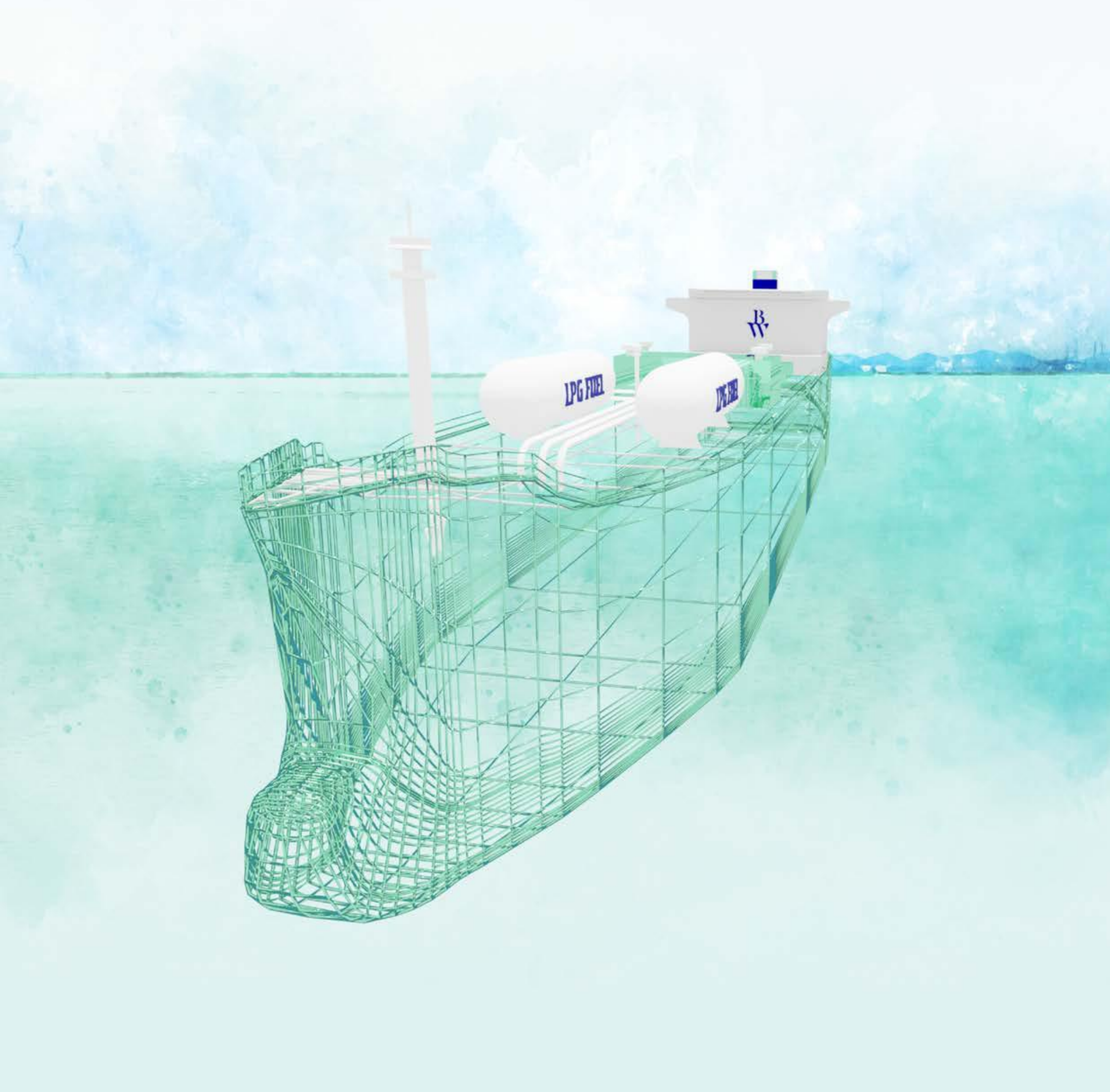
BW LPG Limited

Condensed Consolidated
Interim Financial Information
Q2 2019 and H1 2019



FINANCIAL SUMMARY

SELECTED KEY FINANCIAL INFORMATION

Income Statement	Q2 2019 US$ million	Q2 2018 US$ million	Increase/ (Decrease) %	H1 2019 US$ million	H1 2018 US$ million	Increase/ (Decrease) %
Revenue	176.2	106.9	64.8	294.2	224.8	30.9
TCE income	110.8	61.2	81.0	171.1	134.4	27.3
EBITDA	74.6	8.1	N.M	95.3	33.4	N.M
Profit/(Loss) after tax	26.5	(27.1)	N.M	2.9	(35.5)	N.M
(US$ per share)						
Basic and diluted EPS	0.19	(0.20)	N.M	0.02	(0.25)	N.M
Balance Sheet				**30 June 2019 US$ million**	**31 December 2018 US$ million**	**Increase/ (Decrease) %**
Cash & cash equivalents				53.0	50.1	5.8
Total assets				2,407.5	2,259.9	6.5
Total liabilities				1,445.5	1,276.3	13.3

"N.M" denotes not meaningful.

