BW LPG Limited

Condensed Consolidated
Interim Financial Information
Q1 2017

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HIGHLIGHTS – Q1 2017

- Time Charter Equivalent ("TCE") earnings were US$94.7 million in Q1 2017, compared with US$136.8 million in Q1 2016.

- VLGC TCE rates averaged US$20,900/day in Q1 2017, compared with US$38,600/day in Q1 2016.

- LGC TCE rates averaged US$11,300/day in Q1 2017, compared with US$31,400/day in Q1 2016.

- EBITDA of US$41.9 million in Q1 2017 compared with EBITDA of US$88.9 million in Q1 2016, mainly due to the decline in LPG spot earnings.

- Profit after tax was US$8.0 million in Q1 2017 compared with US$59.9 million in Q1 2016, primarily due to depressed LPG spot rates.

- With the acquisition of Aurora LPG, the Group added nine VLGCs to its fleet. Effective 19 January 2017, all commercial and technical management of the nine Aurora LPG vessels are handled by the Group.

- VLGC newbuilds, BW Mindoro and BW Messina, the final two of the four VLGCs from Daewoo Shipbuilding and Marine Engineering ("DSME") were delivered on 6 January 2017. Concurrently, BW Messina was sold and leased back to the Group, immediately upon delivery. Both vessels were deployed in the Group's contract portfolio upon delivery.

- BW Havfrost, a LGC vessel, was sold for recycling on 10 January 2017.

- On 24 March 2017, the Group signed a Debt Facility Agreement of US$290 million for the re-financing of six 2016 built ex-Aurora ships with The Export-Import Bank of Korea ("KEXIM") as ECA (Export Credit Agency) lender, with ABN AMRO Bank N.V., Singapore branch and Oversea-Chinese Banking Corporation as Mandated Lead Arrangers. The all-in cost for this financing is LIBOR plus 1.88% per annum, with a 16-year amortisation profile. On 29 March 2017, the loan was fully drawn down.

- At the date of report, the Group has a fleet of 53 vessels, comprising 49 VLGCs and four LGCs. In addition, the Group has two time charter-in VLGC newbuilds that are under construction.

SELECTED KEY FINANCIAL INFORMATION

	(Reviewed) Q1 2017	(Reviewed) Q1 2016	Decrease
Income Statement	**US$ million**	US$ million	%
Revenue	**137.0**	162.6	(15.7)
TCE income	**94.7**	136.8	(30.8)
EBITDA	**41.9**	88.9	(52.9)
Profit after tax (NPAT)	**8.0**	59.9	(86.6)
(US$ per share)			
Basic and diluted EPS	**0.07**	0.44	(84.1)

	(Reviewed) 31 March 2017 US$ million	(Audited) 31 December 2016 US$ million
Balance Sheet		
Cash & cash equivalents	**47.9**	80.6
Total assets	**2,555.0**	2,593.9
Total liabilities	**1,429.7**	1,476.5

PERFORMANCE REVIEW: Q1 2017

Operating revenue was US$137.0 million in Q1 2017 (US$162.6 million in Q1 2016). TCE income decreased to US$94.7 million from US$136.8 million, mainly attributable to the decline in LPG spot rates. These factors resulted in a decrease in TCE income of US$32.0 million and US$10.1 million respectively, in the VLGC and LGC segments.

Charter hire expenses increased to US$19.1 million in Q1 2017 (US$18.4 million in Q1 2016) due to one additional chartered-in vessel. Other operating expenses increased to US$37.2 million in Q1 2017 (US$30.2 million in Q1 2016) due to the overall larger fleet size.

EBITDA decreased to US$41.9 million in Q1 2017 from US$88.9 million in Q1 2016, mainly due to lower TCE income.

Net finance expense increased to US$12.0 million in Q1 2017 (US$5.5 million in Q1 2016), as a result of increased bank borrowings arising from the post-delivery financing of the VLGC newbuilds and take-over of debt relating to the newly acquired Aurora LPG Holding ASA (“Aurora LPG”).

The Group reported a profit after tax of US$8.0 million in Q1 2017 (US$59.9 million in Q1 2016).

