BW LPG Limited

Condensed Consolidated
Interim Financial Information
Q3 2015

HIGHLIGHTS – Q3 2015

- Time Charter Equivalent (TCE) earnings were US$181.7 million in Q3 2015 (US$466.7 million in YTD September 2015), compared with US$159.2 million in Q3 2014 (US$400.5 million in YTD September 2014).

- VLGC TCE rates averaged US$52,600/day in Q3 2015 (US$47,000/day in YTD September 2015), compared with US$53,600/day in Q3 2014 (US$43,800/day in YTD September 2014).

- LGC TCE rates averaged US$44,200/day in Q3 2015 (US$36,700/day in YTD September 2015), compared with US$24,800/day in Q3 2014 (US$25,300/day in YTD September 2014).

- EBITDA of US$133.1 million in Q3 2015 (US$319.0 million in YTD September 2015) was better than EBITDA of US$108.8 million in Q3 2014 (US$252.1 million in YTD September 2014), primarily due to improved TCE/day earnings combined with a larger fleet.

- Net profit after tax was US$106.2 million in Q3 2015 (US$244.1 million in YTD September 2015) compared with US$87.5 million in Q3 2014 (US$190.7 million in YTD September 2014), mainly due to stronger TCE earnings and a larger fleet.

- VLGC newbuilds from Hyundai Heavy Industries Co., Ltd. ("HHI"), BW Libra and BW Orion, were delivered on 31 August 2015 and 15 October 2015, respectively. Both were deployed in the Group's contract portfolio upon their deliveries.

- At the date of this report, the fleet size of the Group comprises 35 VLGCs and five LGCs owned/operated (September 2014: 31 VLGCs and five LGCs), plus six VLGC newbuilds (September 2014: seven VLGCs newbuilds).

- An interim dividend of US$103.7 million (US$0.78 per share) in respect of H1 2015 was paid on 14 September 2015.

- On 2 October 2015, the Group entered into a US$100.0 million short-term unsecured Revolving Credit facility with Oversea-Chinese Banking Corporation to provide general and corporate working capital.

SELECTED KEY FINANCIAL INFORMATION

	Q3 2015	Q3 2014	Increase	YTD September 2015	YTD September 2014	Increase
Income Statement (Reviewed)	US$ million	US$ million	%	US$ million	US$ million	%
Operating revenue	**223.8**	211.4	5.9	**581.5**	565.1	2.9
TCE income	**181.7**	159.2	14.1	**466.7**	400.5	16.5
EBITDA	**133.1**	108.8	22.3	**319.0**	252.1	26.5
Net profit after tax	**106.2**	87.5	21.4	**244.1**	190.7	28.0
Basic & diluted EPS (US$ per share)	**0.79**	0.64	23.4	**1.83**	1.39	31.7

Balance Sheet	(Reviewed) 30 September 2015 US$ million	(Audited) 31 December 2014 US$ million
Cash & cash equivalents	83.1	70.2
Total assets	1,990.3	1,664.1
Total liabilities	931.2	583.1

PERFORMANCE REVIEW: Q3 2015

Operating revenue was US$223.8 million in Q3 2015 (US$211.4 million in Q3 2014). TCE income increased to US$181.7 million from US$159.2 million, mainly attributable to improved TCE earnings, resulting from continued strong utilisation, increased fleet size, especially in the VLGC segment, and lower bunker costs. These factors resulted in an increase in TCE income of US$13.6 million and US$8.9 million in the VLGC and LGC segments, respectively. The newbuild vessel, BW Libra was deployed in the Group's contract portfolio upon her delivery on 31 August 2015. The newbuild vessel, BW Leo, delivered in April 2015, started to generate full quarter earnings in Q3 2015.

Charter hire expenses decreased to US$18.2 million in Q3 2015 (US$25.0 million in Q3 2014) due to fewer charter-in vessels. Other operating expenses increased to US$30.9 million (US$26.0 million in Q3 2014) mainly attributable to an overall larger fleet size.

EBITDA was US$133.1 million in Q3 2015 (US$108.8 million in Q3 2014) mainly as a result of improved TCE earnings and lower charter hire expenses.

Net finance expense increased to US$5.0 million in Q3 2015 (US$3.2 million in Q3 2014) primarily due to increased bank borrowings in line with the deliveries of five newbuild vessels.

Market values of vessels have remained stable as at 30 September 2015 with no indicators of impairment.

The Group reported a net profit after tax of US$106.2 million in Q3 2015 (US$87.5 million in Q3 2014).

