BW LPG Limited

Condensed Consolidated
Interim Financial Information
Q1 2015

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HIGHLIGHTS – Q1

- Time Charter Equivalent (TCE) earnings were US$130.6 million in Q1 2015, compared with US$100.4 million in Q1 2014.

- VLGC TCE rates averaged US$41,300/day in Q1 2015, compared with US$32,700/day in Q1 2014.

- LGC TCE rates averaged US$30,900/day in Q1 2015, compared with US$20,400/day in Q1 2014.

- EBITDA of US$80.4 million in Q1 2015 was 56.0% higher than EBITDA of US$51.5 million in Q1 2014 due primarily to the improved TCE/day earnings combined with the effect of a larger fleet.

- Net profit after tax was US$57.3 million in Q1 2015 compared with US$30.8 million in Q1 2014, mainly due to stronger TCE earnings and enlarged fleet.

- On 17 February 2015, the Group signed a Facility Agreement with Export-Import Bank of Korea, DNB Asia Limited and Skandinaviska Enskilda Banken AB (Publ), Singapore Branch for a debt facility of up to US$400 million to provide post-delivery financing for seven of its VLGC newbuilds. As at 31 March 2015, US$177.3 million has been drawn down.

- VLGC newbuilds from Hyundai Heavy Industries Co., Ltd. ("HHI"), BW Carina and BW Gemini, were delivered on 27 February 2015 and 18 March 2015, respectively. Another newbuild from HHI, BW Leo was delivered on 27 April 2015. The Group had exercised a purchase option on the VLGC, Vermilion First. She was delivered on 20 March 2015 and renamed BW Sakura. A chartered-in VLGC, Gas Capricorn, was redelivered to her owner in March 2015.

- On 10 April 2015, the Group entered into ship building contracts with Daewoo Shipbuilding and Marine Engineering ("DSME") for four VLGCs. The four vessels are expected to be delivered in the third and fourth quarters of 2016.

- On 28 April 2015, the Group announced the exercise of a purchase option on the VLGC, Berge Summit. The vessel has been delivered on 11 May 2015.

- With the deliveries of the newbuilds and redelivery of Gas Capricorn, the fleet size increased to 33 VLGCs and five LGCs, with eight VLGC newbuilds under construction as at the date of this report.

SELECTED KEY FINANCIAL INFORMATION

	(Reviewed) Q1 2015	(Reviewed) Q1 2014	Inc/(Dec)
	US$ million	US$ million	%
Income Statement			
Operating revenue	168.0	150.8	11
TCE income	130.6	100.4	30
EBITDA	80.4	51.5	56
Net profit after tax	57.3	30.8	86
Basic & diluted EPS (US$ per share)	0.43	0.23	87
Balance Sheet		(Reviewed) 31 March 2015	(Audited) 31 December 2014
		US$ million	US$ million
Cash & cash equivalents		49.1	70.2
Total assets		1,802.7	1,664.1
Total liabilities		669.1	583.1

PERFORMANCE REVIEW: Q1 2015

Operating revenue was US$168.0 million in Q1 2015 (US$150.8 million in Q1 2014). TCE income increased to US$130.6 million from US$100.4 million, mainly attributable to improved TCE earnings, resulting from improved freight rates, continued strong utilisation and increased fleet size, especially in the VLGC segment. These factors resulted in an increase in TCE income of US$25.4 million and US$4.8 million in the VLGC and LGC segment respectively. The newbuild vessels, BW Carina and BW Gemini were deployed in the Group's contract portfolio upon their deliveries.

Charter hire expenses marginally decreased to US$23.9 million in Q1 2015 (US$24.2 million in Q1 2014) due to lesser charter-in vessels. Other operating expenses increased to US$26.5 million (US$25.5 million in Q1 2014) attributable to an overall larger fleet size.

EBITDA was US$80.4 million in Q1 2015 (US$51.5 million in Q1 2014) mainly as a result of improved TCE, which was partially offset by the net increases in charter hire expense and other operating expenses.

