates ranging from 1.3% per annum to 2.9% per annum and would receive a variable rate equal to either US$ three-month LIBOR or US$ six-month LIBOR. Hedge accounting was adopted for these contracts.

Bunker swaps were transacted to hedge future bunker price risks. Hedge accounting was adopted for these contracts.

Forward foreign exchange contracts were transacted to hedge foreign exchange risks. The Group did not adopt hedge accounting for these contracts.

Commodity contracts and derivatives comprise physical buy and sell commodity contracts measured at fair value through profit or loss, and commodity derivative contracts. The Group did not adopt hedge accounting for these contracts.
5. Loan receivables from a joint venture

The loan receivables from the joint venture are secured by two VLGCs, bear interest at LIBOR plus 4.5% per annum and are repayable by 2027 in consecutive quarterly instalments with a bullet payment upon maturity.

<table>
<thead>
<tr>
<th>Loan receivables – non-current</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$’000</td>
<td>US$’000</td>
</tr>
<tr>
<td>Loan receivables – current</td>
<td>56,250</td>
<td>58,150</td>
</tr>
<tr>
<td></td>
<td>5,338</td>
<td>5,408</td>
</tr>
<tr>
<td></td>
<td>61,588</td>
<td>63,558</td>
</tr>
</tbody>
</table>

6. Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>Vessels US$’000</th>
<th>Dry docking US$’000</th>
<th>Furniture and fixtures US$’000</th>
<th>Right-of-use assets (Vessels) US$’000</th>
<th>Total US$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2019</td>
<td>2,457,956</td>
<td>86,068</td>
<td>423</td>
<td>-</td>
<td>2,544,447</td>
</tr>
<tr>
<td>Adoption of IFRS 16 (note 2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>173,195</td>
</tr>
<tr>
<td>At 1 January 2019 (adjusted)</td>
<td>2,457,956</td>
<td>86,068</td>
<td>423</td>
<td>173,195</td>
<td>2,717,642</td>
</tr>
<tr>
<td>Additions</td>
<td>3,286</td>
<td>4,982</td>
<td>-</td>
<td>-</td>
<td>8,268</td>
</tr>
<tr>
<td>Write off on completion of dry docking costs</td>
<td>-</td>
<td>(3,791)</td>
<td>-</td>
<td>-</td>
<td>(3,791)</td>
</tr>
<tr>
<td>At 30 June 2019</td>
<td>2,461,242</td>
<td>87,259</td>
<td>423</td>
<td>173,195</td>
<td>2,722,119</td>
</tr>
</tbody>
</table>

Accumulated depreciation and impairment charge

|                          |                 |                      |                                |                                        |              |
| At 1 January 2019        | 495,544         | 42,384               | 151                            | -                                      | 538,079      |
| Depreciation charge      | 39,234          | 8,200                | 75                             | 16,356                                 | 63,865       |
| Write off on completion of dry docking costs | -              | (3,791)              | -                              | -                                      | (3,791)      |
| At 30 June 2019          | 534,778         | 46,793               | 226                            | 16,356                                 | 598,153      |

Net book value

|                          |                 |                      |                                |                                        |              |
| At 30 June 2019          | 1,926,464       | 40,466               | 197                            | 156,839                                | 2,123,966    |
6. Property, plant and equipment (continued)

