BW LPG Limited

BW LPG

Condensed Consolidated
Interim Financial Information
Q2 2016 and H1 2016

HIGHLIGHTS – Q2 2016 and H1 2016

- Time Charter Equivalent ("TCE") earnings were US$99.4 million in Q2 2016 (US$236.2 million in H1 2016), compared with US$154.7 million in Q2 2015 (US$285.3 million in H1 2015).

- VLGC TCE rates averaged US$28,100/day in Q2 2016 (US$33,300/day in H1 2016), compared with US$46,600/day in Q2 2015 (US$44,000/day in H1 2015).

- LGC TCE rates averaged US$19,800/day in Q2 2016 (US$25,600/day in H1 2016), compared with US$34,900/day in Q2 2015 (US$32,900/day in H1 2015).

- EBITDA of US$52.3 million in Q2 2016 (US$141.3 million in H1 2016) was lower than EBITDA of US$105.8 million in Q2 2015 (US$186.2 million in H1 2015), primarily due to a decline in LPG spot earnings.

- Loss after tax was US$55.6 million in Q2 2016 compared with a profit after tax of US$80.7 million in Q2 2015. For H1 2016, profit after tax was US$4.3 million (US$138.0 million in H1 2015). The loss for the current quarter was mainly due to depressed LPG spot rates and impairment charges on certain vessels and our investment in Aurora LPG of US$55.5 million and US$20.9 million, respectively.

- On average, market values for LPG vessels have fallen by about 20% since the beginning of the year. This reduced the assessed value of our fleet by approximately US$ 430 million, resulting in a US$55.5 million vessel impairment charge through our profit or loss in Q2 2016.

- On 15 April 2016, the Group signed a 12-year debt facility of up to US$220.8 million to provide post-delivery financing for four VLGC newbuilds. The debt has an 18-year amortising profile.

- Two VLGC newbuilds from Hyundai Heavy Industries Co., Ltd ("HHI") were delivered on 20 April 2016 and 11 May 2016, respectively. They were deployed in the Group's contract portfolio upon their deliveries.

- On 27 April 2016, the Group concluded a sale and leaseback agreement for its last VLGC newbuild under construction at Daewoo Shipbuilding and Marine Engineering ("DSME"). Concurrently the Group has also agreed to time charter-in two VLGC newbuilds to be constructed at Mitsubishi Heavy Industries ("MHI") with deliveries expected in 2020.

- At the date of this report, the Group has a fleet of 41 vessels, comprising 36 VLGCs and five LGCs. In addition, the Group has four VLGC newbuilds on order and two time charter-in VLGC newbuilds.

- The Company signed a new US$100.0 million two-year unsecured revolving credit facility with Oversea-Chinese Banking Corporation (OCBC) replacing the current one expiring in October this year.

- The Board has declared an interim cash dividend of US$0.09 per share for H1 2016, amounting to US$12.3 million. The shares will be traded ex-dividend from 26 August 2016. The dividend will be payable on or about 7 September 2016 to shareholders of record on 29 August 2016. This Condensed Consolidated Interim Financial Information does not reflect this interim dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

SELECTED KEY FINANCIAL INFORMATION

	(Reviewed) Q2 2016	(Reviewed) Q2 2015	Decrease	(Reviewed) H1 2016	(Reviewed) H1 2015	Decrease
Income Statement	US$ million	US$ million	%	US$ million	US$ million	%
Revenue	121.8	189.6	(35.8)	284.3	357.6	(20.5)
TCE income	99.4	154.7	(35.7)	236.2	285.3	(17.2)
EBITDA	52.3	105.8	(50.6)	141.3	186.2	(24.1)
(Loss)/Profit after tax (NPAT)	(55.6)	80.7	(168.9)	4.3	138.0	(96.9)
Basic & diluted EPS (US$ per share)	(0.40)	0.61	(165.6)	0.04	1.03	(96.1)

	(Reviewed) 30 June 2016 US$ million	(Audited) 31 December 2015 US$ million
Balance Sheet		
Cash & cash equivalents	55.9	93.8
Total assets	2,095.1	2,109.8
Total liabilities	1,020.0	939.0

PERFORMANCE REVIEW: Q2 2016

Operating revenue was US$121.8 million in Q2 2016 (US$189.6 million in Q2 2015). TCE income decreased to US$99.4 million from US$154.7 million, mainly attributable to a decline in LPG spot rates. These factors resulted in a decrease in TCE income of US$48.5 million and US$6.8 million respectively, in the VLGC and LGC segments.

Charter hire expenses decreased to US$16.3 million in Q2 2016 (US$18.8 million in Q2 2015) due to one fewer charter-in vessel. Other operating expenses increased to US$31.3 million in Q2 2016 (US$30.9 million in Q2 2015) mainly attributable to an overall larger fleet size.