Net finance expense increased to US$4.3 million in Q1 2015 (US$3.8 million in Q1 2014).

Market values of vessels have remained stable as at 31 March 2015 as compared to 31 December 2014.

The Group reported a net profit after tax of US$57.3 million in Q1 2015 (US$30.8 million in Q1 2014).

BALANCE SHEET

As at 31 March 2015, total assets amounted to US$1,802.7 million (31 December 2014: US$1,664.1 million) of which US$1,631.0 million (31 December 2014: US$1,472.4 million) represented the carrying value of the Group's vessels (including dry docking) and vessels under construction as follows:

	As at 31 March 2015		
	VLGC	LGC	Total
	US$ million	US$ million	US$ million
Vessels (including dry-dock)	1,367.9	153.8	1,521.7
Vessels under construction	109.3	-	109.3
	1,477.2	153.8	1,631.0

Cash and cash equivalents amounted to US$49.1 million as at 31 March 2015 (31 December 2014: US$70.2 million). Cash flows from operating activities generated a net cash surplus of US$62.8 million in Q1 2015. Together with available cash and cash equivalents brought forward and net proceeds of drawdowns from available facilities, cash flows from operating activities were principally utilised for instalment payments for newbuilds and repayment of bank borrowings and interest payments.

As at 31 March 2015, the Group's remaining committed contracts with Hyundai Heavy Industries Co. Ltd. ("HHI") for the construction of remaining five contracts amounted to US$271.5 million. These commitments will be covered by the undrawn facility under the Facility Agreement entered into in February 2015 and cash from operations.

MARKET OUTLOOK

Since late 2014, despite the market experiencing a rapid reduction in oil prices, the natural gas liquids (NGL) export market has continued to grow.

Export projections from producers and midstream continue to indicate positive growth in exports. Although the rig count is reducing, production efficiencies have improved substantially enabling continued production growth. Investments in pipelines and export terminal capacity have continued at anticipated levels, so the supply-side for LPG exports remains positive. Demand has continued to grow strongly on both the retail and industrial fronts.

On the back of this continued export growth, Q1 2015 delivered the strongest chartering market ever experienced. With continued growth in supply and demand and relatively few new asset deliveries, there is reason to anticipate continued market strength through 2015.

The expectation for 2016 is continued positive development in demand. There is some degree of risk to US LPG production if oil prices remain low, albeit so far there has been little to no negative impact on availability of LPG to meet export demand. The increasing rate of VLGC newbuild deliveries is likely to result in some degree of retracement in charter rates from the relative highs experienced in 2014 and 2015.

Beyond 2016, the LPG export market is anticipated to continue growing for some years, with supply of US export LPG, global LPG import demand, and incremental newbuild ordering all having the potential to significantly impact the charter rate environment.

The Group's balance sheet remains strong and the Company holds a good balance of mid-to-long term contracts with some of the industry's leading oil producers and traders, providing a sound platform to benefit from strong rates and to deliver solid shareholder returns.

Report on review of condensed consolidated interim financial information to the shareholders of BW LPG Limited and its subsidiaries

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of BW LPG Limited (the "Company") and its subsidiaries (the "Group") as at 31 March 2015 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period from 1 January 2015 to 31 March 2015 that are set out on page 6 to 24. 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 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 19 May 2015

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	(Reviewed) Q1 2015 US$'000	(Reviewed) Q1 2014 US$'000
Revenue		167,996	150,760
Voyage expenses		(37,424)	(50,369)
TCE income #		130,572	100,391
Other operating income		253	835
Charter hire expense		(23,879)	(24,249)
Other operating expenses		(26,522)	(25,452)
Operating profit before depreciation, amortisation and impairment (EBITDA)		80,424	51,525
Amortisation charge	3	(1,228)	(1,228)
Depreciation charge	4	(17,383)	(15,675)
Operating profit		61,813	34,622
Foreign currency exchange (loss)/gain - net		(61)	6
Interest income		23	41
Interest expense		(2,756)	(2,859)
Derivative loss		(946)	(362)
Other finance expense		(605)	(672)
Finance expense – net		(4,345)	(3,846)
Profit before tax for the financial period		57,468	30,776
Income tax expense		(200)	(23)
Profit after tax for the financial period		57,268	30,753