BALANCE SHEET

As at 31 March 2017, total assets amounted to US$2,555.0 million (31 December 2016: US$2,593.9 million), of which US$2,384.6 million (31 December 2016: US$2,412.7 million) represented the carrying value of the Group's vessels (including dry docking) and vessels under construction as follows:

	(Reviewed) 31 March 2017		
	VLGC US$ million	LGC US$ million	Total US$ million
Vessels (including dry docking)	2,293.5	91.1	2,384.6

Cash and cash equivalents amounted to US$47.9 million as at 31 March 2017 (31 December 2016: US$80.6 million). Cash flows from operating activities resulted in a net cash utilisation of US$15.3 million in Q1 2017 (Q1 2016 resulted in a net cash generation of US$101.6 million). Together with proceeds from bank borrowings, cash flows from operating activities were principally utilised for instalment payments for newbuilds, repayment of bank borrowings and interest payments as well as a net repayment of a portion of Aurora LPG's borrowings.

As at 31 March 2017, the Group had no unpaid capital commitments, as the last two owned VLGCs under construction were delivered in January 2017 and two new remaining VLGCs under construction are time-chartered-in vessels.

Market

Freight Rates & Global LPG Demand

VLGC rates averaged US$15,800 per day in Q1 2017, or US$29.7 per ton on the benchmark Baltic route. This compares to BW LPG spot performance of US$15,540 per day and total fleet performance of US$20,900 per day. In early Q1, freight rates improved from Q4 2016 following strong U.S. export volumes and wider geographic LPG price spreads.

Seaborne LPG trade grew by 0.5% in Q1 2017 compared to Q1 2016, led by import growth of 40%, 21% and 9% in India, Korea and China, respectively. U.S. seaborne LPG export volumes continue to grow, standing at approximately 8.1m tonnes in Q1 2017, compared to 6.4m tonnes in Q1 2016. Middle Eastern LPG export volumes declined by 5% yoy to 8.8m tonnes following the November 2016 OPEC production cuts.

U.S. LPG Production & Consumption

U.S. LPG production declined by 1.2% yoy in Q1 2017 while domestic U.S. consumption declined by 4.5%. For 2017, the EIA expects net U.S. LPG exports of 26.1m tonnes while production is forecast to grow by 3.2% to 78.6m tonnes and domestic consumption to decline to 53.5m tonnes from 53.9m tonnes. The EIA now shows its 2018 forecast for LPG production growth at 4.8% and domestic consumption growth of 1.6%. Net exports are forecast to grow by 4.5% in 2018, reaching 27.2m tonnes.

VLGC Fleet Growth

The global VLGC fleet grew by five vessels in Q1 2017, while one vessel was scrapped and no new orders were placed. A further 21 vessels are set for delivery in 2017, declining to five in 2018, six in 2019 and two in 2020.

Q1 2017

In January and February, robust U.S. LPG exports led to substantial inventory drawdowns and historically high U.S. LPG pricing. This drove arbitrage economics into negative territory and led to a deterioration of freight back down to near opex levels in the middle of the quarter. In the Middle East, OPEC production cuts, agreed at the November 2016 meeting, reduced the volume of LPG cargoes available for export, and raised FOB pricing higher than delivered prices in Asia.

March demonstrated the U.S. market's predominance in its effect on rates. The Baltic reacted quickly to strong arbitrage economics from U.S. volumes going East, supported by large cash premiums to Asia paper and strong butane demand in India. However, rates rapidly eased again in April as the arbitrage closed and buying interest slowed, causing several cargo cancellations and leaving multiple butane cargoes unsold in the East.

Outlook

Our short-term outlook remains cautious as we enter the summer months, with continued cargo tightness in the Middle East, high U.S. domestic LPG prices and significant newbuilding deliveries for rest of year 2017. This will maintain downward pressure on rates. Low U.S. inventory levels will continue to prop up domestic LPG prices, until confidence returns that U.S. inventories have built sufficiently for the typical winter season heating demand.