<table>
<thead>
<tr>
<th></th>
<th>Vessels</th>
<th>Dry docking</th>
<th>Furniture and fixtures</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$’000</td>
<td>US$’000</td>
<td>US$’000</td>
<td>US$’000</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2018</td>
<td>2,550,594</td>
<td>87,240</td>
<td>423</td>
<td>2,638,257</td>
</tr>
<tr>
<td>Additions</td>
<td>466</td>
<td>5,510</td>
<td>-</td>
<td>5,976</td>
</tr>
<tr>
<td>Reclassified to assets held-for-sale (note 7)</td>
<td>(70,038)</td>
<td>(2,071)</td>
<td>-</td>
<td>(72,109)</td>
</tr>
<tr>
<td>Write off on completion of dry docking costs</td>
<td>-</td>
<td>(2,127)</td>
<td>-</td>
<td>(2,127)</td>
</tr>
<tr>
<td><strong>At 30 June 2018</strong></td>
<td>2,481,022</td>
<td>88,552</td>
<td>423</td>
<td>2,569,997</td>
</tr>
<tr>
<td>Additions</td>
<td>563</td>
<td>5,227</td>
<td>-</td>
<td>5,790</td>
</tr>
<tr>
<td>Reclassified to assets held-for-sale (note 7)</td>
<td>(23,629)</td>
<td>(2,738)</td>
<td>-</td>
<td>(26,367)</td>
</tr>
<tr>
<td>Write off on completion of dry docking costs</td>
<td>-</td>
<td>(4,973)</td>
<td>-</td>
<td>(4,973)</td>
</tr>
<tr>
<td><strong>At 31 December 2018</strong></td>
<td>2,457,956</td>
<td>86,068</td>
<td>423</td>
<td>2,544,447</td>
</tr>
<tr>
<td><strong>Accumulated depreciation and impairment charge</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2018</td>
<td>465,165</td>
<td>37,233</td>
<td>89</td>
<td>502,487</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>40,114</td>
<td>8,542</td>
<td>31</td>
<td>48,687</td>
</tr>
<tr>
<td>Reclassified to assets held-for-sale (note 7)</td>
<td>(65,215)</td>
<td>(2,071)</td>
<td>-</td>
<td>(67,286)</td>
</tr>
<tr>
<td>Write off on completion of dry docking costs</td>
<td>-</td>
<td>(2,127)</td>
<td>-</td>
<td>(2,127)</td>
</tr>
<tr>
<td><strong>At 30 June 2018</strong></td>
<td>440,064</td>
<td>41,577</td>
<td>120</td>
<td>481,761</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>40,786</td>
<td>8,518</td>
<td>31</td>
<td>49,335</td>
</tr>
<tr>
<td>Impairment charge</td>
<td>33,500</td>
<td>-</td>
<td>-</td>
<td>33,500</td>
</tr>
<tr>
<td>Reclassified to assets held-for-sale (note 7)</td>
<td>(18,806)</td>
<td>(2,738)</td>
<td>-</td>
<td>(21,544)</td>
</tr>
<tr>
<td>Write off on completion of dry docking costs</td>
<td>-</td>
<td>(4,973)</td>
<td>-</td>
<td>(4,973)</td>
</tr>
<tr>
<td><strong>At 31 December 2018</strong></td>
<td>495,544</td>
<td>42,384</td>
<td>151</td>
<td>538,079</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>1,962,412</td>
<td>43,684</td>
<td>272</td>
<td>2,006,368</td>
</tr>
</tbody>
</table>

(a) Vessels with an aggregate carrying amount of US$1,958.5 million as at 30 June 2019 (31 December 2018: US$1,995.8 million) were secured on borrowings (note 11).

(b) For the six-month period ended 30 June 2019 and 2018, no impairment charge was recognised. The assessment of the recoverable amounts of the vessels were based on the higher of fair value less cost to sell and value-in-use calculation, with each vessel being regarded as one cash generating unit. The recoverable amount of vessels is estimated predominantly based on independent third party valuation reports, which made reference to comparable transaction prices of similar vessels. These are regarded as Level 2 fair values under the fair value hierarchy of IFRS 13 Fair value measurement that is also applicable for financial assets/liabilities. The Group has assessed that the brokers had the required competency and capability to perform the valuations. The Group had also considered the appropriateness of the valuation methodologies and assumptions used by the brokers.
7. **Assets held-for-sale**

<table>
<thead>
<tr>
<th></th>
<th>30 June 2019 US$'000</th>
<th>31 December 2018 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of the financial period/year</td>
<td>4,823</td>
<td>103,098</td>
</tr>
<tr>
<td>Reclassified from property, plant and equipment (note 6)</td>
<td>-</td>
<td>9,646</td>
</tr>
<tr>
<td>Disposal</td>
<td>(4,823)</td>
<td>(107,921)</td>
</tr>
<tr>
<td>At end of the financial period/year</td>
<td>-</td>
<td>4,823</td>
</tr>
</tbody>
</table>

As at 31 December 2018, assets held-for-sale comprised one LGC that was sold for recycling in January 2019.