HIGHLIGHTS - Q2 2019

- VLGC TCE rates averaged US$27,500/day in Q2 2019 (H1 2019: US$21,300/day) compared with US$14,800/day in Q2 2018 (H1 2018: US$16,100/day).
- On 1 January 2019, BW LPG adopted the new IFRS 16 'Leases'. The net impact on Q2 2019 was an increase of US$9.1 million on EBITDA. This was offset by a higher depreciation and interest expense of US$9.8 million, resulting in a decrease in net profit after tax of US$0.7 million.
- On 22 May 2019, BW LPG signed a new seven-year US$458 million Senior Secured Facility to replace the US$800 million Facility maturing in the fourth quarter of 2020.
- The Board has declared an interim cash dividend of US$0.10 per share, amounting to US$13.9 million. The shares will be traded ex-dividend from 3 September 2019. The dividend will be payable on or about 13 September 2019 to shareholders on record as at 04 September 2019. This Condensed Consolidated Interim Financial Information does not reflect this interim dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

PERFORMANCE REVIEW - Q2 2019 AND H1 2019

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

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

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

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

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

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

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

BALANCE SHEET

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

Cash and cash equivalents amounted to US$53.0 million as at 30 June 2019 (31 December 2018: US$50.1 million). Cash flows from operating activities generated a net cash surplus of US$72.6 million in H1 2019 (H1 2018: net cash surplus of US$37.4 million). Together with the proceeds from bank borrowings and sale of assets held-for-sale, cash flows from operating activities were principally utilised for repayments of bank borrowings and interest payments.

MARKET – Q2 2019

Freight Rates

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

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

LPG Exports

Global LPG trade continues to be driven by the U.S. North American waterborne LPG exports and grew to 10.7 million tons, up 33.8% year over year. In the second quarter, the Marcus Hook Mariner East 2 expansion project was completed, and exports ramped up to an average of eight VLGCs per month. The Mariner East 2x pipeline construction is expected to be completed by late 2019. The pipeline's capacity is 250.000 barrels per day, or the equivalent of about four to six VLGC cargoes per month, depending on the LPG content.

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

LPG Imports

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

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

Fleet Supply

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

Outlook

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

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

RISK FACTORS

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

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

Statements to the Half-Yearly Financial Report and the Financial Summary

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

29 August 2019

Andreas Sohmen-Pao Chairman	John B Harrison Vice Chairman	Andreas Beroutsos Director
Anders Onarheim Director	Anne Grethe Dalane Director	Martha Kold Bakkevig Director

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

Board of Directors
BW LPG Limited

Introduction

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

Scope of review

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

Conclusion

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

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 August 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Q2 2019 US$'000	Q2 2018 US$'000	H1 2019 US$'000	H1 2018 US$'000
Revenue	3	176,168	106,891	294,221	224,828
Voyage expenses		(65,323)	(45,704)	(123,170)	(90,384)
TCE income#		110,845	61,187	171,051	134,444
Net gain from commodity contracts		500	-	500	-
Other operating income		168	2,371	217	2,921
Charter hire expenses		(3,920)	(16,910)	(8,270)	(33,381)
Other operating expenses		(32,954)	(38,523)	(68,151)	(70,542)
Operating profit before depreciation, amortisation and impairment (EBITDA)		74,639	8,125	95,347	33,442
Amortisation charge		-	(814)	-	(2,042)
Depreciation charge	6	(32,036)	(24,537)	(63,865)	(48,687)
		42,603	(17,226)	31,482	(17,287)
Gain on disposal of assets held-for-sale		-	2,426	1,783	5,727
Operating profit/(loss) (EBIT)		42,603	(14,800)	33,265	(11,560)
Foreign currency exchange loss - net		(279)	(490)	(571)	(409)
Interest income		1,321	1,343	2,753	2,606
Interest expense		(16,426)	(12,344)	(31,150)	(24,256)
Derivative (loss)/gain		(127)	69	(182)	113
Other finance expense		(370)	(487)	(789)	(991)
Finance expense – net		(15,881)	(11,909)	(29,939)	(22,937)
Share of loss of a joint venture		-	(372)	-	(864)
Profit/(Loss) before tax for the financial period		26,722	(27,081)	3,326	(35,361)
Income tax expense		(246)	(10)	(394)	(95)
Profit/(Loss) after tax for the financial period (NPAT)		26,476	(27,091)	2,932	(35,456)