"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.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	(Reviewed) Q1 2015 US$'000	(Reviewed) Q1 2014 US$'000
Other comprehensive income:			
Items that may be subsequently reclassified to income statement			
- Fair value (losses)/gains		(4,089)	288
- Reclassification to profit or loss		287	-
Other comprehensive (loss)/income, net of tax		(3,802)	288
Total comprehensive income for the financial period		53,466	31,041
Profit attributable to:			
Equity holders of the Company		56,906	30,634
Non-controlling interests		362	119
		57,268	30,753
Total comprehensive income attributable to:			
Equity holders of the Company		53,104	30,922
Non-controlling interests		362	119
		53,466	31,041
Earnings per share attributable to the equity holders of the Company (expressed in US$ per share)			
Basic and diluted earnings per share		0.43	0.23

CONSOLIDATED BALANCE SHEET

	Note	(Reviewed) 31 March 2015 US$'000	(Audited) 31 December 2014 US$'000
Charter-hire contracts acquired	3	16,153	17,381
Intangible asset		16,153	17,381
Derivative financial instruments	5	258	681
Vessels	4	1,483,679	1,282,424
Vessels under construction	4	109,263	153,838
Dry docking	4	38,073	36,173
Furniture and fixtures	4	466	497
Total property, plant and equipment		1,631,481	1,472,932
Total non-current assets		1,647,892	1,490,994
Inventories		11,164	15,629
Trade and other receivables		94,575	87,177
Derivative financial instruments	5	-	19
Cash and cash equivalents		49,085	70,245
Total current assets		154,824	173,070
Total assets		1,802,716	1,664,064
Share capital	6	1,363	1,363
Share premium		269,103	269,103
Treasury shares	7	(22,445)	(22,445)
Contributed surplus		685,913	685,913
Other reserves		(47,079)	(43,286)
Retained earnings		237,653	180,747
		1,124,508	1,071,395
Non-controlling interests		9,108	9,559
Total shareholders' equity		1,133,616	1,080,954
Borrowings	8	556,996	469,855
Deferred income		620	745
Derivative financial instruments	5	2,312	797
Total non-current liabilities		559,928	471,397
Borrowings	8	68,217	59,579
Deferred income		496	496
Derivative financial instruments	5	3,831	1,709
Current income tax liabilities		874	675
Trade and other payables		35,754	49,254
Total current liabilities		109,172	111,713
Total liabilities		669,100	583,110
Total equity and liabilities		1,802,716	1,664,064

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Reviewed)

	Attributable to equity holders of the Company										
	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserves US$'000	Hedging reserves US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2015	1,363	269,103	(22,445)	685,913	(41,480)	(1,806)	-	180,747	1,071,395	9,559	1,080,954
Profit for the period	-	-	-	-	-	-	-	56,906	56,906	362	57,268
Other comprehensive income for the period	-	-	-	-	-	(3,802)	-	-	(3,802)	-	(3,802)
Total comprehensive income for the period	-	-	-	-	-	(3,802)	-	56,906	53,104	362	53,466
Share-based payment reserve - Value of employee services	-	-	-	-	-	-	9	-	9	-	9
Payment to non-controlling interests	-	-	-	-	-	-		-	-	(813)	(813)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	9	-	9	(813)	(804)
Balance at 31 March 2015Balance at 31 March 2015	1,363	269,103	(22,445)	685,913	(41,480)	(5,608)	9	237,653	1,124,508	9,108	1,133,616

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(Reviewed)