We maintain our view that renewed U.S. LPG production is the key to reopening global price spreads and a more sustained rebound in freight. With the NGL content per barrel of oil on an upward trajectory in the major U.S. shale basins, we are led to believe that the growth of LPG production can potentially outpace the growth rate of crude oil on a comparative basis.

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 2017.

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 2017 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period from 1 January 2017 to 31 March 2017 that are set out on page 8 to 28. 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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 May 2017

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	(Reviewed) Q1 2017 US$'000	(Reviewed) Q1 2016 US$'000
Revenue		136,975	162,581
Voyage expenses		(42,302)	(25,736)
TCE income#		94,673	136,845
Other operating income		3,519	682
Charter hire expenses		(19,103)	(18,433)
Other operating expenses		(37,193)	(30,172)
Operating profit before depreciation, amortisation and impairment (EBITDA)		41,896	88,922
Amortisation charge	3	(1,228)	(1,228)
Depreciation charge	5	(28,034)	(22,077)
		12,634	65,617
Gain on disposal of vessels		7,376	-
		7,376	-
Operating profit (EBIT)		20,010	65,617
Foreign currency exchange gain - net		191	286
Interest income		102	59
Interest expense		(11,831)	(5,118)
Derivative loss - net		-	(121)
Other finance expense		(446)	(590)
Finance expense – net		(11,984)	(5,484)
Profit before tax for the financial period		8,026	60,133
Income tax expense		(60)	(200)
Profit after tax for the financial period (NPAT)		7,966	59,933

"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)

	(Reviewed) Q1 2017 US$'000	(Reviewed) Q1 2016 US$'000
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Available-for-sale financial assets		
- fair value losses, net	-	(9,046)
Cash flow hedges		
- fair value losses	(149)	(8,135)
- reclassification to profit or loss	1,210	470
Other comprehensive income/(loss), net of tax	1,061	(16,711)
Total comprehensive income for the financial period	9,027	43,222
Profit attributable to:		
Equity holders of the Company	10,180	59,369
Non-controlling interests	(2,214)	564
	7,966	59,933
Total comprehensive income attributable to:		
Equity holders of the Company	11,241	42,658
Non-controlling interests	(2,214)	564
	9,027	43,222
Earnings per share attributable to the equity holders of the Company		
(expressed in US$ per share)		
Basic/Diluted earnings per share	0.07	0.44

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

CONSOLIDATED BALANCE SHEET

	Note	(Reviewed) 31 March 2017 US$'000	(Audited) 31 December 2016 US$'000
Charter hire contracts acquired	3	6,333	7,561
Intangible assets		6,333	7,561
Derivative financial instruments	4	5,683	7,695
Vessels	5	2,326,046	2,278,309
Vessels under construction	5	-	74,061
Dry docking	5	58,510	60,350
Furniture and fixtures	5	260	274
Total property, plant and equipment		2,384,816	2,412,994
Total non-current assets		2,396,832	2,428,250
Inventories		19,929	12,687
Trade and other receivables		89,347	67,577
Derivative financial instruments	4	958	539
Asset held-for-sale	6	-	4,245
Cash and cash equivalents	7	47,901	80,563
Total current assets		158,135	165,611
Total assets		2,554,967	2,593,861
Share capital	8	1,419	1,419
Share premium		289,812	289,812
Treasury shares	9	(436)	(457)
Contributed surplus		685,913	685,913
Other reserves		(32,928)	(33,980)
Retained earnings		177,806	167,626
		1,121,586	1,110,333
Non-controlling interests		3,723	7,043
Total shareholders' equity		1,125,309	1,117,376
Borrowings	10	1,168,253	979,590
Derivative financial instruments	4	1,770	389
Total non-current liabilities		1,170,023	979,979
Borrowings	10	226,872	431,245
Deferred income		124	248
Derivative financial instruments	4	1,386	5,306
Current income tax liabilities		336	188
Trade and other payables		30,917	59,519
Total current liabilities		259,635	496,506
Total liabilities		1,429,658	1,476,485
Total equity and liabilities		2,554,967	2,593,861