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Q2 2019 US$'000	Q2 2018 US$'000	H1 2019 US$'000	H1 2018 US$'000
Other comprehensive income/(loss):				
Items that may be subsequently reclassified to profit or loss:				
Cash flow hedges				
- fair value (loss)/gain	(12,853)	2,856	(21,350)	10,538
- reclassification to profit or loss	(509)	(230)	(1,370)	155
Share of other comprehensive loss of a joint venture	-	(31)	-	(51)
Other comprehensive (loss)/income, net of tax	(13,362)	2,595	(22,720)	10,642
Total comprehensive income/(loss) for the financial period	13,114	(24,496)	(19,788)	(24,814)
Profit/(Loss) attributable to:				
Equity holders of the Company	26,386	(27,624)	2,772	(34,640)
Non-controlling interests	90	533	160	(816)
	26,476	(27,091)	2,932	(35,456)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	13,024	(25,029)	(19,948)	(23,998)
Non-controlling interests	90	533	160	(816)
	13,114	(24,496)	(19,788)	(24,814)
Earnings/(Loss) per share attributable to the equity holders of the Company:				
(expressed in US$ per share)				
Basic and diluted earnings/(loss) per share	0.19	(0.20)	0.02	(0.25)

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

CONSOLIDATED BALANCE SHEET

	Note	30 June 2019 US$'000	31 December 2018 US$'000
Derivative financial instruments	4	956	6,580
Loan receivables from a joint venture	5	56,250	58,150
Total other non-current assets		57,206	64,730
Property, plant and equipment	6	2,123,966	2,006,368
Total non-current assets		2,181,172	2,071,098
Inventories		26,212	28,015
Trade and other receivables		139,840	96,756
Derivative financial instruments	4	1,961	3,769
Loan receivables from a joint venture	5	5,338	5,408
Assets held-for-sale	7	-	4,823
Cash and cash equivalents	8	53,012	50,075
Total current assets		226,363	188,846
Total assets		2,407,535	2,259,944
Share capital	9	1,419	1,419
Share premium		289,812	289,812
Treasury shares	10	(14,432)	(12,700)
Contributed surplus		685,913	685,913
Other reserves		(50,016)	(27,356)
Retained earnings		48,827	46,055
		961,523	983,143
Non-controlling interests		540	482
Total shareholders' equity		962,063	983,625
Borrowings	11	1,208,617	1,101,343
Derivative financial instruments	4	13,143	527
Provision for onerous contracts	12	-	1,100
Other provisions		462	230
Total non-current liabilities		1,222,222	1,103,200
Borrowings	11	160,216	133,353
Derivative financial instruments	4	1,874	839
Current income tax liabilities		473	309
Trade and other payables		60,687	38,618
Total current liabilities		223,250	173,119
Total liabilities		1,445,472	1,276,319
Total equity and liabilities		2,407,535	2,259,944

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Treasury shares	Contributed surplus	Capital Reserve	Hedging reserve	Share-based payment reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the Company											
	Note	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2019		1,419	289,812	(12,700)	685,913	(36,259)	8,914	16	(27)	46,055	983,143	482	983,625
Profit for the financial period		-	-	-	-	-	-	-	-	2,772	2,772	160	2,932
Other comprehensive loss for the financial period		-	-	-	-	-	(22,720)	-	-	-	(22,720)	-	(22,720)
Total comprehensive (loss)/income for the financial period		-	-	-	-	-	(22,720)	-	-	2,772	(19,948)	160	(19,788)
Share-based payment reserves - Value of employee services		-	-	-	-	-	-	60	-	-	60	-	60
Purchases of treasury shares	10	-	-	(1,732)	-	-	-	-	-	-	(1,732)	-	(1,732)
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(102)	(102)
Total transactions with owners, recognised directly in equity		-	-	(1,732)	-	-	-	60	-	-	(1,672)	(102)	(1,774)
Balance at 30 June 2019		1,419	289,812	(14,432)	685,913	(36,259)	(13,806)	76	(27)	48,827	961,523	540	962,063