	Attributable to equity holders of the Company									
	Share capital US$'000	Share premium US$'000	Contributed surplus US$'000	Capital reserves US$'000	Hedging reserves US$'000	Share-based payment reserve US$'000	Retained earning US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2014	1,363	268,987	685,913	(41,480)	-	13	50,203	964,999	9,730	974,729
Profit for the period	-	-	-	-	-	-	30,634	30,634	119	30,753
Other comprehensive income for the period	-	-	-	-	288	-	-	288	-	288
Total comprehensive income for the period	-	-	-	-	288	-	30,634	30,922	119	31,041
Share-based payment reserve										
- Value of employee services	-	-	-	-	-	29	-	29	-	29
Total transactions with owners, recognised directly in equity	-	-	-	-	-	29	-	29	-	29
Balance at 31 March 2014	1,363	268,987	685,913	(41,480)	288	42	80,837	995,950	9,849	1,005,799

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)
(Reviewed)

	Attributable to equity holders of the Company										
	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserves US$'000	Hedging reserves US$'000	Share-based Payment reserve US$'000	Retained earning US$'000	Total US$'000	Non-Controlling interests US$'000	Total equity US$'000
Balance at 31 March 2014	1,363	268,987	-	685,913	(41,480)	288	42	80,837	995,950	9,849	1,005,799
Profit for the period	-	-	-	-	-	-	-	223,936	223,936	980	224,916
Other comprehensive income for the period	-	-	-	-	-	(2,094)	-	-	(2,094)	-	(2,094)
Total comprehensive income for the period	-	-	-	-	-	(2,094)	-	223,936	221,842	980	222,822
Share-based payment reserve											
- Value of employee services	-	-	-	-	-	-	74	-	74	-	74
Issue of new shares	-	116	-	-	-	-	(116)	-	-	-	-
Purchase of treasury shares	-	-	(22,445)	-	-	-	-	-	(22,445)	-	(22,445)
Payment to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,270)	(1,270)
Dividend paid	-	-	-	-	-	-	-	(124,026)	(124,026)	-	(124,026)
Total transactions with owners, recognised directly in equity	-	116	(22,445)	-	-	-	(42)	(124,026)	(146,397)	(1,270)	(147,667)
Balance at 31 December 2014	1,363	269,103	(22,445)	685,913	(41,480)	(1,806)	-	180,747	1,071,395	9,559	1,080,954

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

	(Reviewed) Q1 2015 US$'000	(Reviewed) Q1 2014 US$'000
Cash flows from operating activities		
Profit before tax for the financial period/year	57,468	30,776
Adjustments for:		
- amortisation charge	1,228	1,228
- amortisation of deferred income	(125)	(124)
- depreciation charge	17,383	15,675
- derivative loss	277	336
- interest income	(23)	(41)
- interest expense	2,756	2,859
- other finance expense	549	-
- share-based payments	9	29
Operating cash flow before working capital changes	79,522	50,738
Changes in working capital:		
- inventories	4,465	(3,235)
- trade and other receivables	(7,400)	18,615
- trade and other payables	(13,788)	2,880
Cash generated from operations	62,799	68,998
Taxes paid	-	-
Net cash provided by operating activities	62,799	68,998
Cash flow from investing activities		
Purchases of property, plant and equipment	(175,082)	(39,362)
Interest paid (capitalised interest expense)	(592)	(479)
Interest received	23	41
Net cash used in investing activities	(175,651)	(39,800)
Cash flows from financing activities		
Proceeds from borrowings	187,316	-
Payment of financing fee	(3,928)	-
Repayments of bank borrowings	(87,500)	(62,500)
Repayment of finance lease	(793)	(3,338)
Interest paid	(2,330)	(2,699)
Dividend paid	-	-
Finance expense paid	(260)	(268)
Purchase of treasury shares	-	-
Payment to non-controlling interests	(813)	-
Net cash provided by/(used in) financing activities	91,692	(68,805)
Net decrease in cash and cash equivalents	(21,160)	(39,607)
Cash and cash equivalents at beginning of the financial period/year	70,245	110,907
Cash and cash equivalents at end of the financial period/year	49,085	71,300

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 incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, 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 19 May 2015.