EBITDA decreased to US$52.3 million in Q2 2016 from US$105.8 million, mainly due to lower TCE income.

As at 30 June 2016, the market value of certain vessels were lower than their respective carrying values, resulting in a recognition of an impairment charge of US$55.5 million in Q2 2016.

Net finance expense increased to US$6.6 million in Q2 2016 (US$4.1 million in Q2 2015), primarily due to increased bank borrowings arising from the post-delivery financing for the VLGC newbuilds.

The Group reported a loss after tax of US$55.6 million in Q2 2016 compared to a profit after tax of US$80.7 million in Q2 2015. The loss was mainly due to recognition of an impairment charge on certain vessels and available-for-sale financial assets of US$55.5 million and US$20.9 million respectively.

PERFORMANCE REVIEW: H1 2016

Operating revenue was US$284.3 million in H1 2016 (US$357.6 million in H1 2015). TCE income decreased to US$236.2 million from US$285.3 million, mainly attributable to a decline in LPG spot rates. These factors resulted in a decrease in TCE income of US$42.6 million and US$6.5 million respectively, in the VLGC and LGC segments.

Charter hire expenses decreased to US$34.7 million in H1 2016 (US$42.7 million in H1 2015) due to one fewer charter-in vessel. Other operating expenses increased to US$61.4 million in H1 2016 (US$57.4 million in H1 2015) mainly attributable to an overall larger fleet size.

EBITDA decreased to US$141.3 million in H1 2016 from US$186.2 million, mainly as a result of lower TCE income.

Net finance expense increased to US$12.1 million in H1 2016 (US$8.4 million in H1 2015), primarily due to increased bank borrowings arising from the post-delivery financing for VLGC newbuilds.

The Group reported a profit after tax of US$4.3 million in H1 2016 (US$138.0 million in H1 2015), mainly due to recognition of an impairment charge totalling US$76.4 million on certain vessels and available-for-sale financial assets.

BALANCE SHEET

As at 30 June 2016, total assets amounted to US$2,095.1 million (31 December 2015: US$2,109.8 million), of which US$1,917.0 million (31 December 2015: US$1,863.6 million) represented the carrying value of the Group's vessels (including dry docking) and vessels under construction as follows:

	As at 30 June 2016		
	VLGC US$ million	LGC US$ million	Total US$ million
Vessels (including dry docking)	1,648.2	125.5	1,773.7
Vessels under construction	143.3	-	143.3
	1,791.5	125.5	1,917.0

The above carrying value of the vessels has taken into account an impairment charge of US$55.5 million on certain vessels.

Cash and cash equivalents amounted to US$55.9 million as at 30 June 2016 (31 December 2015: US$93.8 million). Cash flows from operating activities generated a net cash surplus of US$167.3 million in H1 2016. 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 and payment of dividend in respect of FY 2015.

As at 30 June 2016, the Group had unpaid capital commitments of US$135.7 million for the construction of four VLGCs.

MARKET

Freight Rates & Global LPG Demand

VLGC rates averaged US$20,060 per day in the second quarter of 2016, or US$28 per ton on the benchmark Baltic route. Freight rates were adversely impacted in the quarter by narrower geographic LPG price spreads (the maximum freight a charterer would pay in the spot market) and continuing strong fleet growth.

Seaborne LPG trade grew by 5.5% year on year in the second quarter of 2016, led by a 22% increase in Chinese LPG imports and a 16% uptick in Indian import volumes. Growth in Chinese and Indian import demand was offset by declines of 7% and 16% in Japanese and European LPG imports, respectively.

US seaborne LPG export volumes continued to grow to approximately 6.5mt in the second quarter of 2016, a 33% increase from a year ago. Middle Eastern LPG export volumes also grew by 9% on the back of increased Saudi Arabian & Emirati volumes.

US LPG Production & Consumption

US propane production is trending 6% higher this year while domestic US consumption is up by 2% due to higher petrochemical feedstock demand, still leaving ample surplus for exports. The EIA forecasts 2017 US export growth of 4.1mt to 29.8mt, as production is set to climb by 3% and domestic consumption could fall by 3%.

Global VLGC Fleet Growth

The global VLGC fleet grew by 14 vessels or 6% in the second quarter of 2016, while 2 new orders were placed during the quarter. 37 vessels have been delivered so far this year, with another 9 set to enter the fleet in the remainder of 2016 and 25 in 2017.

Outlook

Freight rates currently stand at their lowest level since 2009 as US propane prices have exceeded Asian LPG prices by 50% in 2016, and the VLGC fleet has grown by 34% since Q2 2015. The resumption of exports from the Soyo terminal in Angola in August, the startup of the P66 export terminal in the second half of 2016 and the expansion of the Marcus Hook terminal in mid-2017 is expected to generate incremental VLGC demand in the near to medium term. However, this will be offset by VLGC fleet growth of 30 vessels over the next year while we are also entering the seasonally strong period for US LPG prices in the second half of the year. As such, rates can remain low for the foreseeable future until another bout of strong US export growth and slower fleet growth help rebalance the VLGC market.