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

		Attributable to equity holders of the Company											
	Note	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserve US$'000	Hedging reserve US$'000	Share-based payment reserve US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2018		1,419	289,812	(1,565)	685,913	(36,259)	5,792	182	24	124,938	1,070,256	3,292	1,073,548
Adjustment on initial application of IFRS 15		-	-	-	-	-	-	-	-	(7,483)	(7,483)	-	(7,483)
Restated balance at 1 January 2018		1,419	289,812	(1,565)	685,913	(36,259)	5,792	182	24	117,455	1,062,773	3,292	1,066,065
Loss for the financial period		-	-	-	-	-	-	-	-	(34,640)	(34,640)	(816)	(35,456)
Other comprehensive income/(loss) for the financial period		-	-	-	-	-	10,693	-	(51)	-	10,642	-	10,642
Total comprehensive income/(loss) for the financial period		-	-	-	-	-	10,693	-	(51)	(34,640)	(23,998)	(816)	(24,814)
Share-based payment reserves - Value of employee services		-	-	-	-	-	-	(157)	-	-	(157)	-	(157)
Reissue of treasury shares	10	-	-	15	-	-	-	(15)	-	-	-	-	-
Purchases of treasury shares	10	-	-	(11,150)	-	-	-	-	-	-	(11,150)	-	(11,150)
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(1,820)	(1,820)
Total transactions with owners, recognised directly in equity		-	-	(11,135)	-	-	-	(172)	-	-	(11,307)	(1,820)	(13,127)
Balance at 30 June 2018		1,419	289,812	(12,700)	685,913	(36,259)	16,485	10	(27)	82,815	1,027,468	656	1,028,124

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

		Attributable to equity holders of the Company											
		Share capital	Share premium	Treasury shares	Contributed surplus	Capital reserve	Hedging reserve	Share-based payment reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Note	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 July 2018		1,419	289,812	(12,700)	685,913	(36,259)	16,485	10	(27)	82,815	1,027,468	656	1,028,124
Loss for the financial period		-	-	-	-	-	-	-	-	(36,760)	(36,760)	(174)	(36,934)
Other comprehensive loss for the financial period		-	-	-	-	-	(7,571)	-	-	-	(7,571)	-	(7,571)
Total comprehensive loss for the financial period		-	-	-	-	-	(7,571)	-	-	(36,760)	(44,331)	(174)	(44,505)
Share-based payment reserves - Value of employee services		-	-	-	-	-	-	6	-	-	6	-	6
Purchases of treasury shares	10	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners, recognised directly in equity		-	-	-	-	-	-	6	-	-	6	-	6
Balance at 31 December 2018		1,419	289,812	(12,700)	685,913	(36,259)	8,914	16	(27)	46,055	983,143	482	983,625

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Q2 2019 US$'000	Q2 2018 US$'000	H1 2019 US$'000	H1 2018 US$'000
Cash flow from operating activities				
Profit/(Loss) before tax for the financial period	26,722	(27,081)	3,326	(35,361)
Adjustments for:				
- amortisation charge	-	814	-	2,042
- depreciation charge	32,036	24,537	63,865	48,687
- derivative loss	-	70	-	103
- gain on disposal of assets held-for-sale	-	(2,426)	(1,783)	(5,727)
- interest income	(1,321)	(1,343)	(2,753)	(2,606)
- interest expense	16,426	12,344	31,150	24,256
- other finance expense	324	471	669	907
- share-based payments	35	4	60	(157)
- share of loss of a joint venture	-	372	-	864
	74,222	7,762	94,534	33,008
Changes in:				
- inventories	202	(2,426)	1,803	(4,848)
- trade and other receivables	(52,335)	(9,717)	(43,084)	3,428
- trade and other payables	18,017	(1,107)	22,297	983
- derivative financial instruments	(1,706)	-	(1,637)	-
- provision for onerous contracts	-	5,300	-	5,300
- margin account held with broker	(1,090)	-	(1,090)	-
Cash generated/(used in) from operations	37,310	(188)	72,823	37,871
Tax paid	(159)	(267)	(230)	(448)
Net cash provided/(used in) by operating activities	37,151	(455)	72,593	37,423
Cash flow from investing activities				
Purchases of property, plant and equipment	(6,916)	(3,427)	(8,268)	(5,976)
Proceeds from sale of assets held-for-sale	-	39,249	6,606	113,648
Loan to a joint venture	-	-	-	(33,000)
Repayment of loan receivable from joint venture	1,100	-	1,950	-
Interest received	1,337	1,356	2,773	2,565
Net cash (used in)/provided by investing activities	(4,479)	37,178	3,061	77,237