PERFORMANCE REVIEW: YTD September 2015

Operating revenue was US$581.5 million in YTD September 2015 (US$565.1 million in YTD September 2014). TCE income increased to US$466.7 million in YTD September 2015 from US$400.5 million in YTD September 2014, mainly attributable to improved TCE earnings, resulting from continued strong utilisation, increased fleet size, especially in the VLGC segment, and lower bunker costs. These factors resulted in an increase in TCE income of US$50.7 million and US$15.5 million in the VLGC and LGC segment respectively. The four newbuild vessels, BW Carina, BW Gemini, BW Leo and BW Libra were all deployed in the Group's contract portfolio upon their deliveries in 2015.

Charter hire expenses decreased to US$60.9 million in YTD September 2015 (US$73.9 million in YTD September 2014) due to fewer charter-in vessels. Other operating expenses increased to US$88.3 million in YTD September 2015 (US$75.8 million in YTD September 2014), mainly attributable to an overall larger fleet size.

EBITDA was US$319.0 million in YTD September 2015 (US$252.1 million in YTD September 2014), resulting mainly from improved TCE earnings and lower charter hire expenses.

Net finance expense increased to US$13.2 million in YTD September 2015 (US$9.4 million in YTD September 2014), primarily due to increased bank borrowings.

The Group reported a net profit after tax of US$244.1 million in YTD September 2015 (US$190.7 million in YTD September 2014).

BALANCE SHEET

As at 30 September 2015, total assets amounted to US$1,990.3 million (31 December 2014: US$1,664.1 million), of which US$1,777.3 million (31 December 2014: US$1,472.4 million) represented the carrying value of the Group's vessels (including dry docking) and vessels under construction as follows:

	As at 30 September 2015		
	VLGC US$ million	LGC US$ million	Total US$ million
Vessels (including dry-dock)	1,493.9	147.2	1,641.1
Vessels under construction	136.2	-	136.2
	1,630.1	147.2	1,777.3

Cash and cash equivalents amounted to US$83.1 million as at 30 September 2015 (31 December 2014: US$70.2 million). Cash flows from operating activities generated a net cash surplus of US$129.1 million in Q3 2015 (US$292.6 million in YTD September 2015). Together with proceeds from bank borrowings, cash flows from operating activities were principally utilised for instalment payments for newbuilds, payment for exercise of purchase option on Berge Summit, repayment of bank borrowings and interest payments; and payment of dividend in respect of FY 2014 and H1 2015.

As at 30 September 2015, the Group has committed contracts with Hyundai Heavy Industries Co. Ltd. ("HHI") for the construction of three VLGCs at US$151.7 million and Daewoo Shipbuilding and Marine Engineering ("DSME") for the construction of four VLGCs at US$217.5 million.

MARKET OUTLOOK

Freight Rates & Demand

The third quarter of 2015 was comparable to last year's strong third quarter in terms of achieved freight rates, albeit with a heightened element of volatility. Rates averaged US$129 per ton on the benchmark Ras Tanura – Chiba route in July before retreating in line with seasonal patterns to average US$103 per ton throughout the quarter. Propane price spreads between Asia and the US were generally not conducive to the flow of arbitrage cargoes during the third quarter. After averaging US$192 per ton in June 2015, Mont Belvieu propane prices resumed their seasonal upswing in Q3 in anticipation of heightened domestic US heating and crop drying demand. Concurrently, US propane inventories built up past 100 million barrels, reflecting the increasing connectivity of Mont Belvieu to the pipeline network. Crude oil prices, and by extension Asian naphtha and propane prices, fell over the corresponding period, leading to fewer arbitrage opportunities throughout the quarter. West to East volumes decreased by 12% quarter on quarter as Middle Eastern cargoes fulfilled a greater proportion of Asian demand, while US volumes were predominantly placed in Latin American and European markets.

Asian propane and naphtha spot price spreads weakened through the quarter to average US$31 per ton, weakening LPG's cost advantage over naphtha in the price-sensitive cracking sector. Additionally, the downtrend of Asian propylene prices since July has adversely impacted PDH plant margins. However, the price weakness can be partly explained by the transitory effects of industrial explosions in Tianjin and Rizhao as well as Golden Week holidays in China, with propylene prices flattening out since that time. Forward curves are pricing in favor of LPG relative to naphtha.

Production

US gas infrastructure investment continues to materialize, as Targa Resources Partners and Sanchez Energy announced plans to construct a 200mcf/day gas processing plant in the Eagle Ford basin. Additionally, seven new Appalachian pipeline projects are scheduled for completion in the fourth quarter of 2015 and a further eight in 2016 that will connect oversupplied regional markets in Appalachia to major metropolitan markets. The new regional pipelines should improve currently depressed price realizations of gas liquids and encourage production growth.