RISK FACTORS

The Group's results are largely dependent on the worldwide market for transportation of Liquid Petroleum Gas. 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 two factors: the supply of vessels and the demand for Liquid Petroleum Gas which is dependent on the global economy. 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 for the second half of 2016.

Statements to the Half-Yearly Financial Report and the Interim Management Report

We confirm to the best of our knowledge that the Condensed Consolidated Interim Financial Information for the first half year of 2016 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of BW LPG Limited's consolidated assets, liabilities, financial position and income statement as a whole. We also confirm to the best of our knowledge, that the interim management report includes a fair review of important events that have taken place during the first half year of 2016 and their impact on the Condensed Consolidated Interim Financial Information, and accounts properly for the principal risks and uncertainties for the remaining half year of 2016, as well as major related parties transactions.

24 August 2016

Andreas Sohmen-Pao Chairman	John B Harrison Vice Chairman	Dato' Jude P Benny Director
Andreas Beroutsos Director	Anne Grethe Dalane Director	Carsten Mortensen Director
Anders Onarheim Director		

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BW LPG Limited
Condensed Consolidated Interim Financial Information
Q2 2016 and H1 2016

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 30 June 2016 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period from 1 April 2016 to 30 June 2016, and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the half-year period from 1 January 2016 to 30 June 2016 that are set out on page 8 to 29. 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, 24 August 2016

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(Reviewed)

	Note	Q2 2016 US$'000	Q2 2015 US$'000	H1 2016 US$'000	H1 2015 US$'000
Revenue		121,764	189,644	284,345	357,640
Voyage expenses		(22,396)	(34,931)	(48,132)	(72,355)
TCE income#		99,368	154,713	236,213	285,285
Other operating income		534	701	1,216	954
Charter hire expense		(16,292)	(18,772)	(34,725)	(42,651)
Other operating expenses		(31,269)	(30,865)	(61,441)	(57,388)
Operating profit before depreciation, amortisation and impairment (EBITDA)		52,341	105,777	141,263	186,200
Amortisation charge	3	(1,228)	(1,227)	(2,455)	(2,455)
Depreciation charge	6	(23,707)	(19,644)	(45,784)	(37,027)
Impairment charge on available-for-sale financial assets	5	(20,855)	-	(20,855)	-
Impairment charge on vessels	6	(55,500)	-	(55,500)	-
Operating (loss)/profit (EBIT)		(48,949)	84,906	16,669	146,718
Foreign currency exchange gain/(loss) - net		307	(3)	593	(64)
Interest income		46	32	105	55
Interest expense		(6,290)	(4,248)	(11,408)	(7,004)
Other finance expense		(661)	118	(1,372)	(1,433)
Finance expense – net		(6,598)	(4,101)	(12,082)	(8,446)
(Loss)/Profit before tax for the financial period		(55,547)	80,805	4,587	138,272
Income tax expense		(61)	(116)	(261)	(316)
(Loss)/Profit after tax for the financial period (NPAT)		(55,608)	80,689	4,326	137,956

"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)

	Note	Q2 2016 US$'000	Q2 2015 US$'000	H1 2016 US$'000	H1 2015 US$'000
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Available-for-sale financial assets					
- Fair value losses		(9,184)	-	(18,230)	-
- Reclassification to profit and loss		20,855	-	20,855	-
Cash flow hedges					
- Fair value (losses)/gains		(2,792)	270	(11,319)	(3,819)
- Reclassification to profit and loss		1,195	757	2,057	1,044
Other comprehensive income/(loss), net of tax		10,074	1,027	(6,637)	(2,775)
Total comprehensive (loss)/income for the financial period		(45,534)	81,716	(2,311)	135,181
(Loss)/Profit attributable to:					
Equity holders of the Company		(54,429)	80,468	4,941	137,373
Non-controlling interests		(1,179)	221	(615)	583
		(55,608)	80,689	4,326	137,956
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(44,355)	81,495	(1,696)	134,598
Non-controlling interests		(1,179)	221	(615)	583
		(45,534)	81,716	(2,311)	135,181
Earnings per share attributable to the equity holders of the Company					
(expressed in US$ per share)					
Basic and diluted earnings per share		(0.40)	0.61	0.04	1.03

