BW LPG Limited

Condensed Consolidated
Interim Financial Information
Q1 2018

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HIGHLIGHTS – Q1 2018

- Time Charter Equivalent ("TCE") earnings were US$73.3 million in Q1 2018, compared with US$94.7 million in Q1 2017.

- VLGC TCE rates averaged US$17,300/day in Q1 2018, compared with US$20,900/day in Q1 2017.

- EBITDA of US$25.3 million in Q1 2018 compared with EBITDA of US$41.9 million in Q1 2017, mainly due to the decline in LPG spot earnings and lower fleet utilisation.

- Loss after tax was US$8.4 million in Q1 2018 compared with profit after tax of US$8.0 million in Q1 2017. The loss for the current quarter was primarily due to the depressed LPG spot rates and lower fleet utilisation.

- One VLGC was sold and one LGC was recycled in April 2018.

- At the date of this report, the Group has a fleet of 47 vessels, comprising 44 VLGCs and three LGCs. In addition, the Group has two VLGCs owned and operated by a joint venture and two time charter-in VLGC newbuilds that are under construction.

- On 29 May 2018, BW LPG proposed a combination of BW LPG and Dorian LPG in a transaction in which Dorian LPG's stockholders, including BW Group, would receive 2.05 common shares of BW LPG for each common share of Dorian LPG they own. Under the proposal, BW LPG would undertake a dual-listing of the BW LPG common shares on the New York Stock Exchange and the stockholders of Dorian LPG would receive NYSE-listed BW LPG common shares representing in the aggregate 45% of the combined company at the completion of the transaction.

SELECTED KEY FINANCIAL INFORMATION

	(Reviewed) Q1 2018	(Reviewed) Q1 2017	Decrease
Income Statement	US$ million	US$ million	%
Revenue	117.9	137.0	(13.9)
TCE income	73.3	94.7	(22.6)
EBITDA	25.3	41.9	(39.6)
(Loss)/Profit after tax (NPAT)	(8.4)	8.0	(205.0)
(US$ per share)			
Basic and diluted (loss)/earnings per share	(0.05)	0.07	(171.4)

	(Reviewed) 31 March 2018 US$ million	(Audited) 31 December 2017 US$ million
Balance Sheet		
Cash & cash equivalents	44.1	56.5
Total assets	2,370.6	2,455.3
Total liabilities	1,314.8	1,381.8

PERFORMANCE REVIEW: Q1 2018

Operating revenue was US$117.9 million in Q1 2018 (US$137.0 million in Q1 2017). TCE income decreased to US$73.3 million from US$94.7 million, mainly attributable to the decline in LPG spot rates and lower fleet utilisation.

Charter hire expenses decreased to US$16.5 million in Q1 2018 (US$19.1 million in Q1 2017) mainly due to lower hire rates for charter-in vessels. Other operating expenses decreased to US$32.0 million in Q1 2018 (US$37.2 million in Q1 2017) mainly due to the overall smaller fleet size arising from the sale of three vessels and the redelivery of one bareboat-in vessel.

EBITDA decreased to US$25.3 million in Q1 2018 from US$41.9 million in Q1 2017, mainly due to lower TCE income.

Net finance expense decreased to US$11.0 million in Q1 2018 (US$12.0 million in Q1 2017), mainly due to recognition of interest income from a loan to a joint venture.

The Group reported a loss after tax of US$8.4 million in Q1 2018 (profit after tax of US$8.0 million in Q1 2017).

BALANCE SHEET

As at 31 March 2018, total assets amounted to US$2,370.6 million (31 December 2017: US$2,455.3 million), of which US$2,109.0 million (31 December 2017: US$2,135.4 million) represented the carrying value of the Group's vessels (including dry docking).

Cash and cash equivalents amounted to US$44.1 million as at 31 March 2018 (31 December 2017: US$56.5 million). Cash flows from operating activities generated a net cash surplus of US$37.9 million in Q1 2018 (net cash utilisation of US$15.3 million in Q1 2017). Together with 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

Freight Rates & Global LPG Demand

The benchmark Baltic route for VLGCs averaged US$29.2 per ton or US$15,900 per day in Q1 2018. Against this weak market backdrop, BW LPG generated VLGC daily time charter-equivalent (TCE) earnings of US$17,300 per day including commercial waiting time.