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Note	Q2 2019 US$'000	Q2 2018 US$'000	H1 2019 US$'000	H1 2018 US$'000
Cash flow from financing activities					
Proceeds from bank borrowings		333,500	50,000	358,500	210,000
Payment of financing fees		(4,488)	-	(4,488)	(1,727)
Repayments of bank borrowings		(340,212)	(74,250)	(397,718)	(302,805)
Payment of lease liabilities		(7,493)	-	(14,910)	-
Interest paid		(15,541)	(12,563)	(28,459)	(22,445)
Other finance expense paid		(319)	(471)	(665)	(921)
Purchases of treasury shares		-	(1,383)	(1,732)	(11,150)
Drawdown of trust receipts		15,767	-	15,767	-
Distributions to non-controlling interests		(102)	(1,800)	(102)	(1,820)
Net cash used in financing activities		(18,888)	(40,467)	(73,807)	(130,868)
Net increase/(decrease) in cash and cash equivalents		13,784	(3,744)	1,847	(16,208)
Cash and cash equivalents at beginning of the financial period	8	38,138	44,084	50,075	56,548
Cash and cash equivalents at end of the financial period	8	51,922	40,340	51,922	40,340

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

1. General information

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

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

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

2. Significant accounting policies

Basis of preparation

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

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

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

IFRS 16 'Leases'

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

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

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

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

Basis of preparation (continued)

IFRS 16 'Leases' (continued)

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

(b) As a lessee

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

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

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

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

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

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

2. Significant accounting policies (continued)

Basis of preparation (continued)

IFRS 16 'Leases' (continued)

(b) As a lessee (continued)

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

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

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

(i) Transition

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

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

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

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

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

(c) As a lessor

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

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

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

Basis of preparation (continued)

IFRS 16 'Leases' (continued)

(d) Impact on financial statements

(i) Impact on transition

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

	As at 1 January 2019 US$'000
	Increase/(Decrease)
Right-of-use assets presented in property, plant and equipment	173,195
Lease liabilities presented in borrowings	174,295
Provision for onerous contracts (note 12)	(1,100)

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

	As at 1 January 2019 US$'000
Operating lease commitment as at 31 December 2018 as disclosed in the Group's consolidated financial statement (note 14(b))	400,945
Less:	
- Leases with commencement date after 1 January 2019	(129,079)
- Recognition exemption for leases with less than 12 months of lease term at transition	(11,148)
- Consideration allocated to non-lease components	(65,099)
	195,619
Discounted using the incremental borrowing rate as at 1 January 2019	(21,324)
Lease liabilities recognised at 1 January 2019	174,295

(ii) Impact for the period

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

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

2. Significant accounting policies (continued)

Basis of preparation (continued)

Commodity contracts

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

Segment reporting

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

Critical accounting estimates, assumptions and judgements

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

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

3. Revenue

Charter revenue is disaggregated as follows:

	Q2 2019 US$'000	Q2 2018 US$'000	H1 2019 US$'000	H1 2018 US$'000
Revenue				
- voyage charter	157,809	81,067	256,150	163,308
- time charter	18,359	25,824	38,071	61,520
	176,168	106,891	294,221	224,828

4. Derivative financial instruments

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

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

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

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

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

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

5. Loan receivables from a joint venture

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

	30 June 2019 US$'000	31 December 2018 US$'000
Loan receivables – non-current	56,250	58,150
Loan receivables – current	5,338	5,408
	61,588	63,558

6. Property, plant and equipment

	Vessels US$'000	Dry docking US$'000	Furniture and fixtures US$'000	Right-of-use assets (Vessels) US$'000	Total US$'000
Cost					
At 1 January 2019	2,457,956	86,068	423	-	2,544,447
Adoption of IFRS 16 (note 2)	-	-	-	173,195	173,195
At 1 January 2019 (adjusted)	2,457,956	86,068	423	173,195	2,717,642
Additions	3,286	4,982	-	-	8,268
Write off on completion of dry docking costs	-	(3,791)	-	-	(3,791)
At 30 June 2019	2,461,242	87,259	423	173,195	2,722,119
Accumulated depreciation and impairment charge					
At 1 January 2019	495,544	42,384	151	-	538,079
Depreciation charge	39,234	8,200	75	16,356	63,865
Write off on completion of dry docking costs	-	(3,791)	-	-	(3,791)
At 30 June 2019	534,778	46,793	226	16,356	598,153
Net book value					
At 30 June 2019	1,926,464	40,466	197	156,839	2,123,966