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

CONSOLIDATED 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$'000	Fair value reserves US$'000	Hedging reserves US$'000	Share-based payment reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
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	-	-	21	-	-	-	-	(9)	-	12	-	12
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											
	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserves US$'000	Fair value reserves US$'000	Hedging reserves US$'000	Share-based payment reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2016	1,363	269,103	(457)	685,913	(36,259)	(2,625)	(4,281)	35	248,238	1,161,030	9,689	1,170,719
Profit for the financial period	-	-	-	-	-	-	-	-	59,369	59,369	564	59,933
Other comprehensive loss for the financial period	-	-	-	-	-	(9,046)	(7,665)	-	-	(16,711)	-	(16,711)
Total comprehensive (loss)/income for the financial period	-	-	-	-	-	(9,046)	(7,665)	-	59,369	42,658	564	43,222
Share-based payment reserves - Value of employee services	-	-	-	-	-	-	-	8	-	8	-	8
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(727)	(727)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	8	-	8	(727)	(719)
Balance at 31 March 2016	1,363	269,103	(457)	685,913	(36,259)	(11,671)	(11,946)	43	307,607	1,203,696	9,526	1,213,222

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											
	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserves US$'000	Fair value reserves US$'000	Hedging reserves US$'000	Share-based payment reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 April 2016	1,363	269,103	(457)	685,913	(36,259)	(11,671)	(11,946)	43	307,607	1,203,696	9,526	1,213,222
Loss for the financial period	-	-	-	-	-	-	-	-	(35,090)	(35,090)	(1,211)	(36,301)
Other comprehensive income for the financial period	-	-	-	-	-	11,671	14,069	-	-	25,740	-	25,740
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	11,671	14,069	-	(35,090)	(9,350)	(1,211)	(10,561)
Share-based payment reserves - Value of employee services	-	-	-	-	-	-	-	113	-	113	-	113
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,272)	(1,272)
Dividends paid	-	-	-	-	-	-	-	-	(104,891)	(104,891)	-	(104,891)
Issue of new common shares	56	20,714	-	-	-	-	-	-	-	20,770	-	20,770
Share issue expenses	-	(5)	-	-	-	-	-	-	-	(5)	-	(5)
Total transactions with owners, recognised directly in equity	56	20,709	-	-	-	-	-	113	(104,891)	(84,013)	(1,272)	(85,285)
Balance at 31 December 2016	1,419	289,812	(457)	685,913	(36,259)	-	2,123	156	167,626	1,110,333	7,043	1,117,376

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

	(Reviewed) Q1 2017 US$'000	(Reviewed) Q1 2016 US$'000
Cash flows from operating activities		
Profit before tax for the financial period	8,026	60,133
Adjustments for:		
- amortisation charge	1,228	1,228
- amortisation of deferred income	(124)	(124)
- depreciation charge	28,034	22,077
- derivative loss/(gain)	115	(501)
- gain on disposal of vessels	(7,376)	-
- interest income	(102)	(59)
- interest expense	11,831	5,118
- other finance expense	385	528
- share-based payments	12	8
Operating cash flow before working capital changes	42,029	88,408
Changes in working capital:		
- inventories	(7,242)	923
- trade and other receivables	(21,770)	25,104
- trade and other payables	(28,325)	(12,804)
Net cash (used in)/provided by operating activities	(15,308)	101,631
Cash flow from investing activities		
Purchases of property, plant and equipment	(70,525)	(32,121)
Proceeds from sale of vessels	82,346	-
Interest paid (capitalised interest expense)	-	(566)
Interest received	102	59
Net cash provided by/(used in) in investing activities	11,923	(32,628)

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS (continued)

	Note	(Reviewed) Q1 2017 US$'000	(Reviewed) Q1 2016 US$'000
Cash flows from financing activities			
Proceeds from bank borrowings		439,704	10,000
Payment of financing fees		(2,789)	(217)
Repayments of bank borrowings		(450,104)	(94,248)
Interest paid		(10,461)	(4,251)
Other finance expense paid		(574)	(436)
Redemption of floating rate notes		(507)	-
Purchase of floating rate notes		(3,440)	-
Distributions to non-controlling interests		(1,106)	(727)
Net cash used in financing activities		(29,277)	(89,879)
Net decrease in cash and cash equivalents		(32,662)	(20,876)
Cash and cash equivalents at beginning of the financial period	7	80,563	93,784
Cash and cash equivalents at end of the financial period	7	47,901	72,908

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 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 28 May 2017.