Global seaborne LPG trade declined by 5% year over year in Q1 2018 mainly due to lower imports into the East (20% decline in Japan, 10% decline in India and 30% decline in South East Asia), partially offset by a 4% year over year growth in Chinese and South Korean imports. For the first quarter, North American seaborne LPG exports declined year over year by 7% or 0.5 million tons to 7.4 million tons, with the volumes to China and Japan facing the biggest declines while volumes to South East Asia and Europe remained stable. The decline in North American exports was partially abated as Middle Eastern seaborne LPG exports grew by 5% year over year to 9.2 million tons. In particular, Middle Eastern exports to China increased by 50% to 2.6 million tons to offset the decline in North American exports to China.

U.S. LPG Production & Consumption

For the first quarter, U.S. net exports fell year over year by 3% or 0.2 million tons to 6.6 million tons despite U.S. LPG production rising by 8.2% year over year to 17 million tons because of stronger domestic consumption growth of 15.7% year over year to 14 million tons, mostly related to increased winter heating demand. In May 2018, EIA has revised its forecast for U.S. LPG production to 76.5 million tons and net exports to 29.3 million tons, implying a production growth of 9.6% and net export growth of 8.0% for 2018. By 2019, U.S. LPG production is expected to further grow by 7.5% while domestic consumption is expected to fall by 2.1%, resulting in U.S. LPG net export growth of 16.5% to 34 million tons.

VLGC Fleet Growth

As of 30 April 2018, the global VLGC fleet stands at 263 vessels after growing by six vessels. Three vessels were scrapped and 11 newbuildings were ordered during the quarter. A further three vessels are set for delivery in 2018, with 22 delivering in 2019 and 12 in 2020.

Outlook

Our short-term outlook remains cautious as we enter the summer months as freight rates remain depressed due to the large fleet supply growth, unfavourable geographical LPG price spreads, high VLGC utilisation of the Panama Canal and global geopolitical tensions. With relatively low U.S. LPG inventory levels propping up domestic LPG prices, we maintain our view that sustained U.S. LPG production growth and no further fleet supply growth is the key to reopening global price spreads and a rebound in freight levels.

Looking forward, the continued growth in U.S. exports, the new wave of Asian PDH facilities and expansion of existing plants and strong growth in retail demand in Asia Pacific (especially India and Indonesia), should help rebalance the VLGC market.

RISK FACTORS

The Group'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.

The Group 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. 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 the Group in 2018.

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Independent Practitioner's Review Report

Board of Directors
BW LPG Limited

We have reviewed the accompanying condensed consolidated interim financial information of BW LPG Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated balance sheet as at 31 March 2018, and the consolidated interim statement of comprehensive income, consolidated statement of changes in equity and consolidated condensed statement of cash flows for the three-month period ended 31 March 2018, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the condensed consolidated interim financial information

Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting', and for such internal control as management determines is necessary to enable the preparation of the condensed consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying condensed consolidated interim financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), 'Engagements to Review Historical Financial Statements'. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial information, taken as whole, is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this condensed consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that this condensed consolidated interim financial information does not present fairly, in all material respects the financial position of the Group as at 31 March 2018, and its financial performance and cash flows for the three-month period then ended, in accordance with IAS 34 'Interim Financial Reporting'.

Other matter relating to comparative information

The consolidated interim statement of comprehensive income, consolidated statement of changes in equity and consolidated condensed statement of cash flows and related notes of the Group for the three-month period ended 31 March 2017 were reviewed by another auditor who expressed an unmodified conclusion on that financial information on 28 May 2017. The consolidated balance sheet and related notes of the Group as at 31 December 2017 were audited by another auditor who expressed an unmodified opinion on that balance sheet on 28 February 2018.

KPMG LLP

KPMG LLP
Public Accountants and Chartered Accountants
Singapore, 30 May 2018

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	(Reviewed) Q1 2018 US$'000	(Reviewed) Q1 2017 US$'000
Revenue		117,937	136,975
Voyage expenses		(44,680)	(42,302)
TCE income#		73,257	94,673
Other operating income		550	3,519
Charter hire expenses		(16,471)	(19,103)
Other operating expenses		(32,019)	(37,193)
Operating profit before depreciation, amortisation and impairment (EBITDA)		25,317	41,896
Amortisation charge	3	(1,228)	(1,228)
Depreciation charge	5	(24,150)	(28,034)
		(61)	12,634
Gain on disposal of vessels		-	7,316
Gain on disposal of assets held-for-sale		3,301	60
Share of loss of a joint venture		(492)	-
Operating profit (EBIT)		2,748	20,010
Foreign currency exchange gain - net		81	191
Interest income		1,263	102
Interest expense		(11,912)	(11,831)
Derivative gain		44	-
Other finance expense		(504)	(446)
Finance expense – net		(11,028)	(11,984)
(Loss)/Profit before tax for the financial period		(8,280)	8,026
Income tax expense		(85)	(60)
(Loss)/Profit after tax for the financial period (NPAT)		(8,365)	7,966