2. Significant accounting policies

(a) Basis of preparation

The condensed consolidated interim financial information for the first quarter ended 31 March 2015 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 2014, 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 2014.

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 2016 or later periods. The Group does not anticipate the adoption of these changes to have a material impact on the condensed interim financial information.

Critical accounting estimates and assumptions

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 expense. 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 2014.

3. Intangible assets

	Charter hire contracts acquired US$'000
At 1 January 2015	17,381
Amortisation charge	(1,228)
At 31 March 2015	16,153
At 1 January 2014	22,291
Amortisation charge	(1,228)
At 31 March 2014	21,063
Amortisation charge	(3,682)
At 31 December 2014	17,381

4. Property, plant and equipment

	Vessels US$'000	Dry docking US$'000	Vessels under construction US$'000	Furniture and fixtures US$'000	Total US$'000
Cost					
At 1 January 2015	1,523,570	53,223	153,838	620	1,731,251
Additions	71,463	678	103,791	-	175,932
Transfer in/(out)	143,866	4,500	(148,366)	-	-
At 31 March 2015	1,738,899	58,401	109,263	620	1,907,183
Accumulated depreciation and impairment charge					
At 1 January 2015	241,146	17,050	-	123	258,319
Depreciation charge	14,074	3,278	-	31	17,383
At 31 March 2015	255,220	20,328	-	154	275,702
Net book value					
At 31 March 2015	1,483,679	38,073	109,263	466	1,631,481

4. Property, plant and equipment (CONTINUED)

	Vessels US$'000	Dry docking US$'000	Vessels under construction US$'000	Furniture and fixtures US$'000	Total US$'000
Cost					
At 1 January 2014	1,449,082	41,260	65,241	316	1,555,899
Additions	-	1,741	37,793	307	39,841
Write-off on completion of drydocking costs	-	(634)	-	-	(634)
At 31 March 2014	1,449,082	42,367	103,034	623	1,595,106
Additions	1,907	15,881	126,150	(3)	143,935
Transfer in/(out)	72,581	2,765	(75,346)	-	-
Write-off on completion of drydocking costs	-	(7,790)	-	-	(7,790)
At 31 December 2014	1,523,570	53,223	153,838	620	1,731,251
Accumulated depreciation and impairment charge					
At 1 January 2014	187,792	12,824	-	-	200,616
Depreciation charge	13,090	2,585	-	-	15,675
Write-off on completion of drydocking costs	-	(634)	-	-	(634)
At 31 March 2014	200,882	14,775	-	-	215,657
Depreciation charge	40,264	10,065	-	123	50,452
Write-off on completion of drydocking costs	-	(7,790)	-	-	(7,790)
At 31 December 2014	241,146	17,050	-	123	258,319
Net book value					
At 31 March 2014	1,248,200	27,592	103,034	623	1,379,449
At 31 December 2014	1,282,424	36,173	153,838	497	1,472,932

(a) The Group has mortgaged certain vessels with an aggregate carrying amount of US$1,271.4 million at 31 March 2015 (31 December 2014: US$1,058.7 million) as security for bank borrowings amounting to US$616.5 million (31 December 2014: US$519.9 million) (Note 8).

(b) For Q1 2015, interest amounting to US$0.9 million (Q1 2014: US$ 0.5 million) has been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.1% (2014: 2.1%) per annum.

5. Derivative financial instruments

	(Reviewed) 31 March 2015		(Audited) 31 December 2014	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Interest rate swaps	258	(5,866)	700	(2,506)
Bunker swap	-	(277)	-	-
	258	(6,143)	700	(2,506)

The above interest rate swaps comprise of 16 forward-start contracts that expire on 25 February 2019:

(i) With notional amounts totalling US$218.8 million which commenced on 25 February 2015; and
(ii) With notional amounts totalling US$193.8 million which commence on 25 February 2016.

The notional amounts decrease quarterly from the commencement date.