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

CONSOLIDATED BALANCE SHEET

	Note	(Reviewed) 30 June 2016 US$'000	(Audited) 31 December 2015 US$'000
Charter-hire contracts acquired	3	10,016	12,471
Intangible asset		10,016	12,471
Derivative financial instruments	4	-	601
Available-for-sale financial assets	5	20,863	31,580
Vessels	6	1,723,604	1,662,116
Vessels under construction	6	143,286	161,762
Dry docking	6	50,141	39,683
Furniture and fixtures	6	312	373
Total property, plant and equipment		1,917,343	1,863,934
Total non-current assets		1,948,222	1,908,586
Inventories		10,538	9,072
Trade and other receivables		80,408	98,319
Cash and cash equivalents		55,932	93,784
Total current assets		146,878	201,175
Total assets		2,095,100	2,109,761
Share capital	7	1,363	1,363
Share premium		269,103	269,103
Treasury shares	8	(457)	(457)
Contributed surplus		685,913	685,913
Other reserves		(49,721)	(43,130)
Retained earnings		160,548	248,238
		1,066,749	1,161,030
Non-controlling interests		8,347	9,689
Total shareholders' equity		1,075,096	1,170,719
Borrowings	9	767,665	766,937
Deferred income		-	248
Derivative financial instruments	4	8,654	1,207
Total non-current liabilities		776,319	768,392
Borrowings	9	182,006	120,060
Deferred income		496	496
Derivative financial instruments	4	5,227	5,900
Current income tax liabilities		640	822
Trade and other payables		55,316	43,372
Total current liabilities		243,685	170,650
Total liabilities		1,020,004	939,042
Total equity and liabilities		2,095,100	2,109,761

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											
	Note	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/(Loss) for the period		-	-	-	-	-	-	-	-	4,941	4,941	(615)	4,326
Other comprehensive income/(loss) for the period		-	-	-	-	-	2,625	(9,262)	-	-	(6,637)	-	(6,637)
Total comprehensive income/(loss) for the period		-	-	-	-	-	2,625	(9,262)	-	4,941	(1,696)	(615)	(2,311)
Share-based payment reserves - Value of employee services		-	-	-	-	-	-	-	46	-	46	-	46
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(727)	(727)
Dividend paid	14	-	-	-	-	-	-	-	-	(92,631)	(92,631)	-	(92,631)
Total transactions with owners, recognised directly in equity		-	-	-	-	-	-	-	46	(92,631)	(92,585)	(727)	(93,312)
Balance at 30 June 2016		1,363	269,103	(457)	685,913	(36,259)	-	(13,543)	81	160,548	1,066,749	8,347	1,075,096

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
(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 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 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		-	-	-	-	-	-	-	137,373	137,373	583	137,956
Other comprehensive loss for the period		-	-	-	-	-	(2,775)	-	-	(2,775)	-	(2,775)
Total comprehensive (loss)/income for the period		-	-	-	-	-	(2,775)	-	137,373	134,598	583	135,181
Share-based payment reserves - Value of employee services		-	-	-	-	-	-	18	-	18	-	18
Dividend paid	14	-	-	-	-	-	-	-	(152,818)	(152,818)	-	(152,818)
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	(813)	(813)
Total transactions with owners, recognised directly in equity		-	-	-	-	-	-	18	(152,818)	(152,800)	(813)	(153,613)
Balance at 30 June 2015		1,363	269,103	(22,445)	685,913	(41,480)	(4,581)	18	165,302	1,053,193	9,329	1,062,522

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 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
		Attributable to equity holders of the Company											
Balance at 1 July 2015		1,363	269,103	(22,445)	685,913	(41,480)	-	(4,581)	18	165,302	1,053,193	9,329	1,062,522
Profit for the period		-	-	-	-	-	-	-	-	186,594	186,594	1,588	188,182
Other comprehensive (loss)/income for the period		-	-	-	-	-	(2,625)	300	-	-	(2,325)	-	(2,325)
Total comprehensive (loss)/income for the period		-	-	-	-	-	(2,625)	300	-	186,594	184,269	1,588	185,857
Share-based payment reserves													
- Value of employee services		-	-	-	-	-	-	-	17	-	17	-	17
Sale of treasury shares		-	-	21,988	-	5,221	-	-	-	-	27,209	-	27,209
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(1,228)	(1,228)
Dividend paid	14	-	-	-	-	-	-	-	-	(103,658)	(103,658)	-	(103,658)
Total transactions with owners, recognised directly in equity		-	-	21,988	-	5,221	-	-	17	(103,658)	(76,432)	(1,228)	(77,660)
Balance at 31 December 2015		1,363	269,103	(457)	685,913	(36,259)	(2,625)	(4,281)	35	248,238	1,161,030	9,689	1,170,719

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(Reviewed)