"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 statements.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	(Reviewed) Q1 2018 US$'000	(Reviewed) Q1 2017 US$'000
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges			
- fair value gain/(loss)		7,682	(149)
- reclassification to profit or loss		385	1,210
Share of other comprehensive loss of a joint venture		(20)	-
Other comprehensive income, net of tax		8,047	1,061
Total comprehensive (loss)/income for the financial period		(318)	9,027
(Loss)/Profit attributable to:			
Equity holders of the Company		(7,016)	10,180
Non-controlling interests		(1,349)	(2,214)
		(8,365)	7,966
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		1,031	11,241
Non-controlling interests		(1,349)	(2,214)
		(318)	9,027
(Loss)/Earnings per share attributable to the equity holders of the Company:			
(expressed in US$ per share)			
Basic and diluted (loss)/earnings per share		(0.05)	0.07

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED BALANCE SHEET

	Note	(Reviewed) 31 March 2018 US$'000	(Audited) 31 December 2017 US$'000
Charter hire contracts acquired	3	1,422	2,650
Intangible assets		1,422	2,650
Derivative financial instruments	4	11,171	5,259
Loan receivable from a joint venture	6	65,650	34,700
Investment in a joint venture		403	915
Total other non-current assets		77,224	40,874
Vessels	5	2,060,709	2,085,429
Dry docking	5	48,318	50,007
Furniture and fixtures	5	319	334
Total property, plant and equipment		2,109,346	2,135,770
Total non-current assets		2,187,992	2,179,294
Inventories		21,846	19,424
Trade and other receivables		73,425	94,139
Derivative financial instruments	4	2,780	1,303
Loan receivable from a joint venture	6	3,604	1,500
Assets held-for-sale	7	36,823	103,098
Cash and cash equivalents	8	44,084	56,548
Total current assets		182,562	276,012
Total assets		2,370,554	2,455,306
Share capital	9	1,419	1,419
Share premium		289,812	289,812
Treasury shares	10	(11,317)	(1,565)
Contributed surplus		685,913	685,913
Other reserves		(22,390)	(30,261)
Retained earnings		110,439	124,938
		1,053,876	1,070,256
Non-controlling interests		1,923	3,292
Total shareholders' equity		1,055,799	1,073,548
Borrowings	11	1,127,067	1,076,212
Derivative financial instruments	4	31	117
Total non-current liabilities		1,127,098	1,076,329
Borrowings	11	145,817	264,924
Derivative financial instruments	4	-	558
Current income tax liabilities		486	582
Trade and other payables		41,354	39,365
Total current liabilities		187,657	305,429
Total liabilities		1,314,755	1,381,758
Total equity and liabilities		2,370,554	2,455,306

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Reviewed)

	Note	Attributable to equity holders of the Company											
		Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserve US$'000	Hedging reserve US$'000	Share-based payment reserve US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2018		1,419	289,812	(1,565)	685,913	(36,259)	5,792	182	24	124,938	1,070,256	3,292	1,073,548
Adjustment on initial application of IFRS 15		-	-	-	-	-	-	-	-	(7,483)	(7,483)	-	(7,483)
Loss for the financial period		-	-	-	-	-	-	-	-	(7,016)	(7,016)	(1,349)	(8,365)
Other comprehensive income/(loss) for the financial period		-	-	-	-	-	8,067	-	(20)	-	8,047	-	8,047
Total comprehensive income/(loss) for the financial period		-	-	-	-	-	8,067	-	(20)	(7,016)	1,031	(1,349)	(318)
Share-based payment reserves - Value of employee services		-	-	-	-	-	-	(161)	-	-	(161)	-	(161)
Reissue of treasury shares	10	-	-	15	-	-	-	(15)	-	-	-	-	-
Purchases of treasury shares	10	-	-	(9,767)	-	-	-	-	-	-	(9,767)	-	(9,767)
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(20)	(20)
Total transactions with owners, recognised directly in equity		-	-	(9,752)	-	-	-	(176)	-	-	(9,928)	(20)	(9,948)
Balance at 31 March 2018		1,419	289,812	(11,317)	685,913	(36,259)	13,859	6	4	110,439	1,053,876	1,923	1,055,799