Propane production is set to increase by 7.2% quarter on quarter according to the EIA's weekly estimates, although September was the first month during which propane production was lower year on year. The EIA's forecast for total LPG production calls for growth of 8% and 6% in 2015 and 2016 respectively. In terms of specific shale plays, Permian basin production has been the most resilient to low oil prices, Utica gas production also continues to increase, while Marcellus gas production seemingly peaked in April at 16.5mmcf/day and has been declining slightly every month since. With approximately 90% of US LPG production originating from PADDs 1-3, these three plays, along with the Eagle Ford, will be the key drivers of production growth.

Fleet Growth

After a first half year of low ordering, the third quarter was characterized by an uptick in newbuilding activity. A total of eleven VLGC newbuilding orders were placed in September and October, many of them backed by long term charters. Six of those orders were 78,500 CBM Panamax VLGCs, capable of transiting the existing Panama Canal channel. BW LPG estimates a maximum of three Panamax VLGCs are required to service US LPG exports to West Coast Latin America, with the balance expected to be deployed for trading to the East. Lead times for newbuilding deliveries are now towards the end of 2017 in Korea and early 2019 for Japan.

2016 Outlook

BW LPG expects heightened volatility in 2016 due to the combined effects of a heavier vessel delivery schedule, sharp growth in export capacity, and the more pronounced interrelationship of energy prices, production and demand growth. We anticipate that US export terminal fees and freight rates will need to adjust more frequently, and thus by definition be more volatile than they have been over the last two years, in order to facilitate trade and accommodate the continuous flow of large incremental export volumes. Our balanced charter portfolio is a reflection of this market view, positioning us to capture upside via our spot exposure while also protecting our downside through our fixed coverage.

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 and pricing of LPG as a consequence of production and export levels.

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 remaining months in 2015.

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 September 2015 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period from 1 July 2015 to 30 September 2015 and first nine months of year 2015 that are set out on page 8 to 28. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 18 November 2015

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(Reviewed)

	Note	Q3 2015 US$'000	Q3 2014 US$'000	YTD 2015 US$'000	YTD 2014 US$'000
Revenue		223,845	211,365	581,485	565,084
Voyage expenses		(42,148)	(52,116)	(114,813)	(164,628)
TCE income #		181,697	159,249	466,672	400,456
Other operating income		537	497	1,491	1,372
Charter hire expense		(18,226)	(24,961)	(60,877)	(73,910)
Other operating expenses		(30,947)	(26,019)	(88,335)	(75,776)
Operating profit before depreciation, amortisation and impairment (EBITDA)		133,061	108,766	318,951	252,142
Amortisation charge	3	(1,228)	(1,228)	(3,683)	(3,683)
Depreciation charge	4	(20,459)	(16,664)	(57,486)	(47,965)
Operating profit (EBIT)		111,374	90,874	257,782	200,494
Foreign currency exchange loss - net		(40)	(42)	(104)	(54)
Interest income		24	34	79	106
Interest expense		(4,690)	(2,423)	(11,694)	(7,935)
Other finance expense		(342)	(775)	(1,465)	(1,521)
Finance expense – net		(5,048)	(3,206)	(13,184)	(9,404)
Profit before tax for the financial period		106,326	87,668	244,598	191,090
Income tax expense		(158)	(199)	(474)	(422)
Profit after tax for the financial period		106,168	87,469	244,124	190,668

"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	Q3 2015 US$'000	Q3 2014 US$'000	YTD 2015 US$'000	YTD 2014 US$'000
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Cash flow hedges					
- Fair value (losses)/gains		(5,953)	316	(9,772)	(93)
- Reclassification to profit or loss		727	-	1,771	-
Other comprehensive (loss)/income, net of tax		(5,226)	316	(8,001)	(93)
Total comprehensive income for the financial period		100,942	87,785	236,123	190,575
Profit attributable to:					
Equity holders of the Company		105,372	87,286	242,745	190,037
Non-controlling interests		796	183	1,379	631
		106,168	87,469	244,124	190,668
Total comprehensive income attributable to:					
Equity holders of the Company		100,146	87,602	234,744	189,944
Non-controlling interests		796	183	1,379	631
		100,942	87,785	236,123	190,575
Earnings per share attributable to the equity holders of the Company (expressed in US$ per share)					
Basic and diluted earnings per share		0.79	0.64	1.83	1.39