2. Significant accounting policies

Basis of preparation

The Condensed Consolidated Interim Financial Information for the first quarter ended 31 March 2017 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 2016, 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 2016.

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 2018 or later periods. Except for IFRS 16 Leases, 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 (note12(c)) and a corresponding right-of-use asset on its balance sheet on the adoption of IFRS 16.

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.

2. Significant accounting policies (continued)

Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

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 2016 except for the estimation of demurrage income.

Demurrage income is assessed at a percentage of total estimated claims issued to customers. This estimated rate was revised as at 1 January 2017. The change in this estimate will increase demurrage income recognised from 1 January 2017 onwards. The effect of the change is not material for the Condensed Consolidated Interim Financial Information for the current period.

3. Intangible assets

	Charter hire contracts acquired US$'000
(Reviewed)	
At 1 January 2017	7,561
Amortisation charge	(1,228)
At 31 March 2017	6,333
(Audited)	
At 1 January 2016	12,471
Amortisation charge	(1,228)
At 31 March 2016	11,243
Amortisation charge	(3,682)
At 31 December 2016	7,561

4. Derivative financial instruments

	(Reviewed) 31 March 2017		(Audited) 31 December 2016	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Interest rate swaps	6,340	(3,156)	7,695	(5,572)
Bunker swap	263	-	539	-
Forward foreign exchange contracts	38	-	-	(123)
	6,641	(3,156)	8,234	(5,695)

4. Derivative financial instruments (continued)

As at 31 March 2017, the Group had interest rate swaps with total notional principal amounting to US$661.5 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 2.3% 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 the hedge accounting for these contracts.

5. Property, plant and equipment

(Reviewed)	Vessels	Dry docking	Vessels under construction	Furniture and fixtures	Total
	US$'000	US$'000	US$'000	US$'000	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
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
Net book value					
At 31 March 2017	**2,326,046**	**58,510**	**-**	**260**	**2,384,816**

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

(Reviewed)	Vessels	Dry docking	Vessels under construction	Furniture and fixtures	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost					
At 1 January 2016	1,967,321	68,521	161,762	620	2,198,224
Additions	602	7,610	24,803	-	33,015
Write off on completion of dry docking costs	-	(3,204)	-	-	(3,204)
At 31 March 2016	1,967,923	72,927	186,565	620	2,228,035
Additions	1,983	10,276	187,565	305	200,129
Acquisition of a subsidiary	583,247	14,251	-	-	597,498
Disposals	(55,175)	(1,566)	-	(620)	(57,361)
Transfer on delivery of vessels	291,069	9,000	(300,069)	-	-
Reclassified to asset held-for-sale (note 6)	(65,688)	(3,045)	-	-	(68,733)
Write off on completion of dry docking costs	-	(10,187)	-	-	(10,187)
At 31 December 2016	2,723,359	91,656	74,061	305	2,889,381
Accumulated depreciation and impairment charge					
At 1 January 2016	305,205	28,838	-	247	334,290
Depreciation charge	18,194	3,853	-	30	22,077
Write off on completion of dry docking costs	-	(3,204)	-	-	(3,204)
At 31 March 2016	323,399	29,487	-	277	353,163
Depreciation charge	57,465	14,962	-	62	72,489
Impairment charge	144,147	-	-	-	144,147
Reclassified to asset held-for-sale (note 6)	(61,629)	(2,859)	-	-	(64,488)
Disposals	(18,332)	(97)	-	(308)	(18,737)
Write off on completion of dry docking costs	-	(10,187)	-	-	(10,187)
At 31 December 2016	445,050	31,306	-	31	476,387
Net book value					
At 31 December 2016	2,278,309	60,350	74,061	274	2,412,994

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

(a) Vessels with an aggregate carrying amount of US$2,016.8 million as at 31 March 2017 (31 December 2016: US$2,051.0 million) were secured on borrowings (note 10).