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
(Reviewed)

	Note	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserve US$'000	Hedging reserve US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
		Attributable to equity holders of the Company										
Balance at 1 January 2017		1,419	289,812	(457)	685,913	(36,259)	2,123	156	167,626	1,110,333	7,043	1,117,376
Profit/(Loss) for the financial period		-	-	-	-	-	-	-	10,180	10,180	(2,214)	7,966
Other comprehensive income for the financial period		-	-	-	-	-	1,061	-	-	1,061	-	1,061
Total comprehensive income/(loss) for the financial period		-	-	-	-	-	1,061	-	10,180	11,241	(2,214)	9,027
Share-based payment reserves - Value of employee services		-	-	-	-	-	-	12	-	12	-	12
Reissue of treasury shares	10	-	-	21	-	-	-	(21)	-	-	-	-
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	(1,106)	(1,106)
Total transactions with owners, recognised directly in equity		-	-	21	-	-	-	(9)	-	12	(1,106)	(1,094)
Balance at 31 March 2017		1,419	289,812	(436)	685,913	(36,259)	3,184	147	177,806	1,121,586	3,723	1,125,309

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
(Reviewed)

		Attributable to equity holders of the Company											
	Note	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserve US$'000	Hedging reserve US$'000	Share-based payment reserve US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 April 2017		1,419	289,812	(436)	685,913	(36,259)	3,184	147	-	177,806	1,121,586	3,723	1,125,309
Loss for the financial period		-	-	-	-	-	-	-	-	(52,868)	(52,868)	106	(52,762)
Other comprehensive income for the financial period		-	-	-	-	-	2,608	-	24	-	2,632	-	2,632
Total comprehensive income/(loss) for the financial period		-	-	-	-	-	2,608	-	24	(52,868)	(50,236)	106	(50,130)
Share-based payment reserves - Value of employee services		-	-	-	-	-	-	35	-	-	35	-	35
Purchases of treasury shares	10	-	-	(1,129)	-	-	-	-	-	-	(1,129)	-	(1,129)
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(537)	(537)
Total transactions with owners, recognised directly in equity		-	-	(1,129)	-	-	-	35	-	-	(1,094)	(537)	(1,631)
Balance at 31 December 2017		1,419	289,812	(1,565)	685,913	(36,259)	5,792	182	24	124,938	1,070,256	3,292	1,073,548

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

	(Reviewed) Q1 2018 US$'000	(Reviewed) Q1 2017 US$'000
Cash flows from operating activities		
(Loss)/Profit before tax for the financial period	(8,280)	8,026
Adjustments for:		
- amortisation charge	1,228	1,228
- amortisation of deferred income	-	(124)
- depreciation charge	24,150	28,034
- derivative loss	33	115
- gain on disposal of vessels	-	(7,316)
- gain on disposal of assets held-for-sale	(3,301)	(60)
- interest income	(1,263)	(102)
- interest expense	11,912	11,831
- other finance expense	436	385
- share-based payments	(161)	12
- share of loss of a joint venture	492	-
Operating cash flow before working capital changes	25,246	42,029
Changes in working capital:		
- inventories	(2,422)	(7,242)
- trade and other receivables	13,145	(21,770)
- trade and other payables	2,090	(28,325)
Cash generated from/(used in) operations	38,059	(15,308)
Tax paid	(181)	-
Net cash provided by/(used in) operating activities	37,878	(15,308)
Cash flow from investing activities		
Purchases of property, plant and equipment	(2,549)	(70,525)
Proceeds from sale of vessels	-	78,043
Proceeds from sale of assets held-for-sale	74,399	4,303
Loan to a joint venture	(33,000)	-
Interest received	1,209	102
Net cash provided by investing activities	40,059	11,923

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS (continued)

	Note	(Reviewed) Q1 2018 US$'000	(Reviewed) Q1 2017 US$'000
Cash flows from financing activities			
Proceeds from bank borrowings		160,000	439,704
Payment of financing fees		(1,727)	(2,789)
Repayments of bank borrowings		(228,555)	(450,104)
Interest paid		(9,882)	(10,461)
Other finance expense paid		(450)	(574)
Redemption of floating rate notes		-	(507)
Purchases of floating rate notes		-	(3,440)
Purchases of treasury shares		(9,767)	-
Distributions to non-controlling interests		(20)	(1,106)
Net cash used in financing activities		(90,401)	(29,277)
Net decrease in cash and cash equivalents		(12,464)	(32,662)
Cash and cash equivalents at beginning of the financial period	8	56,548	80,563
Cash and cash equivalents at end of the financial period	8	44,084	47,901

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

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 412, 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 30 May 2018.