8. **Cash and cash equivalents**

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2019 US$'000</th>
<th>31 December 2018 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents per consolidated balance sheet</td>
<td>53,012</td>
<td>50,075</td>
</tr>
<tr>
<td>Less: Margin account held with broker</td>
<td>(1,090)</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents per consolidated statement of cash flows</td>
<td>51,922</td>
<td>50,075</td>
</tr>
</tbody>
</table>

9. **Share capital**

As at 30 June 2019 and 31 December 2018, the Company’s share capital comprised of 141,938,998 fully paid common shares with a par value of US$0.01.
10. **Treasury shares**

<table>
<thead>
<tr>
<th></th>
<th>Number of shares</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 June 2019 '000</td>
<td>31 December 2018 '000</td>
</tr>
<tr>
<td>At beginning of the financial period/year</td>
<td>2,753</td>
<td>350</td>
</tr>
<tr>
<td>Reissue of treasury shares</td>
<td>-</td>
<td>(3)</td>
</tr>
<tr>
<td>Purchases of treasury shares</td>
<td>568</td>
<td>2,406</td>
</tr>
<tr>
<td>At end of the financial period/year</td>
<td>3,321</td>
<td>2,753</td>
</tr>
</tbody>
</table>

Pursuant to the Company’s Long-term Management Share Option Plan (“LTIP 2017”) announced on 21 April 2017, the third tranche of 568,000 shares were purchased during the period from 5 March 2019 to 11 March 2019 at an average price of US$3.0 (NOK26.6) per share for an aggregate consideration of US$1.7 million (NOK15.1 million). In 2018, pursuant to the same LTIP 2017 plan, the second tranche of 284,000 shares was purchased on 5 March 2018 at US$4.7 (NOK36.2) per share for an aggregate consideration of US$1.3 million (NOK10.3 million).

For the year ended 31 December 2018, pursuant to the Company’s share buy-back programme announced on 6 March 2018, a total of 2,122,000 shares was purchased at an average price of US$4.65 (NOK36.0) per share for an aggregate consideration of US$9.9 million (NOK76.4 million).

11. **Borrowings**

<table>
<thead>
<tr>
<th></th>
<th>30 June 2019 US$'000</th>
<th>31 December 2018 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>1,079,961</td>
<td>1,101,343</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>128,656</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,208,617</td>
<td>1,101,343</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>108,097</td>
<td>127,643</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>30,729</td>
<td>-</td>
</tr>
<tr>
<td>Trust receipts</td>
<td>15,767</td>
<td>-</td>
</tr>
<tr>
<td>Interest payable</td>
<td>5,623</td>
<td>5,710</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>160,216</td>
<td>133,353</td>
</tr>
<tr>
<td><strong>Total borrowings</strong></td>
<td>1,368,833</td>
<td>1,234,696</td>
</tr>
</tbody>
</table>

Trust receipts of US$15.8 million relate to the drawdown of the trade financing facility for the settlement of the purchase of the cargo from the product trading and delivery activities.
11. **Borrowings** (continued)

Movements in borrowings are analysed as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>US$'000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January 2019</strong></td>
<td>1,234,696</td>
<td>174,295</td>
</tr>
<tr>
<td>Adoption of IFRS 16 (note 2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At 1 January 2019 (adjusted)</strong></td>
<td>1,408,991</td>
<td></td>
</tr>
<tr>
<td>Proceeds from bank borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drawdown of trust receipts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of financing fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Interest paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Principal repayments of bank borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At 30 June 2019</strong></td>
<td>1,368,833</td>
<td></td>
</tr>
</tbody>
</table>

**At 1 January 2018**

<table>
<thead>
<tr>
<th>Description</th>
<th>US$'000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from bank borrowings</td>
<td>1,341,136</td>
<td></td>
</tr>
<tr>
<td>Payment of financing fees</td>
<td>210,000</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>24,256</td>
<td></td>
</tr>
<tr>
<td>Less: Interest paid</td>
<td>(22,445)</td>
<td></td>
</tr>
<tr>
<td>Less: Principal repayments of bank borrowings</td>
<td>(302,805)</td>
<td></td>
</tr>
<tr>
<td><strong>At 30 June 2018</strong></td>
<td>1,248,415</td>
<td></td>
</tr>
</tbody>
</table>

As at 30 June 2019, bank borrowings amounting to US$1,193.7 million (31 December 2018: US$1,234.7 million) are secured by mortgages over certain vessels of the Group (note 6 and 7). Trust receipts amounting to US$15.8 million (31 December 2018: US$nil) are secured over the cargo purchased by the Group.