CONSOLIDATED BALANCE SHEET

	Note	(Reviewed) 30 September 2015 US$'000	(Audited) 31 December 2014 US$'000
Charter-hire contracts acquired	3	13,698	17,381
Intangible asset		13,698	17,381
Derivative financial instruments	5	-	681
Vessels	4	1,602,396	1,282,424
Vessels under construction	4	136,195	153,838
Dry docking	4	38,697	36,173
Furniture and fixtures	4	405	497
Total property, plant and equipment		1,777,693	1,472,932
Total non-current assets		1,791,391	1,490,994
Inventories		11,982	15,629
Trade and other receivables		103,814	87,177
Derivative financial instruments	5	-	19
Cash and cash equivalents		83,114	70,245
Total current assets		198,910	173,070
Total assets		1,990,301	1,664,064
Share capital	6	1,363	1,363
Share premium		269,103	269,103
Treasury shares	7	(22,445)	(22,445)
Contributed surplus		685,913	685,913
Other reserves		(51,260)	(43,286)
Retained earnings		167,016	180,747
		1,049,690	1,071,395
Non-controlling interests		9,442	9,559
Total shareholders' equity		1,059,132	1,080,954
Borrowings	8	816,248	469,855
Deferred income		372	745
Derivative financial instruments	5	5,243	797
Total non-current liabilities		821,863	471,397
Borrowings	8	66,573	59,579
Deferred income		496	496
Derivative financial instruments	5	5,642	1,709
Current income tax liabilities		516	675
Trade and other payables		36,079	49,254
Total current liabilities		109,306	111,713
Total liabilities		931,169	583,110
Total equity and liabilities		1,990,301	1,664,064

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

CONSOLIDATED INTERIM 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$'000	Hedging reserves US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2015		1,363	269,103	(22,445)	685,913	(41,480)	(1,806)	-	180,747	1,071,395	9,559	1,080,954
Profit for the period		-	-	-	-	-	-	-	242,745	242,745	1,379	244,124
Other comprehensive loss for the period		-	-	-	-	-	(8,001)	-	-	(8,001)	-	(8,001)
Total comprehensive income for the period		-	-	-	-	-	(8,001)	-	242,745	234,744	1,379	236,123
Share-based payment reserve - Value of employee services		-	-	-	-	-	-	27	-	27	-	27
Dividend paid	13	-	-	-	-	-	-	-	(256,476)	(256,476)	-	(256,476)
Payment to non-controlling interests		-	-	-	-	-	-	-	-	-	(1,496)	(1,496)
Total transactions with owners, recognised directly in equity		-	-	-	-	-	-	27	(256,476)	(256,449)	(1,496)	(257,945)
Balance at 30 September 2015		1,363	269,103	(22,445)	685,913	(41,480)	(9,807)	27	167,016	1,049,690	9,442	1,059,132

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(Reviewed)

	Note	Attributable to equity holders of the Company									
		Share capital US$'000	Share premium US$'000	Contributed surplus US$'000	Capital reserves US$'000	Hedging reserves US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2014		1,363	268,987	685,913	(41,480)	-	13	50,203	964,999	9,730	974,729
Profit for the period		-	-	-	-	-	-	190,037	190,037	631	190,668
Other comprehensive income for the period		-	-	-	-	(93)	-	-	(93)	-	(93)
Total comprehensive income for the period		-	-	-	-	(93)	-	190,037	189,944	631	190,575
Share-based payment reserve - Value of employee services		-	-	-	-	-	87	-	87	-	87
Payment to non-controlling interests		-	-	-	-	-	-	-	-	(338)	(338)
Dividend paid		-	-	-	-	-	-	(124,012)	(124,012)	-	(124,012)
Total transactions with owners, recognised directly in equity		-	-	-	-	-	87	(124,012)	(123,925)	(338)	(124,263)
Balance at 30 September 2014		1,363	268,987	685,913	(41,480)	(93)	100	116,228	1,031,018	10,023	1,041,041