2. Significant accounting policies

Basis of preparation

The Condensed Consolidated Interim Financial Information for the first quarter ended 31 March 2018 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 financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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 2017, except as described below.

(a) IFRS 15 'Revenue from contract with customers'

The Group has adopted IFRS 15 for the first time for annual period beginning 1 January 2018. The adoption of IFRS 15 has resulted in a change in the method of recognising revenue from voyage charters, whereby the Group's method of determining proportional performance was changed from discharge-to-discharge to load-to-discharge. This has resulted in no revenue being recognised from the point of discharge of the prior voyage to the point of loading of the current voyage and all revenue being recognised from the point of loading of the current voyage to the point of discharge of the current voyage (see (a)(1) on page 17).

Previously, pre-voyage expenses incurred are expensed to the profit or loss as they do not qualify for recognition as an asset under any IFRS. Under IFRS 15, the costs that are directly related to the Group's contracts with customers are recovered and are capitalised as "contract fulfilment costs" (see (a)(2) on page 17).

This change in accounting policy was applied on a modified retrospective basis from 1 January 2018. In accordance with the transitional provision of IFRS 15, the impact of the change in revenue recognition in relation to voyage charters in-progress at 1 January 2018 was adjusted against retained earnings of the Group as at 1 January 2018. Accordingly, the comparative information presented has not been restated.

2. **Significant accounting policies** (continued)

Basis of preparation (continued)

(a) IFRS 15 'Revenue from contract with customers' (continued)

		Impact of adopting IFRS 15 as at 1 January 2018 US$'000
(1)	Revenue adjusted based on load-to-discharge method	(12,120)
(2)	Contract fulfilment costs	4,637
	Retained earnings	(7,483)

The impact of the change on the Condensed Consolidated Interim Financial Information arising from the adoption of IFRS 15 on the following balances as at 31 March 2018 are summarised below:

	Amount as reported US$'000	Adjustments US$'000	Amounts without adoption of IFRS 15 US$'000
Contract assets – accrued revenue	19,203	9,851	29,054
Contract fulfilment costs	3,010	(3,010)	-
Revenue	117,937	(2,775)	115,162
Voyages expenses	44,680	(2,133)	42,547
Retained earnings	110,439	6,841	117,280

There was no material impact on the Group's Consolidated Condensed Statement of Cash Flows for the three months period ended 31 March 2018.

(b) IFRS 9 'Financial instruments'

The Group has also adopted IFRS 9 from 1 January 2018, which did not have any significant financial impact on the current period. However, details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

(1) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income ("FVOCI"), or fair value to profit or loss ("FVTPL"). Derivative financial instruments are typically measured at FVTPL. However, if these instruments qualify for hedge accounting under IFRS 9, then the effective portion of changes in fair value of the instrument is recognised in other comprehensive income while the ineffective portion is recognised in profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

2. Significant accounting policies (continued)

<u>Basis of preparation</u> (continued)

(b) <u>IFRS 9 'Financial instruments'</u> (continued)

(1) Classification and measurement of financial assets and financial liabilities (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

(3) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in IFRS 9. All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 as at 1 January 2018 and are therefore regarded as continuing hedging relationships. Under IFRS 9, there is no change in recognising fair value changes on the effective portion of hedges in other comprehensive income, and ineffective portion in profit or loss.

The Group has not early adopted the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant to the Group's annual accounting periods beginning on 1 January 2019 or later periods. Except for IFRS 16 "Leases" as set out below, the Group does not anticipate the adoption of these changes to have a material impact on the Condensed Consolidated Interim Financial Information.

IFRS 16 is applicable for annual period commencing 1 January 2019 but may be early adopted. The Group expects to recognise its operating lease commitments (note 13(b)) and a corresponding right-of-use asset on its balance sheet on the adoption of IFRS 16.

<u>*Critical accounting estimates, assumptions and judgements*</u>

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 2017 except for new judgements applicable to the policy on revenue recognition due to adoption of IFRS15.