12. **Provision for onerous contracts**

<table>
<thead>
<tr>
<th>Description</th>
<th>30 June 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of the financial period/year</td>
<td>1,100</td>
<td>-</td>
</tr>
<tr>
<td>Adoption of IFRS 16 (note 2)</td>
<td>(1,100)</td>
<td>-</td>
</tr>
<tr>
<td>At beginning of the financial period/year (adjusted)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provision for onerous contracts</td>
<td>-</td>
<td>1,100</td>
</tr>
<tr>
<td>At end of the financial period/year</td>
<td>-</td>
<td>1,100</td>
</tr>
</tbody>
</table>

In 2018, the Group recognised a provision for onerous contracts of US$1.1 million arising from non-cancellable lease commitments for the charter hire of eight VLGCs and two VLGC newbuilds.
13. Related party transactions

In addition to the information disclosed elsewhere in the Condensed Consolidated Interim Financial Information, the following transactions took place between the Group and related parties during the financial period at terms agreed between the parties:

(a) Services

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019 US$'000</th>
<th>Q2 2018 US$'000</th>
<th>H1 2019 US$'000</th>
<th>H1 2018 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate service fees charged by related parties*</td>
<td>1,497</td>
<td>1,651</td>
<td>2,912</td>
<td>2,466</td>
</tr>
<tr>
<td>Corporate service fees charged to related parties*</td>
<td>60</td>
<td>-</td>
<td>120</td>
<td>-</td>
</tr>
<tr>
<td>Ship management fees charged by related parties*</td>
<td>709</td>
<td>2,371</td>
<td>1,418</td>
<td>3,953</td>
</tr>
</tbody>
</table>

(b) Key management’s remuneration

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019 US$'000</th>
<th>Q2 2018 US$'000</th>
<th>H1 2019 US$'000</th>
<th>H1 2018 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and other short-term employee benefits</td>
<td>545</td>
<td>527</td>
<td>1,117</td>
<td>995</td>
</tr>
<tr>
<td>Post-employment benefits - contributions to defined contribution plans and share-based payment</td>
<td>41</td>
<td>9</td>
<td>68</td>
<td>13</td>
</tr>
<tr>
<td>Directors’ fees</td>
<td>84</td>
<td>124</td>
<td>208</td>
<td>248</td>
</tr>
<tr>
<td></td>
<td>670</td>
<td>660</td>
<td>1,393</td>
<td>1,256</td>
</tr>
</tbody>
</table>

(c) Others

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019 US$'000</th>
<th>Q2 2018 US$'000</th>
<th>H1 2019 US$'000</th>
<th>H1 2018 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income from a joint venture</td>
<td>1,205</td>
<td>1,194</td>
<td>2,448</td>
<td>2,262</td>
</tr>
<tr>
<td>Sale of a vessel to a joint venture</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,000</td>
</tr>
</tbody>
</table>

* “Related parties” refer to corporations controlled by a shareholder of the Company.
14. Commitments

(a) Operating lease commitments – where the Group is a lessor

The Group time charters vessels to non-related parties under operating lease agreements. The leases have varying terms.

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$’000</td>
<td>US$’000</td>
<td></td>
</tr>
<tr>
<td>Not later than one year</td>
<td>27,397</td>
<td>32,597</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>-</td>
<td>7,290</td>
</tr>
<tr>
<td></td>
<td><strong>27,397</strong></td>
<td><strong>39,887</strong></td>
</tr>
</tbody>
</table>

(b) Operating lease commitments – where the Group is a lessee

The Group time charters vessels from non-related parties under operating lease agreements. The leases have varying terms.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$’000</td>
<td>US$’000</td>
<td></td>
</tr>
<tr>
<td>Not later than one year</td>
<td>3,103</td>
<td>62,444</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>-</td>
<td>246,215</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
<td>92,286</td>
</tr>
<tr>
<td></td>
<td><strong>3,103</strong></td>
<td><strong>400,945</strong></td>
</tr>
</tbody>
</table>

The Group adopted IFRS 16 on 1 January 2019 (note 2). The Group has applied the short-term recognition exemption for operating leases with less than 12 months of lease terms. The expense relating to these leases amounted to US$4.8 million for Q2 2019 (H1 2019: US$9.1 million) and are presented as ‘Charter hire expenses’. As at 30 June 2019, lease commitments arising from these leases amounted to US$3.1 million.
15. Financial risk management

The Group’s activities expose it to a variety of financial risks. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Condensed Consolidated Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group’s annual financial statements as at 31 December 2018. There have been no major changes in any risk management policies or processes and persons managing these policies and processes since the previous year end.