	Q2 2016 US$'000	Q2 2015 US$'000	H1 2016 US$'000	H1 2015 US$'000
Cash flows from operating activities				
(Loss)/Profit before tax for the financial period	(55,547)	80,805	4,587	138,272
Adjustments for:				
- amortisation charge	1,228	1,227	2,455	2,455
- amortisation of deferred income	(124)	(124)	(248)	(249)
- depreciation charge	23,707	19,644	45,784	37,027
- impairment charge on vessels	55,500	-	55,500	-
- impairment charge on available-for-sale financial assets	20,855	-	20,855	-
- derivative gain	(1,386)	(569)	(1,887)	(292)
- interest income	(46)	(32)	(105)	(55)
- interest expense	6,290	4,248	11,408	7,004
- other finance expense	767	513	1,295	1,062
- share-based payments	38	9	46	18
Operating cash flow before working capital changes	51,282	105,721	139,690	185,242
Changes in working capital:				
- inventories	(2,389)	(2,664)	(1,466)	1,801
- trade and other receivables	(7,285)	(9,840)	17,819	(17,240)
- trade and other payables	24,523	7,792	11,719	(5,997)
Cash generated from operations	66,131	101,009	167,762	163,806
Tax paid	(443)	(322)	(443)	(322)
Net cash provided by operating activities	65,688	100,687	167,319	163,484
Cash flow from investing activities				
Purchases of property, plant and equipment	(120,743)	(127,657)	(152,864)	(302,738)
Investment in available-for-sale financial assets	(7,421)	-	(7,421)	-
Interest paid (capitalised interest expense)	(1,004)	(659)	(1,570)	(1,250)
Interest received	46	32	105	55
Net cash used in investing activities	(129,122)	(128,284)	(161,750)	(303,933)
Cash flows from financing activities				
Proceeds from bank borrowings	198,055	227,508	208,055	414,824
Payment of financing fees	(5,452)	-	(5,669)	(3,928)
Repayments of bank borrowings	(47,249)	(14,834)	(141,497)	(102,334)
Repayment of finance lease	-	(8,763)	-	(9,556)
Interest paid	(5,631)	(3,127)	(9,882)	(5,457)
Dividend paid	(92,631)	(152,818)	(92,631)	(152,818)
Finance expense paid	(634)	(704)	(1,070)	(964)
Distributions to non-controlling interests	-	-	(727)	(813)
Net cash provided by/(used in) financing activities	46,458	47,262	(43,421)	138,954
Net (decrease)/ increase in cash and cash equivalents	(16,976)	19,665	(37,852)	(1,495)
Cash and cash equivalents at beginning of the financial period	72,908	49,085	93,784	70,245
Cash and cash equivalents at end of the financial period	55,932	68,750	55,932	68,750

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 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 24 August 2016.

2. Significant accounting policies

(a) Basis of preparation

The Condensed Consolidated Interim Financial Information for the second quarter and first half period ended 30 June 2016 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 2015, 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 2015.

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 2017 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 are applicable for annual period commencing 1 January 2019 but may be early adopted. The Group is currently evaluating the impact of adopting IFRS 16.

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 2015 except for the estimation of the residual values of the vessels and recognition of demurrage income.

The estimated residual values for the vessels were revised as at 1 January 2016. The change in these estimates will increase depreciation expense of vessels from 1 January 2016 onwards. The effect of the change was an increase on depreciation expense of approximately US$0.9 million for Q2 2016 and US$1.8 million for H1 2016.

2. Significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Critical accounting estimates and assumptions (Continued)

The Group revised its accounting policy for the timing of recognition of demurrage income from upon completion of a voyage to percentage of completion basis, consistent with the basis of recognising voyage freight revenue. The effect of the change is not material for the Condensed Consolidated Interim Financial Information for the current and prior period.

3. Intangible assets

	Charter-hire contracts acquired US$'000
(Reviewed)	
At 1 January 2016	12,471
Amortisation charge	(2,455)
At 30 June 2016	10,016
(Audited)	
At 1 January 2015	17,381
Amortisation charge	(2,455)
At 30 June 2015	14,926
Amortisation charge	(2,455)
At 31 December 2015	12,471

4. Derivative financial instruments

	(Reviewed) 30 June 2016		(Audited) 31 December 2015	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Interest rate swaps	-	(13,543)	601	(4,882)
Bunker swaps	-	(338)	-	(2,225)
	-	(13,881)	601	(7,107)

As at 30 June 2016, the Group has interest rate swaps with total notional principal amounting to US$482.9 million, of which US$65.5 million and US$42.4 million have contract dates starting in July 2016 and October 2016 respectively.

Interest rate swaps are 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 effectively pays fixed interest rates ranging from 1.48% per annum to 2.2% per annum and receives a variable rate equal to either US$ three-month LIBOR or US$ six-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. Fair value gains/losses of bunkers swaps are presented within 'voyage expenses' in the Condensed Consolidated Interim Statement of Comprehensive Income.