3. Intangible assets

	(Reviewed) 31 March 2018 US$'000	(Audited) 31 December 2017 US$'000
Charter hire contracts acquired		
At beginning of the financial period/year	2,650	7,561
Amortisation charge	(1,228)	(4,911)
At end of the financial period/year	1,422	2,650

4. Derivative financial instruments

	(Reviewed) 31 March 2018		(Audited) 31 December 2017	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Interest rate swaps	13,936	(31)	6,467	(675)
Bunker swaps	-	-	80	-
Forward foreign exchange contracts	15	-	15	-
	13,951	(31)	6,562	(675)

As at 31 March 2018, the Group had interest rate swaps with total notional principal amounting to US$743.0 million (31 December 2017: US$690.6 million).

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 2.7% 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 bunker price risks. The Group did not adopt hedge accounting for these contracts. Fair value gains/losses of bunkers swaps had been presented within 'voyage expenses' in the Condensed Consolidated Interim Statement of Comprehensive Income.

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

5. Property, plant and equipment

(Reviewed)	Vessels US$'000	Dry docking US$'000	Furniture and fixtures US$'000	Total US$'000
Cost				
At 1 January 2018	2,550,594	87,240	423	2,638,257
Additions	47	2,502	-	2,549
Reclassified to assets held-for-sale (note 7)	(70,038)	(2,071)	-	(72,109)
Write off on completion of dry docking costs	-	(549)	-	(549)
At 31 March 2018	2,480,603	87,122	423	2,568,148
Accumulated depreciation and impairment charge				
At 1 January 2018	465,165	37,233	89	502,487
Depreciation charge	19,944	4,191	15	24,150
Reclassified to assets held-for-sale (note 7)	(65,215)	(2,071)	-	(67,286)
Write off on completion of dry docking costs	-	(549)	-	(549)
At 31 March 2018	419,894	38,804	104	458,802
Net book value				
At 31 March 2018	2,060,709	48,318	319	2,109,346

5. **Property, plant and equipment** (continued)

(Reviewed)	Vessels US$'000	Dry docking US$'000	Vessels under construction US$'000	Furniture and fixtures US$'000	Total US$'000
Cost					
At 1 January 2017	2,723,359	91,656	74,061	305	2,889,381
Additions	1,173	957	68,451	-	70,581
Disposals	(70,725)	-	-	-	(70,725)
Transfer on delivery of vessels	139,886	2,626	(142,512)	-	-
At 31 March 2017	2,793,693	95,239	-	305	2,889,237
Additions	1,032	17,551	-	118	18,701
Disposals	(39,595)	(1,918)	-	-	(41,513)
Reclassified to assets held-for-sale (note 7)	(204,536)	(9,276)	-	-	(213,812)
Write off on completion of dry docking costs	-	(14,356)	-	-	(14,356)
At 31 December 2017	2,550,594	87,240	-	423	2,638,257
Accumulated depreciation and impairment charge					
At 1 January 2017	445,050	31,306	-	31	476,387
Depreciation charge	22,597	5,423	-	14	28,034
At 31 March 2017	467,647	36,729	-	45	504,421
Depreciation charge	75,341	19,009	-	44	94,394
Impairment charge on vessels that were reclassified to assets held-for-sale	4,552	-	-	-	4,552
Reclassified to assets held-for-sale (note 7)	(72,364)	(3,273)	-	-	(75,637)
Disposals	(10,011)	(876)	-	-	(10,887)
Write off on completion of dry docking costs	-	(14,356)	-	-	(14,356)
At 31 December 2017	465,165	37,233	-	89	502,487
Net book value					
At 31 December 2017	2,085,429	50,007	-	334	2,135,770

5. Property, plant and equipment (continued)

(a) Vessels with an aggregate carrying amount of US$2,091.2 million as at 31 March 2018 (31 December 2017: US$1,893.4 million) were secured on borrowings (note 11).

(b) For the period ended 31 March 2018, no interest was capitalised as there were no vessels under construction. For the period ended 31 March 2017, interest amounting to US$56,000 had been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.5% per annum.

(c) In the period ended 31 March 2017 and 2018, no impairment charge was recognised. In 2017, the Group recognised an impairment charge of US$4.6 million on vessels that were reclassified as assets held-for-sale.

6. Joint venture

On 25 October 2017, the Group and Global United Shipping India Private Limited formed a joint venture in India, BW Global United LPG India Private Limited, to own and operate VLGCs for the transportation of LPG to India.

As part of the establishment of the joint venture, the Group sold two VLGCs to the joint venture for a total consideration of US$69.3 million under a deferred payment agreement which is presented within "loan receivable from a joint venture" in the Consolidated Balance Sheet. One vessel was delivered in October 2017 and the other in January 2018.