(a) Market risk - interest rate risk

The Group’s income and operating cash flows are substantially independent of changes in market interest rates.

The Group’s bank borrowings are at variable rates. The Group has entered into interest rate swaps to swap floating interest rates to fixed interest rates for certain portions of the bank borrowings (note 11). If US$ interest rates increase/decrease by 50 basis points in H1 2019 (H1 2018: 50 basis points) with all other variables including tax rate being held constant, the profit after tax for H1 2019 will be lower/higher by approximately US$1.4 million (H1 2018: loss after tax will be higher/lower by approximately US$1.4 million) as a result of higher/lower interest expense on these borrowings; the other comprehensive loss will be lower/higher by approximately US$14.3 million (H1 2018: other comprehensive income will be higher/lower by approximately US$10.5 million).

(b) Market risk – price risk

The Group’s business operations are not exposed to significant commodity price risk as the variability of the commodity indices have been hedged economically.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains sufficient cash for its daily operations via short-term cash deposit at banks and has access to unutilised portion of revolving facilities offered by financial institutions.

(d) Financial instruments by category

The aggregate carrying amount of the Group’s financial instruments are as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2019</th>
<th>31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$’000</td>
<td>US$’000</td>
</tr>
<tr>
<td>Net derivative (liabilities)/assets measured at fair value</td>
<td>(12,100)</td>
<td>8,983</td>
</tr>
<tr>
<td>Financial assets at amortised cost</td>
<td>235,673</td>
<td>200,970</td>
</tr>
<tr>
<td>Financial liabilities at amortised cost</td>
<td>1,427,600</td>
<td>1,271,489</td>
</tr>
</tbody>
</table>
15. **Financial risk management** (continued)

(e) **Estimation of fair value**

IFRS 13 established a fair value hierarchy that prioritises inputs used to measure fair value. The three levels of the fair value input hierarchy defined by IFRS 13 are as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

**Derivative financial assets and liabilities**

The Group’s financial derivative instruments primarily relate to interest rate swaps, bunker swaps and commodity contracts measured at fair value and are within Level 2 of the fair value hierarchy. The fair values of financial derivative instruments that are not traded in an active market are determined by using valuation techniques. The fair values of interest rate swaps are calculated at the present value of estimated future cash flows based on observable yield curves. The fair values of bunker swaps and commodity contracts measured at fair value are determined using quoted forward commodity indices at the balance sheet date.

**Non-derivative non-current financial assets and liabilities**

The carrying amount of non-derivative non-current financial assets and liabilities which bear floating interest rates are assumed to approximate their fair value because of the short repricing period. There are no non-current financial assets and liabilities which do not bear floating interest rates.

**Non-derivative current financial assets and liabilities**

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value because of the short period to maturity.

16. **Segment information**

The Group has three main operating segments:

(i) Very Large Gas Carriers (VLGCs);
(ii) Large Gas Carriers (LGCs); and
(iii) Product Services

The Group’s shipping activities are predominantly generated from the VLGC fleet with the reduction in the LGC fleet size as well as Management’s continued primary focus on the VLGC segment.

The Product Services Division was established on 25 February 2019 to support the Group’s core shipping business and commenced its product trading and delivery services in Q2 2019.

Both the LGC and Product Services segments represent less than ten percent of the Group’s total assets, revenue and profit or loss. The Group has determined that these segments are not material to the Group for the period ended 30 June 2019, and has reported information as one combined segment.
16. **Segment information** (continued)

**Geographical information**

Non-current assets comprise mainly vessels, operating on an international platform with individual vessels calling at various ports across the globe. The Group does not consider the domicile of its customers as a relevant decision making guideline and hence does not consider it meaningful to allocate vessels and revenue to specific geographical locations.

17. **Subsequent events**

The Board has declared an interim cash dividend of US$0.10 per share, amounting to US$13.9 million. The shares will be traded ex-dividend from 3 September 2019. The dividend will be payable on or about 13 September 2019 to shareholders of record as at 04 September 2019. This Condensed Consolidated Interim Financial Information does not reflect this interim dividend, which will be accounted for in shareholders’ equity as an appropriation of retained earnings in the financial year ending 31 December 2019.