5. Available-for-sale financial assets

	(Reviewed) 30 June 2016 US$'000	(Audited) 31 December 2015 US$'000
Quoted equity shares		
At cost	41,718	34,205
Fair value losses	(20,855)	(2,625)
At fair value	20,863	31,580

As at 30 June 2016, the fair value of the available-for-sale financial assets was significantly lower than the carrying value, resulting in a recognition of an impairment charge of US$20.9 million, which has been reclassified from other comprehensive income to profit or loss in Q2 2016.

6. Property, plant and equipment

(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 2016	1,967,321	68,521	161,762	620	2,198,224
Additions	1,045	14,501	139,147	-	154,693
Transfer in/(out)	153,123	4,500	(157,623)	-	-
Write-off on completion of dry docking costs	-	(8,203)	-	-	(8,203)
At 30 June 2016	2,121,489	79,319	143,286	620	2,344,714
Accumulated depreciation and impairment charge					
At 1 January 2016	305,205	28,838	-	247	334,290
Depreciation charge	37,180	8,543	-	61	45,784
Impairment charge	55,500	-	-	-	55,500
Write-off on completion of dry docking costs	-	(8,203)	-	-	(8,203)
At 30 June 2016	397,885	29,178	-	308	427,371
Net book value					
At 30 June 2016	1,723,604	50,141	143,286	312	1,917,343

6. **Property, plant and equipment** (Continued)

(Audited)	Vessels	Dry docking	Vessels under construction	Furniture and fixtures	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost					
At 1 January 2015	1,523,570	53,223	153,838	620	1,731,251
Additions	73,292	3,109	227,937	-	304,338
Transfer in/(out)	216,039	6,750	(222,789)	-	-
At 30 June 2015	1,812,901	63,082	158,986	620	2,035,589
Additions	3,396	4,774	158,300	-	166,470
Transfer in/(out)	151,024	4,500	(155,524)	-	-
Write-off on completion of dry docking costs	-	(3,835)	-	-	(3,835)
At 31 December 2015	1,967,321	68,521	161,762	620	2,198,224
Accumulated depreciation and impairment charge					
At 1 January 2015	241,146	17,050	-	123	258,319
Depreciation charge	30,065	6,901	-	61	37,027
At 30 June 2015	271,211	23,951	-	184	295,346
Depreciation charge	33,994	8,722	-	63	42,779
Write-off on completion of dry docking costs	-	(3,835)	-	-	(3,835)
At 31 December 2015	305,205	28,838	-	247	334,290
Net book value					
At 30 June 2015	1,541,690	39,131	158,986	436	1,740,243
At 31 December 2015	1,662,116	39,683	161,762	373	1,863,934

(a) Vessels with an aggregate carrying amount of US$1,374.9 million as at 30 June 2016 (31 December 2015: US$1,261.7 million) are secured on borrowings (Note 9).

(b) For the period ended 30 June 2016, interest amounting to US$1.8 million (H1 2015: US$1.6 million) has been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.0% (H1 2015: 2.1%) per annum.

(c) The Group recognise an impairment of US$55.5 million (H1 2015: nil) which represents the write-down of certain vessels in the VLGC and LGC segments to their recoverable amounts. The recoverable amount was based on the higher of fair value less cost to sell and value-in-use calculation, with each vessel being regarded as one cash generating unit. The recoverable amount is determined to be the fair value less cost to sell and it is based on independent third party valuation reports which made reference to comparable transaction prices of similar vessels.

7. **Share capital**

As at 30 June 2016, the Company's share capital comprises of 136,291,455 (31 December 2015: 136,291,455) fully paid common shares with a par value of US$0.01 (31 December 2015: US$0.01) per share.

8. Treasury shares

	No. of shares '000	Amount US$'000
Balance as at 1 January 2015	3,400	22,445
Sale of shares	(3,331)	(21,988)
Balance as at 31 December 2015 and 30 June 2016	69	457

9. Borrowings

	(Reviewed) 30 June 2016 US$'000	(Audited) 31 December 2015 US$'000
Non-current		
Bank borrowings	767,665	766,937
Current		
Interest payable	3,581	2,792
Bank borrowings	178,425	117,268
	182,006	120,060
Total borrowings	949,671	886,997

Movements in borrowings are analysed as follows:

	US$'000
Balance as at 1 January 2016	886,997
Proceeds from bank borrowings	208,055
Financing fees	(5,669)
Interest expense	11,408
Interest capitalised	1,829
Less: Interest paid	(11,452)
Less: Principal repayments of bank borrowings	(141,497)
Balance as at 30 June 2016	949,671

9. Borrowings (continued)

	US$'000
Balance as at 1 January 2015	529,434
Proceeds from bank borrowings	414,824
Financing fees	(3,928)
Interest expense	7,004
Interest capitalised	1,600
Less: Interest paid	(6,707)
Less: Principal repayments of bank borrowings	(102,334)
Less: Repayment of finance lease	(9,556)
Balance as at 30 June 2015	830,337
Proceeds from bank borrowings	235,863
Financing fees	(403)
Interest expense	9,840
Interest capitalised	1,886
Less: Interest paid	(10,477)
Less: Principal repayments of bank borrowings	(180,049)
Balance as at 31 December 2015	886,997

Bank borrowings as at 30 June 2016 amounted to US$949.7 million (31 December 2015: US$887.0 million), of which US$849.8 million (31 December 2015: US$837.3 million) are secured by mortgages over certain vessels of the Group (Note 6).