The loan receivable from the joint venture is secured on the two vessels sold, bearing interest at LIBOR plus 4.5% per annum and is repayable by 2027 in consecutive quarterly instalments with a bullet payment upon maturity.

	(Reviewed) 31 March 2018 US$'000	(Audited) 31 December 2017 US$'000
Loan receivable – non-current	65,650	34,700
Loan receivable – current	3,604	1,500
	69,254	36,200

7. Assets held-for-sale

	(Reviewed) 31 March 2018 US$'000	(Audited) 31 December 2017 US$'000
At beginning of the financial period/year	103,098	4,245
Reclassified from property, plant and equipment (note 5)	4,823	138,175
Disposal	(71,098)	(39,322)
At end of the financial period/year	36,823	103,098

7. Assets held-for-sale (continued)

As at 31 March 2018, assets held-for-sale comprised one VLGC that was agreed to be sold to a non-related party and one LGC that was contracted to be sold for recycling. As at 31 December 2017, assets held-for-sale comprised three VLGCs that were agreed to be sold, of which one VLGC to a joint venture and two VLGCs to non-related parties.

As at 31 March 2018, one VLGC with a carrying amount of US$32.0 million (31 December 2017: US$70.1 million) was secured on borrowings (note 11).

8. Cash and cash equivalents

	(Reviewed) 31 March 2018 US$'000	(Audited) 31 December 2017 US$'000
Cash at bank and on hand	44,084	56,548

9. Share capital

As at 31 March 2018 and 31 December 2017, 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

	Number of shares		Amount	
	(Reviewed) 31 March 2018 '000	(Audited) 31 December 2017 '000	(Reviewed) 31 March 2018 US$'000	(Audited) 31 December 2017 US$'000
At beginning of the financial period/year	350	69	1,565	457
Reissue of treasury shares	(3)	(3)	(15)	(21)
Purchases of treasury shares	2,091	284	9,767	1,129
At end of the financial period/year	2,438	350	11,317	1,565

Pursuant to the Company's Long-term Management Share Option Plan ("LTIP 2017") announced on 21 April 2017, the second tranche of 284,000 shares was purchased on 5 March 2018 at US$4.7 (NOK36.2) for a consideration of US$1.3 million (NOK10.3 million). In 2017, pursuant to the same LTIP 2017 plan, the first tranche of 284,000 shares was purchased on 1 and 2 June 2017 at an average price of US$4.0 (NOK33.6) per share for an aggregate consideration of US$1.1 million (NOK9.5 million).

Pursuant to the Company's share buy-back programme announced on 6 March 2018, a total of 1,807,000 shares was purchased at an average price of US$4.7 (NOK36.3) per share for an aggregate consideration of US$8.5 million (NOK65.6 million).

11. Borrowings

	(Reviewed) 31 March 2018 US$'000	(Audited) 31 December 2017 US$'000
Non-current		
Bank borrowings	1,127,067	1,076,212
Current		
Interest payable	6,428	5,025
Bank borrowings	139,389	259,899
	145,817	264,924
Total borrowings	1,272,884	1,341,136

Movements in borrowings are analysed as follows:

	US$'000
At 1 January 2018	1,341,136
Proceeds from bank borrowings	160,000
Payment of financing fees	(1,727)
Interest expense	11,912
Less: Interest paid	(9,882)
Less: Principal repayments of bank borrowings	(228,555)
At 31 March 2018	1,272,884

	US$'000
At 1 January 2017	1,410,835
Proceeds from bank borrowings	439,704
Payment of financing fees	(2,789)
Interest expense	11,831
Interest capitalised	56
Redemption of floating rate notes	(507)
Purchases of floating rate notes	(3,440)
Less: Interest paid	(10,461)
Less: Principal repayments of bank borrowings	(450,104)
At 31 March 2017	1,395,125
Proceeds from bank borrowings	79,996
Interest expense	35,150
Redemption of floating rate notes	(1,340)
Less: Interest paid	(33,779)
Less: Principal repayments of bank borrowings	(134,016)
At 31 December 2017	1,341,136

As at 31 March 2018, bank borrowings amounting to US$1,272.9 million (31 December 2017: US$1,190.9 million) are secured by mortgages over certain vessels of the Group (note 5 and 7).