Interest rate swaps are transacted to hedge interest rate risk on bank borrowings and cash flow hedge accounting has been adopted by the Group for these contracts. After taking into account the effects of these contracts, the Group effectively pays fixed interest rates ranging from 1.7% per annum to 2.2% per annum and receives a variable rate equal to US$ three-month LIBOR. Hedge accounting is adopted by the Group for these contracts.

Bunker swaps are transacted to hedge bunker price risks. The Group did not adopt hedge accounting for these contracts.

6. Share capital

As at 31 March 2015, the Company's share capital comprises 136,291,455 (31 December 2014: 136,291,455) fully paid common shares with a par value of US$0.01 per share, amounting to a total of US$1,362,764 (31 December 2014: US$1,362,764).

7. Treasury shares

Pursuant to a share buy-back programme announced by the Company on 3 December 2014, a total of 3,400,000 shares were purchased at an average price of NOK47.74 per share for an aggregate consideration of NOK162.3 million (US$22.4 million) between 3 December to 22 December 2014.

8. Borrowings

	(Reviewed) 31 March 2015 US$'000	(Audited) 31 December 2014 US$'000
Non-current		
Bank borrowings	556,996	469,855
	556,996	469,855
Current		
Finance lease liabilities	8,763	9,556
Interest payable	1,463	1,072
Bank borrowings	57,991	48,951
	68,217	59,579
Total borrowings	625,213	529,434

Movements in borrowings are analysed as follows:

	US$'000
Balance as at 1 January 2015	529,434
Proceeds from bank borrowings	187,316
Financing fees	(3,928)
Interest expense	2,756
Interest capitalised	850
Less: Interest paid	(2,922)
Less: Principal repayments	(88,293)
Balance as at 31 March 2015	625,213
Balance as at 1 January 2014	608,589
Interest expense	2,859
Interest capitalised	479
Less: Interest paid	(3,178)
Less: Principal repayments	(65,838)
Balance as at 31 March 2014	542,911
Proceeds from bank borrowing	140,000
Interest expense	7,524
Interest capitalised	2,258
Less: Interest paid	(8,901)
Less: Principal repayments	(154,358)
Balance as at 31 December 2014	529,434

8. Borrowings (Continued)

On 17 February 2015, the Group signed a Facility Agreement with Export-Import Bank of Korea, DNB Asia Limited and Skandinaviska Enskilda Banken AB (Publ), Singapore Branch for a debt facility of up to US$400 million to provide post-delivery financing for seven VLGC newbuilds. As at 31 March 2015, US$177.3 million has been drawn down.

Total bank borrowings of the Group as at 31 March 2015 of US$616.5 million (31 December 2014: US$519.9 million) are secured by mortgages over certain vessels of the Group (Note 4). In addition, the Company has provided two corporate guarantees to DNB Asia Ltd for the facilities granted to a subsidiary from two groups of lenders.

Finance lease liabilities of the Group as at 31 March 2015 of US$8.8 million (31 December 2014: US$9.6 million) are secured by the rights to one leased vessel which would revert to the lessor in the event of default by the Group (Note 4).

The carrying amounts of current and non-current borrowings approximate their fair values.

9. 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

	(Reviewed) Q1 2015 US$'000	(Audited) Q1 2014 US$'000
Support service fees charged by related parties*	678	1,439
Ship management fees charged by related parties*	1,953	1,991
Derivative loss reimbursement to a shareholder for a financial instrument entered on behalf of the Group	-	362

	(Reviewed) 31 March 2015 US$'000	(Audited) 31 December 2014 US$'000
Trade and other payables		
- Related parties*	(1,868)	(954)
Other receivables		
- Related parties*	8,174	-

* "Related parties" refers to corporations controlled by one of the Company's shareholders.

9. Related party transactions (Continued)

(b) Key management's remuneration

	Q1 2015 US$'000	Q1 2014 US$'000
Salaries and other short term employee benefits	460	379
Post-employment benefits – contributions to defined contribution plans	19	14
Share-based payment	-	29
Directors' fees	124	87
	603	509

10. Commitments

(a) Capital commitments

In 2013 and 2014, the Group entered into shipbuilding contracts for the construction of eight VLGCs. BW Aries was delivered in 2014, BW Carina and BW Gemini were delivered in Q1 2015 and the remaining five are to be delivered within the next 12 months.