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

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

	Attributable to equity holders of the Company										
	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserves US$'000	Hedging reserves US$'000	Share-based Payment reserve US$'000	Retained earnings US$'000	Total US$'000	Non-Controlling interests US$'000	Total equity US$'000
Balance at 30 September 2014	1,363	268,987	-	685,913	(41,480)	(93)	100	116,228	1,031,018	10,023	1,041,041
Profit for the period	-	-	-	-	-	-	-	64,533	64,533	468	65,001
Other comprehensive income for the period	-	-	-	-	-	(1,713)	-	-	(1,713)	-	(1,713)
Total comprehensive income for the period	-	-	-	-	-	(1,713)	-	64,533	62,820	468	63,288
Share-based payment reserve - Value of employee services	-	-	-	-	-	-	16	-	16	-	16
Issue of new shares	-	116	-	-	-	-	(116)	-	-	-	-
Purchase of treasury shares	-	-	(22,445)	-	-	-	-	-	(22,445)	-	(22,445)
Payment to non-controlling interests	-	-	-	-	-	-	-	-	-	(932)	(932)
Dividend paid	-	-	-	-	-	-	-	(14)	(14)	-	(14)
Total transactions with owners, recognised directly in equity	-	116	(22,445)	-	-	-	(100)	(14)	(22,443)	(932)	(23,375)
Balance at 31 December 2014	1,363	269,103	(22,445)	685,913	(41,480)	(1,806)	-	180,747	1,071,395	9,559	1,080,954

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(Reviewed)

	Q3 2015 US$'000	Q3 2014 US$'000	YTD September 2015 US$'000	YTD September 2014 US$'000
Cash flows from operating activities				
Profit before tax for the financial period	106,326	87,668	244,598	191,090
Adjustments for:				
- amortisation charge	1,228	1,228	3,683	3,683
- amortisation of deferred income	(124)	(124)	(373)	(372)
- depreciation charge	20,459	16,664	57,486	47,965
- derivative loss	1,370	531	1,078	579
- interest income	(24)	(34)	(79)	(106)
- interest expense	4,690	2,423	11,694	7,935
- other finance expense	326	-	1,388	-
- share-based payments	9	31	27	87
Operating cash flow before working capital changes	134,260	108,387	319,502	250,861
Changes in working capital:				
- inventories	1,846	1,796	3,647	(947)
- trade and other receivables	603	10,738	(16,637)	(333)
- trade and other payables	(7,262)	4,458	(13,257)	1,087
Cash generated from operations	129,447	125,379	293,255	250,668
Taxes paid	(311)	-	(633)	(22)
Net cash provided by operating activities	129,136	125,379	292,622	250,646
Cash flow from investing activities				
Purchases of property, plant and equipment	(57,014)	(32,498)	(359,754)	(104,916)
Interest paid (capitalised interest expense)	(989)	(461)	(2,239)	(1,611)
Interest received	24	34	79	106
Net cash used in investing activities	(57,979)	(32,925)	(361,914)	(106,421)
Cash flows from financing activities				
Proceeds from bank borrowings	130,910	80,000	545,734	130,000
Payment of financing fee	-	-	(3,928)	-
Repayments of bank borrowings	(78,614)	(62,500)	(180,948)	(137,500)
Repayment of finance lease	-	(768)	(9,556)	(54,415)
Interest paid	(4,406)	(2,908)	(9,863)	(8,348)
Dividend paid	(103,658)	(103,572)	(256,476)	(124,012)
Finance expense paid	(342)	-	(1,306)	-
Payment to non-controlling interests	(683)	(338)	(1,496)	(338)
Net cash (used in)/provided by financing activities	(56,793)	(90,086)	82,161	(194,613)
Net increase/(decrease) in cash and cash equivalents	14,364	2,368	12,869	(50,388)
Cash and cash equivalents at beginning of the financial period	68,750	58,151	70,245	110,907
Cash and cash equivalents at end of the financial period	83,114	60,519	83,114	60,519

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 18 November 2015.

2. Significant accounting policies

(a) Basis of preparation

The condensed consolidated interim financial information for the third quarter and nine months ended 30 September 2015 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

In the preparation of this set of condensed consolidated interim financial information, the same accounting policies have been applied as those used in the preparation of the annual financial statements for the year ended 31 December 2014.

The Group has not early adopted the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant to the Group's annual accounting periods beginning on 1 January 2016 or later periods. The Group does not anticipate the adoption of these changes to have a material impact on the condensed interim financial information.

Critical accounting estimates and assumptions

The preparation of the condensed consolidated interim financial information requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

3. Intangible assets

	Charter-hire contracts acquired US$'000
At 1 January 2015	17,381
Amortisation charge	(3,683)
At 30 September 2015	13,698
At 1 January 2014	22,291
Amortisation charge	(3,683)
At 30 September 2014	18,608
Amortisation charge	(1,227)
At 31 December 2014	17,381