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

10. 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) Q2 2016 US$'000	(Reviewed) Q2 2015 US$'000	(Reviewed) H1 2016 US$'000	(Reviewed) H1 2015 US$'000
Support service fees charged by related parties*	1,316	1,197	2,842	2,249
Ship management fees charged by related parties*	2,122	2,173	4,186	4,126

10. Related party transactions (continued)

	(Reviewed) 30 June 2016 US$'000	(Audited) 31 December 2015 US$'000
Trade and other payables		
- Related parties*	(3,605)	(18)
Other receivables		
- Related parties*	4,474	4,083

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

(b) Key management's remuneration

	(Reviewed) Q2 2016 US$'000	(Reviewed) Q2 2015 US$'000	(Reviewed) H1 2016 US$'000	(Reviewed) H1 2015 US$'000
Salaries and other short term employee benefits	270	273	907	733
Post-employment benefits – contributions to defined contribution plans and share-based payment	16	81	106	100
Directors' fees	124	125	249	249
	410	479	1,262	1,082

11. Commitments

(a) Capital commitments

As of June 2016, the Group has shipbuilding contracts for the construction of four VLGC newbuilds (31 December 2015: six). Three vessels are expected to be delivered in the fourth quarter of 2016 while one is expected to be delivered in the first quarter of 2017.

The total cost of the newbuilds not yet delivered as of 30 June 2016 amounted to US$274.7 million (31 December 2015: US$424.4 million). As at 30 June 2016, the Group had paid US$139.0 million (31 December 2015: US$156.5 million) in instalments and these payments are capitalised and included in 'vessels under construction'. Capital commitments at the balance sheet date but not recognised as at the balance sheet date are as follows:

	(Reviewed) 30 June 2016 US$'000	(Audited) 31 December 2015 US$'000
Vessels under construction	135,674	267,921

11. **Commitments** (continued)

(a) Capital commitments (continued)

Out of the four VLGC newbuilds, one will be sold and leased back shortly on delivery.

(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:

	(Reviewed) 30 June 2016 US$'000	(Audited) 31 December 2015 US$'000
Not later than one year	131,564	109,815
Later than one year but not later than five years	111,818	146,578
	243,382	256,393

(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:

	(Reviewed) 30 June 2016 US$'000	(Audited) 31 December 2015 US$'000
Not later than one year	68,021	70,161
Later than one year but not later than five years	175,417	166,323
Later than five years	217,497	135,079
	460,935	371,563

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

12. 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 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 2015. 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 4). If USD interest rates increase/decrease by 50 basis points (2015: 50 basis points) with all other variables including tax rate being held constant, the profit after tax in H1 2016 will be lower/higher by approximately US$1.4 million (H1 2015: US$1.2 million) as a result of higher/lower interest expense on these borrowings; total comprehensive income for H1 2016 will be lower/higher by approximately US$6.7 million (H1 2015: US$3.9 million).

(b) Financial instruments by category

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

	(Reviewed) 30 June 2016 US$'000	(Audited) 31 December 2015 US$'000
Loans and receivables	127,221	183,015
Available-for-sale financial assets	20,863	31,580
Financial derivative instruments (liabilities) - net	13,881	6,506
Financial liabilities at amortised cost	1,000,059	917,599

12. Financial risk management (continued)

(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) (Level 2); and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 US$'000	Level 2 US$'000	Total US$'000
(Reviewed)			
30 June 2016			
Assets			
Available-for-sale financial assets	20,863	-	20,863
Total assets	20,863	-	20,863
Liabilities			
Derivative financial instruments	-	13,881	13,881
Total liabilities	-	13,881	13,881
(Audited)			
31 December 2015			
Assets			
Available-for-sale financial assets	31,580	-	31,580
Derivative financial instruments	-	601	601
Total assets	31,580	601	32,181
Liabilities			
Derivative financial instruments	-	7,107	7,107
Total liabilities	-	7,107	7,107

The Group's available-for-sale financial assets fair value is based on quoted market prices at the balance sheet date (Note 5). The quoted market price used for the available-for-sale financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The Group's financial derivative instruments are measured at fair value are within Level 2 of the fair value hierarchy (Note 4). 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.