(b) For the period ended 31 March 2017, interest amounting to US$56,000 (Q1 2016: US$0.9 million) had been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.5% (Q1 2016: 2.0%) per annum.

(c) In the period ended 31 March 2017, no impairment charge was recognised. In 2016, the Group recognised an impairment charge of US$144.1 million to write down the carrying amount of certain vessels in the VLGC and LGC segments to their recoverable amounts. 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 fair value less cost to sell was determined 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 spread of values given by the third party valuers was no higher than US$3.0 million per vessel. 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.

6. **Asset held-for-sale**

	(Reviewed) 31 March 2017 US$'000	(Audited) 31 December 2016 US$'000
Vessel	-	4,245

The vessel was sold for recycling in January 2017.

7. **Cash and cash equivalents**

	(Reviewed) 31 March 2017 US$'000	(Audited) 31 December 2016 US$'000
Cash at bank and on hand	47,901	52,989
Short-term bank deposits	-	27,574
	47,901	80,563

8. Share capital

As at 31 March 2017, the Company's share capital comprised of 141,938,998 (31 December 2016: 141,938,998) fully paid common shares with a par value of US$0.01 (31 December 2016: US$0.01) per share.

9. Treasury shares

	No. of shares		Amount	
	(Reviewed) 31 March 2017 '000	(Audited) 31 December 2016 '000	**(Reviewed) 31 March 2017 US$'000**	(Audited) 31 December 2016 US$'000
At beginning of financial period	69	69	457	457
Re-issue of treasury shares	(3)	-	(21)	-
At end of financial period	66	69	436	457

10. Borrowings

	(Reviewed) 31 March 2017 US$'000	(Audited) 31 December 2016 US$'000
Non-current		
Bank borrowings	**1,168,253**	979,590
Current		
Interest payable	**5,793**	4,869
Bank borrowings	**220,043**	421,393
Floating rate notes	**1,036**	4,983
	226,872	431,245
Total borrowings	**1,395,125**	1,410,835

Movements in borrowings are analysed as follows:

	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)
Purchase 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

10. Borrowings (continued)

Movements in borrowings are analysed as follows:

	US$'000
At 1 January 2016	886,997
Proceeds from bank borrowings	10,000
Payment of financing fees	(217)
Interest expense	5,118
Interest capitalised	894
Less: Interest paid	(4,817)
Less: Principal repayments of bank borrowings	(94,248)
At 31 March 2016	803,727
Proceeds from bank borrowings	478,054
Payment of financing fees	(5,827)
Interest expense	22,454
Interest capitalised	2,372
Acquisition of a subsidiary	424,017
Redemption of floating rate notes	(14,755)
Unrealised currency translation gain	(239)
Less: Interest paid	(23,505)
Less: Principal repayments of bank borrowings	(275,463)
At 31 December 2016	1,410,835

Bank borrowings as at 31 March 2017 amounting to US$1,284.2 million (31 December 2016: US$1,286.1 million) are secured by mortgages over certain vessels of the Group (note 5).

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

11. 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 2017 US$'000	(Reviewed) Q1 2016 US$'000
Support service fees charged by related parties*	851	1,526
Ship management fees charged by related parties*	1,105	2,064

	(Reviewed) 31 March 2017 US$'000	(Audited) 31 December 2016 US$'000
Trade and other payables		
- Related parties*	(205)	(186)
Other receivables		
- Related parties*	4,547	5,789

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

(b) Key management's remuneration

	(Reviewed) Q1 2017 US$'000	(Reviewed) Q1 2016 US$'000
Salaries and other short-term employee benefits	933	637
Post-employment benefits - contributions to defined contribution plans, share-based payment and termination benefits	10	90
Directors' fees	124	124
	1,067	851

12. Commitments

(a) Capital commitments

As of 31 March 2017, the Group had no shipbuilding contracts for the construction of newbuilds (at 31 December 2016: the Group had two shipbuilding contracts amounted to US$138.2 million).