4. Property, plant and equipment

	Vessels US$'000	Dry docking US$'000	Vessels under construction US$'000	Furniture and fixtures US$'000	Total US$'000
Cost					
At 1 January 2015	1,523,570	53,223	153,838	620	1,731,251
Additions	75,431	4,306	282,510	-	362,247
Write-off on completion of drydocking costs	-	(760)	-	-	(760)
Transfer in/(out)	291,153	9,000	(300,153)	-	-
At 30 September 2015	1,890,154	65,769	136,195	620	2,092,738
Accumulated depreciation and impairment charge					
At 1 January 2015	241,146	17,050	-	123	258,319
Depreciation charge	46,612	10,782	-	92	57,486
Write-off on completion of drydocking costs	-	(760)	-	-	(760)
At 30 September 2015	287,758	27,072	-	215	315,045
Net book value					
At 30 September 2015	1,602,396	38,697	136,195	405	1,777,693

4. **Property, plant and equipment** (CONTINUED)

	Vessels US$'000	Dry docking US$'000	Vessels under construction US$'000	Furniture and fixtures US$'000	Total US$'000
Cost					
At 1 January 2014	1,449,082	41,260	65,241	316	1,555,899
Additions	25	4,478	101,994	304	106,801
Write-off on completion of drydocking costs	-	(2,891)	-	-	(2,891)
At 30 September 2014	1,449,107	42,847	167,235	620	1,659,809
Additions	1,882	13,144	61,949	-	76,975
Transfer in/(out)	72,581	2,765	(75,346)	-	-
Write-off on completion of drydocking costs	-	(5,533)	-	-	(5,533)
At 31 December 2014	1,523,570	53,223	153,838	620	1,731,251
Accumulated depreciation and impairment charge					
At 1 January 2014	187,792	12,824	-	-	200,616
Depreciation charge	39,706	8,167	-	92	47,965
Write-off on completion of drydocking costs	-	(2,891)	-	-	(2,891)
At 30 September 2014	227,498	18,100	-	92	245,690
Depreciation charge	13,648	4,483	-	31	18,162
Write-off on completion of drydocking costs	-	(5,533)	-	-	(5,533)
At 31 December 2014	241,146	17,050	-	123	258,319
Net book value					
At 30 September 2014	1,221,609	24,747	167,235	528	1,414,119
At 31 December 2014	1,282,424	36,173	153,838	497	1,472,932

(a) The Group has mortgaged certain vessels with an aggregate carrying amount of US$1,195.3 million at 30 September 2015 (31 December 2014: US$1,058.7 million) as security for bank borrowings. (Note 8).

(b) For YTD September 2015, interest amounting to US$2.5 million (YTD September 2014: US$1.9 million) has been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.1% (2014: 2.1%) per annum.

5. Derivative financial instruments

	(Reviewed) 30 September 2015		(Audited) 31 December 2014	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Interest rate swaps	-	(9,807)	700	(2,506)
Bunker swap	-	(1,078)	-	-
	-	(10,885)	700	(2,506)

The Group has entered into 18 interest rate swaps contracts. Out of the 18 contracts:

(1) Eight contracts of notional principal amount of US$200.0 million will expire on 25 February 2019;
(2) Eight contracts of notional principal amount of US$193.8 million will forward-start on 25 February 2016 and expire on 25 February 2019;
(3) One contract of notional principal amount of US$65.5 million will forward-start on 23 July 2016 and expire on 23 April 2022; and
(4) One contract of notional principal amount of US$42.4 million will forward-start on 23 October 2016 and expire on 23 April 2022.

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 1.7% 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 Statement of Comprehensive Income.

6. Share capital

As at 30 September 2015, the Company's share capital comprises 136,291,455 (31 December 2014: 136,291,455) fully paid common shares with a par value of US$0.01 per share, amounting to a total of US$1,362,764 (31 December 2014: US$1,362,764).

7. Treasury shares

The Company's treasury shares comprise 3.4 million shares that were purchased in December 2014 under a share buy-back programme at an average price of NOK47.74 per share. Aggregate consideration amounted to NOK162.3 million (US$22.4 million).

8. Borrowings

	(Reviewed) 30 September 2015 US$'000	(Audited) 31 December 2014 US$'000
Non-current		
Bank borrowings	816,248	469,855
Current		
Finance lease liabilities	-	9,556
Interest payable	2,191	1,072
Bank borrowings	64,382	48,951
	66,573	59,579
Total borrowings	882,821	529,434

Movements in borrowings are analysed as follows:

	US$'000
Balance as at 1 January 2015	529,434
Proceeds from bank borrowings	545,734
Financing fees	(3,928)
Interest expense	11,694
Interest capitalised	2,493
Less: Interest paid	(12,102)
Less: Principal repayments of bank borrowings	(180,948)
Less: Repayments of finance lease	(9,556)
Balance as at 30 September 2015	882,821
Balance as at 1 January 2014	608,589
Proceeds from bank borrowings	130,000
Interest expense	7,935
Interest capitalised	1,885
Less: Interest paid	(9,058)
Less: Principal repayments of bank borrowings	(137,500)
Less: Repayment of finance lease	(54,415)
Balance as at 30 September 2014	547,436
Proceeds from bank borrowings	10,000
Interest expense	2,448
Interest capitalised	852
Less: Interest paid	(3,021)
Less: Principal repayments of bank borrowings	(27,500)
Less: Repayment of finance lease	(781)
Balance as at 31 December 2014	529,434

8. Borrowings (continued)

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

Bank borrowings of the Group as at 30 September 2015 of US$882.8 million (31 December 2014: US$519.9 million) are secured by mortgages over certain vessels of the Group (Note 4). In addition, the Company has provided corporate guarantees to DNB Asia Ltd for the facilities granted to a subsidiary from two groups of lenders.

The finance lease liability relates to a vessel and it was fully repaid in May 2015 (31 December 2014: US$9.6 million).

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

9. Related party transactions

In addition to the information disclosed elsewhere in the condensed consolidated interim financial information, the following transactions took place between the Group and related parties during the financial period at terms agreed between the parties:

(a) Services

	(Reviewed) **Q3 2015** **US$'000**	(Reviewed) Q3 2014 US$'000	**(Reviewed)** **YTD September 2015** **US$'000**	(Reviewed) YTD September 2014 US$'000
Support service fees charged by related parties*	**895**	1,472	**3,144**	4,295
Ship management fees charged by related parties*	**2,149**	1,813	**6,275**	5,442
Derivative (gain) recovered from/loss reimbursed to a shareholder for a financial instrument entered on behalf of the Group	**-**	(541)	**669**	(592)

	(Reviewed) **30 September 2015** **US$'000**	(Audited) 31 December 2014 US$'000
Trade and other payables - Related parties*	**(2,403)**	(954)
Other receivables - Related parties*	**2,823**	-

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

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

(b) Key management's remuneration

	Q3 2015 US$'000	Q3 2014 US$'000	YTD September 2015 US$'000	YTD September 2014 US$'000
Salaries and other short term employee benefits	418	279	1,151	937
Post-employment benefits – contributions to defined contribution plans, share-based payment and termination benefits	7	37	107	116
Directors' fees	124	87	373	260
	549	403	1,631	1,313

10. **Commitments**

(a) Capital commitments

In 2013 and 2014, the Group entered into shipbuilding contracts with HHI for the construction of eight VLGCs. BW Aries was delivered in 2014 while BW Carina, BW Gemini and BW Leo were delivered in H1 2015 and BW Libra was delivered in Q3 2015. The remaining three new build VLGCs are to be delivered within the next 12 months [Note 14(b)].

In April 2015, the Group entered into shipbuilding contracts with DSME for the construction of four VLGCs. The vessels are expected to be delivered in the third and fourth quarter of 2016.

The total cost of the seven VLGC newbuilds amounted to US$500.1 million. As at 30 September 2015, the Group had paid US$130.9 million in instalments and these payments are capitalised and included in "vessels under construction". Capital commitments contracted for these seven VLGCs at the balance sheet date but not recognised in the consolidated financial information as at balance sheet date are as follows:

	30 September 2015 US$'000	31 December 2014 US$'000
Vessels under construction	369,198	368,824

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

The Group is currently considering the different options to finance the remaining instalments for the four newbuilds with DSME.

10. Commitments (continued)

(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:

	30 September 2015 US$'000	31 December 2014 US$'000
Not later than one year	105,548	130,556
Later than one year but not later than five years	137,793	120,583
	243,341	251,139

(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:

	30 September 2015 US$'000	31 December 2014 US$'000
Not later than one year	71,807	93,602
Later than one year but not later than five years	175,330	289,386
Later than five years	143,217	208,413
	390,354	591,401

11. Financial risk management

The Group's activities expose it to a variety of financial risks; market risks (including currency risk and interest rate risk); credit risk; and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2014. There have been no major changes in any risk management policies or processes since the previous year end. However, there has been a change in both the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company. The new CFO and new CEO joined the company with effect from 1 July 2015 and 1 August 2015, respectively.

11. Financial risk management (continued)

(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 portion of the bank borrowings (Note 5). If USD interest rates increase/decrease by 50 basis points (2014: 50 basis points) with all other variables including tax rate being held constant, the profit after tax in YTD September 2015 will be lower/higher by approximately US$2.0 million (YTD September 2014: US$2.0 million) as a result of higher/lower interest expense on these borrowings; total comprehensive income will be lower/higher by approximately US$8.2 million (YTD September 2014: US$ nil).