13. 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.

13. **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	LGC	Total
	US$'000	US$'000	US$'000
(Reviewed)			
Q2 2016			
Revenue	112,059	9,705	121,764
Voyage expenses	(21,708)	(688)	(22,396)
TCE income	90,351	9,017	99,368
EBITDA	50,983	5,117	56,100
Finance expense	(4)	(2)	(6)
Depreciation charge	(20,289)	(3,387)	(23,676)
Amortisation charge	(1,228)	-	(1,228)
Impairment charge on vessels	(39,300)	(16,200)	(55,500)
	(9,838)	(14,472)	(24,310)
Unallocated items			(31,237)
Loss before income tax			(55,547)
H1 2016			
Revenue	257,465	26,880	284,345
Voyage expenses	(44,578)	(3,554)	(48,132)
TCE income	212,887	23,326	236,213
EBITDA	132,762	15,252	148,014
Finance expense	(13)	(3)	(16)
Depreciation charge	(38,997)	(6,726)	(45,723)
Amortisation charge	(2,455)	-	(2,455)
Impairment charge on vessels	(39,300)	(16,200)	(55,500)
	51,997	(7,677)	44,320
Unallocated items			(39,733)
Profit before income tax			4,587
Segment assets as at 30 June 2016	**1,866,172**	**137,259**	**2,003,431**
Segment assets include:			
Additions to:			
- vessels	1,045	-	1,045
- vessels under construction	139,147	-	139,147
- dry docking	12,594	1,907	14,501
Segment liabilities as at 30 June 2016	**973,628**	**5,880**	**979,508**

13. **Segment information** (continued)

	VLGC US$'000	LGC US$'000	Total US$'000
(Reviewed)			
Q2 2015			
Revenue	171,459	18,185	189,644
Voyage expenses	(32,618)	(2,313)	(34,931)
TCE income	138,841	15,872	154,713
EBITDA	97,929	11,072	109,001
Finance expense	(53)	(1)	(54)
Depreciation charge	(16,186)	(3,428)	(19,614)
Amortisation charge	(1,227)	-	(1,227)
	80,463	7,643	88,106
Unallocated items			(7,301)
Profit before income tax			80,805
H1 2015			
Revenue	323,579	34,061	357,640
Voyage expenses	(68,091)	(4,264)	(72,355)
TCE income	255,488	29,797	285,285
EBITDA	172,305	20,562	192,867
Finance expense	(193)	(2)	(195)
Depreciation charge	(30,148)	(6,818)	(36,966)
Amortisation charge	(2,455)	-	(2,455)
	139,509	13,742	153,251
Unallocated items			(14,979)
Profit before income tax			138,272
Segment assets as at 30 June 2015	1,704,801	154,950	1,859,751
Segment assets include:			
Additions to:			
- vessels	73,292	-	73,292
- vessels under construction	227,937	-	227,937
- dry docking	3,049	60	3,109
Segment liabilities as at 30 June 2015	854,263	2,744	857,007

13. **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) 30 June 2016 US$'000	(Audited) 31 December 2015 US$'000	(Reviewed) 30 June 2015 US$'000
Segment assets	2,003,431	1,966,944	1,859,751
Unallocated items:			
Cash and cash equivalents	55,932	93,784	68,750
Derivative financial instruments	-	601	1,027
Available-for-sale financial assets	20,863	31,580	-
Other receivables	14,562	16,479	13,227
Property, plant and equipment	312	373	436
Total assets	2,095,100	2,109,761	1,943,191

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) 30 June 2016 US$'000	(Audited) 31 December 2015 US$'000	(Reviewed) 30 June 2015 US$'000
Segment liabilities	979,508	902,232	857,007
Unallocated items:			
Derivative financial instruments	13,881	7,107	5,316
Other payables	25,975	28,881	17,677
Current income tax liabilities	640	822	669
Total liabilities	1,020,004	939,042	880,669

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.

14. Dividend paid

	(Reviewed) 30 June 2016 US$'000	(Audited) 31 December 2015 US$'000
Final dividend in respect of FY 2015 of US$0.68 (2015: In respect of FY 2014: US$1.15) per share	92,631	152,818
Interim dividend in respect of H1 2015 of US$0.78 per share	-	103,658
	92,631	256,476

15. Subsequent events

(a) The Board has declared an interim cash dividend of US$0.09 per share for H1 2016, amounting to US$12.3 million. The shares will be traded ex-dividend from 26 August 2016. The dividend will be payable on or about 7 September 2016 to shareholders of record on 29 August 2016. This Condensed Consolidated Interim Financial Information does not reflect this interim dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

(b) The Company signed a new US$100.0 million two-year unsecured revolving credit facility with Oversea-Chinese Banking Corporation (OCBC) replacing the current one expiring in October this year.