The total cost of the remaining five VLGCs amounted to US$375.4 million. As at 31 March 2015, the Group had paid US$103.9 million in instalments and these payments are capitalised and included in "vessels under construction". Capital commitments contracted for these five VLGCs at the balance sheet date but not recognised in the consolidated financial information as at balance sheet date are as follows:

	31 March 2015 US$'000	31 December 2014 US$'000
Vessels under construction	271,460	368,824

Undrawn commitments under the Facility Agreement (Note 8) along with cash flows from operations will be utilised to fund the remaining instalments for the five newbuilds.

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

The Group leases 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 reporting date but not recognised as receivables, are as follows:

	31 March 2015 US$'000	31 December 2014 US$'000
Not later than one year	104,676	130,556
Later than one year but not later than five years	104,695	120,583
	209,371	251,139

10. Commitments (Continued)

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

The Group leases 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 reporting date but not recognised as liabilities, are as follows:

	31 March 2015 US$000	31 December 2014 US$'000
Not later than one year	77,323	93,602
Later than one year but not later than five years	193,333	289,386
Later than five years	159,405	208,413
	430,061	591,401

11. Financial risk management

The Group's activities expose it to a variety of financial risks; market risks (including currency risk and interest rate risk); credit risk; and liquidity risk. 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 statements do 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 2014. There have been no major changes in any risk management policies, processes and persons managing this since the 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 forward-start interest rate swaps to swap floating interest rates to fixed interest rates for certain portion of the bank borrowings (Note 5). If USD interest rates increase/decrease by 50 basis points (2014: 50 basis points) with all other variables including tax rate being held constant, the profit after tax in Q1 2015 will be lower/higher by approximately US$0.6 million (Q1 2014: US$0.7 million) as a result of higher/lower interest expense on these borrowings; total comprehensive income will be higher/lower by approximately US$6.1 million (Q1 2014: US$ nil).

11. Financial risk management (Continued)

(b) Financial instruments by category

The aggregate carrying amounts of loans and receivables, financial derivative assets and financial liabilities at amortised cost are as follows:

	31 March 2015 US$'000	31 December 2014 US$'000
Loans and receivables	133,903	145,804
Financial derivative instruments - net	5,885	1,806
Financial liabilities at amortised cost	655,469	570,748

(c) Fair value measurements

Financial assets and liabilities are measured at fair value and classified by level of the following fair value measurement hierarchy:

(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 (ie as prices) or indirectly (ie derived from prices) (Level2); and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Group's financial derivative instruments, measured at fair value are within Level 2 of the fair value hierarchy (Note 5). The fair value of financial derivative instruments that are not traded in an active market is determined by using valuation techniques. The fair values of interest rate swaps and bunker swaps are calculated as the present value of estimated future cash flows based on observable yield curves.

12. Segment information

Operating segments are determined based on the reports submitted to the Chief Operating Decision Maker (CODM) to make strategic decisions. The CODM is a committee of senior management comprising the Chief Executive Officer and Chief Financial Officer of the Group. Management considers its LPG business to be organised into two main business segments:

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

The business segments are organised and managed according to the size of the LPG vessels.

Management assesses the performance of the operating segments based on operating profit before depreciation, impairment, amortisation, gain or loss on disposal of property, plant and equipment and gain or loss on disposal of subsidiaries ("EBITDA"). This measurement basis excludes the effects of gain or loss on disposal of property, plant and equipment, impairment charges, and gain or loss on disposal of subsidiaries that are not expected to recur regularly in every financial period. Interest income is not allocated to segments, as financing is determined based on an aggregate investment portfolio rather than by segments. Unallocated items include general expenses that are not attributable to any segments.