12. 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/year at terms agreed between the parties:

(a) Services

	(Reviewed) Q1 2018 US$'000	(Reviewed) Q1 2017 US$'000
Corporate service fees charged by related parties*	815	755
Ship management fees charged by related parties*	1,582	1,437

	(Reviewed) 31 March 2018 US$'000	(Audited) 31 December 2017 US$'000
Trade and other payables - related parties*	(39)	-
Other receivables - related parties*	3,678	5,099

* "Related parties" refer to corporations controlled by a shareholder of the Company.

(b) Key management's remuneration

	(Reviewed) Q1 2018 US$'000	(Reviewed) Q1 2017 US$'000
Salaries and other short-term employee benefits	468	351
Post-employment benefits - contributions to defined contribution plans and share-based payment	4	10
Directors' fees	124	124
	596	485

12. **Related party transactions** (continued)

(c) Others

	(Reviewed) Q1 2018 US$'000	(Reviewed) Q1 2017 US$'000
Interest income from a joint venture	1,068	-
Sale of a vessel to a joint venture	33,000	-

13. **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 operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	(Reviewed) 31 March 2018 US$'000	(Audited) 31 December 2017 US$'000
Not later than one year	54,671	50,527
Later than one year but not later than five years	30,704	24,765
	85,375	75,292

(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 operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	(Reviewed) 31 March 2018 US$'000	(Audited) 31 December 2017 US$'000
Not later than one year	63,370	59,543
Later than one year but not later than five years	233,683	227,948
Later than five years	135,611	150,356
	432,664	437,847

Included in the above future aggregate minimum lease payments are operating lease commitments amounting to US$126.0 million on two time charter-in VLGCs currently under construction and with deliveries expected in 2020.

14. 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 2017. 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 (Q1 2017: 50 basis points) with all other variables including tax rate being held constant, the loss after tax will be higher/lower by approximately US$1.5 million (Q1 2017: profit after tax will be lower/higher by approximately US$0.9 million) as a result of higher/lower interest expense on these borrowings; the other comprehensive income will be higher/lower by approximately US$9.2 million (Q1 2017: US$6.6 million).

(b) 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.

(c) Financial instruments by category

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

	(Reviewed) 31 March 2018 US$'000	(Audited) 31 December 2017 US$'000
Net derivative assets measured at fair value	13,920	5,887
Financial assets at amortised cost	177,974	-
Loans and receivables	-	179,935
Financial liabilities at amortised cost	1,314,238	1,378,594

14. Financial risk management (continued)

(d) Estimation of fair value

IFRS 7 established a fair value hierarchy that priorities inputs used to measure fair value. The three levels of the fair value input hierarchy defined by IFRS 7 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 and are measured at fair value and are within Level 2 of the fair value hierarchy. The fair value of financial derivative instruments that were not traded in an active market was determined by using valuation techniques. The fair values of interest rate swaps were calculated at the present value of estimated future cash flows based on observable yield curves.

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 were 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.

15. Segment information

The Group has two main operating segments:
(i) Very Large Gas Carriers (VLGCs); and
(ii) Large Gas Carriers (LGCs)

Following the increase in the VLGC fleet and Management's continued primary focus on the VLGC segment, it has been determined that the LGC segment, representing less than ten percent of the Group's total assets, revenue and profit or loss, is immaterial to the Group and is therefore no longer a reportable segment. With effect from 1 January 2018, the Group is considered to have a single reportable segment. This represents a change to the operating segments reported in the previous corresponding period as well as in the annual financial statements for the year ended 31 December 2017. The previously reported segment results for the comparative period ended 31 March 2017 has not been included in this set of Condensed Consolidated Interim Financial Information.

Revenue is disaggregated into the different types of charter revenue as follows:

	(Reviewed) Q1 2018 US$'000	(Reviewed) Q1 2017 US$'000
Revenue		
- voyage charter	82,241	37,738
- time charter	35,696	99,237
	117,937	136,975

Geographical information

Non-current assets comprise mainly vessels, operate 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.

16. Subsequent events

One VLGC was sold and one LGC was recycled in April 2018.

On 29 May 2018, BW LPG proposed a combination of BW LPG and Dorian LPG in a transaction in which Dorian LPG's stockholders, including BW Group, would receive 2.05 common shares of BW LPG for each common share of Dorian LPG they own. Under the proposal, BW LPG would undertake a dual-listing of the BW LPG common shares on the New York Stock Exchange and the stockholders of Dorian LPG would receive NYSE-listed BW LPG common shares representing in the aggregate 45% of the combined company at the completion of the transaction.