(b) 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 2017 US$'000	(Audited) 31 December 2016 US$'000
Not later than one year	88,337	96,846
Later than one year but not later than five years	53,352	69,670
	141,689	166,516

(c) 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 2017 US$'000	(Audited) 31 December 2016 US$'000
Not later than one year	70,500	67,528
Later than one year but not later than five years	212,629	180,708
Later than five years	230,118	192,147
	513,247	440,383

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

13. 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 2016. 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 10). If US$ interest rates increase/decrease by 50 basis points (Q1 2016: 50 basis points) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by approximately US$0.9 million (Q1 2016: US$0.8 million) as a result of higher/lower interest expense on these borrowings; the total comprehensive income will be higher/lower by approximately US$6.6 million (Q1 2016: US$7.4 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. The Company maintains sufficient cash for its daily operations via short-term cash deposit at banks and funding from its subsidiaries.

14. Segment information

The Group has two main operating segments:

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

The operating segments are organised and managed according to the size of the LPG vessels. Management monitors the performance of these operating segments for the purpose of making decisions on resource allocation and performance assessment. This assessment is 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.

14. **Segment information** (continued)

The reconciliation of the reports reviewed by Management based on EBITDA to the basis as disclosed in this Condensed Consolidated Interim Financial Information is as follows:

	VLGC US$'000	LGC US$'000	Total US$'000
(Reviewed) Q1 2017			
Revenue	131,639	5,336	136,975
Voyage expenses	(41,150)	(1,152)	(42,302)
TCE income	90,489	4,184	94,673
EBITDA	44,523	1,345	45,868
Gain on disposal of a vessel	7,376	-	7,376
Finance expense - net	(3)	-	(3)
Depreciation charge	(26,111)	(1,909)	(28,020)
Amortisation charge	(1,228)	-	(1,228)
	24,557	(564)	23,993
Unallocated items			
- others			(15,967)
Profit before tax			8,026
Segment assets as at 31 March 2017	2,387,770	95,678	2,483,448
Segment assets include:			
Additions to:			
- vessels	1,173	-	1,173
- vessels under construction	68,451	-	68,451
- dry docking	934	23	957
Segment liabilities as at 31 March 2017	1,385,098	267	1,385,365

14. Segment information (continued)

	VLGC US$'000	LGC US$'000	Total US$'000
(Reviewed) Q1 2016			
Revenue	145,406	17,175	162,581
Voyage expenses	(22,870)	(2,866)	(25,736)
TCE income	122,536	14,309	136,845
EBITDA	81,779	10,135	91,914
Finance expense - net	(8)	(1)	(9)
Depreciation charge	(18,707)	(3,340)	(22,047)
Amortisation charge	(1,228)	-	(1,228)
	61,836	6,794	68,630
Unallocated items			(8,497)
Profit before tax			60,133
Segment assets as at 31 March 2016	1,802,860	149,814	1,952,674
Segment assets include:			
Additions to:			
- vessels	602	-	602
- vessels under construction	24,803	-	24,803
- dry docking	7,610	-	7,610
Segment liabilities as at 31 March 2016	816,054	2,959	819,013

14. Segment information (continued)

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.

	(Reviewed) 31 March 2017 US$'000	(Audited) 31 December 2016 US$'000	(Reviewed) 31 March 2016 US$'000
Segment assets	**2,483,448**	2,489,011	1,952,674
Unallocated items:			
Cash and cash equivalents	**47,901**	80,563	72,908
Derivative financial instruments	**6,641**	8,234	-
Available-for-sale financial assets	**-**	-	22,626
Other receivables	**16,717**	15,779	14,370
Property, plant and equipment	**260**	274	343
Total assets	**2,554,967**	2,593,861	2,062,921

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.

	(Reviewed) 31 March 2017 US$'000	(Audited) 31 December 2016 US$'000	(Reviewed) 31 March 2016 US$'000
Segment liabilities	**1,385,365**	1,439,788	819,013
Unallocated items:			
Derivative financial instruments	**3,156**	5,695	13,670
Other payables	**40,801**	30,814	15,994
Current income tax liabilities	**336**	188	1,022
Total liabilities	**1,429,658**	1,476,485	849,699

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.