6. Property, plant and equipment (continued)

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

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

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

7. Assets held-for-sale

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

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

8. Cash and cash equivalents

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

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

9. Share capital

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

10. Treasury shares

	Number of shares		Amount	
	30 June 2019 '000	31 December 2018 '000	30 June 2019 US$'000	31 December 2018 US$'000
At beginning of the financial period/year	2,753	350	12,700	1,565
Reissue of treasury shares	-	(3)	-	(15)
Purchases of treasury shares	568	2,406	1,732	11,150
At end of the financial period/year	3,321	2,753	14,432	12,700

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

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

11. Borrowings

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

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

11. Borrowings (continued)

Movements in borrowings are analysed as follows:

	US$'000
At 1 January 2019	1,234,696
Adoption of IFRS 16 (note 2)	174,295
At 1 January 2019 (adjusted)	1,408,991
Proceeds from bank borrowings	358,500
Drawdown of trust receipts	15,767
Payment of financing fees	(4,488)
Interest expense	31,150
Less: Interest paid	(28,459)
Less: Principal repayments of bank borrowings	(397,718)
Less: Principal repayments of lease liabilities	(14,910)
At 30 June 2019	1,368,833

	US$'000
At 1 January 2018	1,341,136
Proceeds from bank borrowings	210,000
Payment of financing fees	(1,727)
Interest expense	24,256
Less: Interest paid	(22,445)
Less: Principal repayments of bank borrowings	(302,805)
At 30 June 2018	1,248,415
Proceeds from bank borrowings	55,000
Interest expense	26,149
Less: Interest paid	(24,857)
Less: Principal repayments of bank borrowings	(70,011)
At 31 December 2018	1,234,696

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

12. Provision for onerous contracts

	30 June 2019 US$'000	31 December 2018 US$'000
At beginning of the financial period/year	1,100	-
Adoption of IFRS 16 (note 2)	(1,100)	-
At beginning of the financial period/year (adjusted)	-	-
Provision for onerous contracts	-	1,100
At end of the financial period/year	-	1,100

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

13. Related party transactions

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

(a) Services

	Q2 2019 US$'000	Q2 2018 US$'000	H1 2019 US$'000	H1 2018 US$'000
Corporate service fees charged by related parties*	1,497	1,651	2,912	2,466
Corporate service fees charged to related parties*	60	-	120	-
Ship management fees charged by related parties*	709	2,371	1,418	3,953

	30 June 2019 US$'000	31 December 2018 US$'000
Other receivables - related parties*	5,402	7,159
Other payables - related parties*	418	-

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

(b) Key management's remuneration

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

(c) Others

	Q2 2019 US$'000	Q2 2018 US$'000	H1 2019 US$'000	H1 2018 US$'000
Interest income from a joint venture	1,205	1,194	2,448	2,262
Sale of a vessel to a joint venture	-	-	-	33,000

14. Commitments

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

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

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

	30 June 2019 US$'000	31 December 2018 US$'000
Not later than one year	27,397	32,597
Later than one year but not later than five years	-	7,290
	27,397	39,887

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

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

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

	30 June 2019 US$'000	31 December 2018 US$'000
Not later than one year	3,103	62,444
Later than one year but not later than five years	-	246,215
Later than five years	-	92,286
	3,103	400,945

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

15. Financial risk management

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

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

(a) Market risk - interest rate risk

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

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

(b) Market risk – price risk

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

(c) Liquidity risk

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

(d) Financial instruments by category

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

	30 June 2019 US$'000	31 December 2018 US$'000
Net derivative (liabilities)/assets measured at fair value	(12,100)	8,983
Financial assets at amortised cost	235,673	200,970
Financial liabilities at amortised cost	1,427,600	1,271,489

15. Financial risk management (continued)

(e) Estimation of fair value

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

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

Derivative financial assets and liabilities

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

Non-derivative non-current financial assets and liabilities

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

Non-derivative current financial assets and liabilities

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

16. Segment information

The Group has three main operating segments:
(i) Very Large Gas Carriers (VLGCs);
(ii) Large Gas Carriers (LGCs); and
(iii) Product Services

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

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

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

16. Segment information (continued)

Geographical information

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

17. Subsequent events

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