12. **Segment information** (continued)

The reconciliation of the reports reviewed by the CODM based on EBITDA to the basis as disclosed in this condensed consolidated interim financial information is as follows:

	VLGC	LGC	Total
Q1 2015	US$'000	US$'000	US$'000
Revenue	152,120	15,876	167,996
Voyage expenses	(35,473)	(1,951)	(37,424)
TCE income	116,647	13,925	130,572
EBITDA	74,376	9,490	83,866
Finance expense	(140)	(1)	(141)
Depreciation charge	(13,962)	(3,390)	(17,352)
Amortisation charge	(1,228)	-	(1,228)
	59,046	6,099	65,145
Unallocated items			(7,677)
Profit before income tax			57,468
Segment assets as at 31 March 2015	1,572,419	160,889	1,733,308
Segment assets includes:			
Additions to:			
- vessels	71,463	-	71,463
- vessels under construction	103,791	-	103,791
- dry docking	678	-	678
Segment liabilities as at 31 March 2015	643,593	3,057	646,650

12. **Segment information** (continued)

Q1 2014	VLGC US$'000	LGC US$'000	Total US$'000
Revenue	138,927	11,833	150,760
Voyage expenses	(47,701)	(2,668)	(50,369)
TCE income	91,226	9,165	100,391
EBITDA	49,776	4,933	54,709
Finance expense	(321)	(3)	(324)
Depreciation charge	(12,723)	(2,952)	(15,675)
Amortisation charge	(1,228)	-	(1,228)
	35,504	1,978	37,482
Unallocated items			(6,706)
Profit before income tax			30,776
Segment assets as at 31 March 2014	1,331,523	174,859	1,506,382
Segment assets includes:			
Additions to:			
- vessels under construction	37,793	-	37,793
- dry docking	1,398	343	1,741
Segment liabilities as at 31 March 2014	564,032	(523)	563,509

Reportable segments' assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the condensed consolidated interim financial information. For the purposes of monitoring segment performance and allocating resources between segments, management monitors vessels, dry docking, charter-hire contracts acquired, inventories, trade and other receivables, and intangible assets that can be directly attributable to each segment.

	31 March 2015 US$'000	31 December 2014 US$'000	31 March 2014 US$'000
Segment assets	**1,733,308**	1,576,696	1,506,382
Unallocated items:			
Cash and cash equivalents	**49,085**	70,245	71,300
Derivative financial instruments	**258**	700	315
Other receivables	**19,599**	15,926	20,875
Property, plant and equipment	**466**	497	623
Total assets	**1,802,716**	1,664,064	1,599,495

12. Segment information (continued)

Reportable segments' liabilities

The amounts reported to management with respect to total liabilities are measured in a manner consistent with that of the condensed consolidated interim financial information. These liabilities are allocated based on the operations of the segments. Borrowings and certain trade and other payables are allocated to the reportable segments. All other liabilities are reported as unallocated items.

	31 March 2015 US$'000	31 December 2014 US$'000	31 March 2014 US$'000
Segment liabilities	646,650	560,363	563,509
Unallocated items:			
Derivative financial instruments	6,143	2,506	179
Other payables	15,433	19,566	29,985
Current income tax liabilities	874	675	23
Total liabilities	669,100	583,110	593,696

Geographical information

Non-current assets comprise mainly vessels and related capitalised dry-docking expenses, and 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.

13. Subsequent events

(a) On 10 April 2015, the Group entered into ship building contracts with Daewoo Shipbuilding and Marine Engineering (DSME) for four VLGCs. The four VLGCs are expected to be delivered in the third and fourth quarters of 2016. The costs of these vessels, including interest and other costs, is approximately US$290 million.

(b) A newbuild VLGC, BW Leo was delivered on 27 April 2015.

(c) On 28 April 2015, the Group announced the exercise of a purchase option which became available under the charter on the VLGC, Berge Summit. Aggregate consideration for the transaction is US$8 million, which has been settled from free cash. Including unamortised lease rentals and dry-docking expenses on this vessel, the book value of the vessel when it was delivered into the fleet on 11 May 2015 is approximately US$23 million.