(b) Financial instruments by category

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

	30 September 2015 US$'000	31 December 2014 US$'000
Loans and receivables	175,966	145,804
Financial derivative instruments - net	10,885	1,806
Financial liabilities at amortised cost	915,264	570,748

(c) Fair value measurements

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

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

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

12. Segment information

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.

12. **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
Q3 2015	US$'000	US$'000	US$'000
Revenue	200,713	23,132	223,845
Voyage expenses	(39,351)	(2,797)	(42,148)
TCE income	161,362	20,335	181,697
EBITDA	120,030	15,997	136,027
Finance expense	(8)	(2)	(10)
Depreciation charge	(16,963)	(3,465)	(20,428)
Amortisation charge	(1,228)	-	(1,228)
	101,831	12,530	114,361
Unallocated items			(8,035)
Profit before income tax			106,326
YTD 2015			
Revenue	524,292	57,193	581,485
Voyage expenses	(107,753)	(7,060)	(114,813)
TCE income	416,539	50,133	466,672
EBITDA	292,025	36,559	328,584
Finance expense	(201)	(4)	(205)
Depreciation charge	(47,111)	(10,283)	(57,394)
Amortisation charge	(3,683)	-	(3,683)
	241,030	26,272	267,302
Unallocated items			(22,704)
Profit before income tax			244,598
Segment assets as at 30 September 2015	1,732,052	151,481	1,883,533
Segment assets includes:			
Additions to:			
- vessels	75,431	-	75,431
- vessels under construction	282,510	-	282,510
- dry docking	3,978	328	4,306
Segment liabilities as at 30 September 2015	895,121	3,447	898,568

12. Segment information (continued)

Q3 2014	VLGC US$'000	LGC US$'000	Total US$'000
Revenue	194,835	16,530	211,365
Voyage expenses	(47,007)	(5,109)	(52,116)
TCE income	147,828	11,421	159,249
EBITDA	105,718	6,863	112,581
Finance expense	(147)	(2)	(149)
Depreciation charge	(12,920)	(3,713)	(16,633)
Amortisation charge	(1,228)	-	(1,228)
	91,423	3,148	94,571
Unallocated items			(6,903)
Profit before income tax			87,668

YTD 2014	VLGC US$'000	LGC US$'000	Total US$'000
Revenue	514,372	50,712	565,084
Voyage expenses	(148,518)	(16,110)	(164,628)
TCE income	365,854	34,602	400,456
EBITDA	240,204	22,173	262,377
Finance expense	(679)	(6)	(685)
Depreciation charge	(38,282)	(9,591)	(47,873)
Amortisation charge	(3,683)	-	(3,683)
	197,560	12,576	210,136
Unallocated items			(19,046)
Profit before income tax			191,090
Segment assets as at 30 September 2014	1,381,279	169,777	1,551,056
Segment assets includes:			
Additions to:			
- vessels	25	-	25
- vessels under construction	101,994	-	101,994
- dry docking	2,017	2,461	4,478
Segment liabilities as at 30 September 2014	567,809	2,683	570,492

12. **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.

	30 September 2015 US$'000	31 December 2014 US$'000	30 September 2014 US$'000
Segment assets	1,883,533	1,576,696	1,551,056
Unallocated items:			
Cash and cash equivalents	83,114	70,245	60,519
Derivative financial instruments	-	700	746
Other receivables	23,249	15,926	25,171
Property, plant and equipment	405	497	528
Total assets	1,990,301	1,664,064	1,638,020

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.

	30 September 2015 US$'000	31 December 2014 US$'000	30 September 2014 US$'000
Segment liabilities	898,568	560,363	570,492
Unallocated items:			
Derivative financial instruments	10,885	2,506	1,234
Other payables	21,200	19,566	24,853
Current income tax liabilities	516	675	400
Total liabilities	931,169	583,110	596,979

Geographical information

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

13. Dividend paid

	(Reviewed) 30 September 2015 US$'000	(Audited) 31 December 2014 US$'000
Final dividend paid in respect of the previous financial year of US$1.15 (2014: US$0.15) per share	152,818	20,440
Interim dividend paid in respect of H1 2015 of US$0.78 (H1 2014: US$0.76) per share	103,658	103,586
	256,476	124,026

14. Subsequent events

(a) On 2 October 2015, the Group entered into a US$100.0 million short-term unsecured Revolving Credit facility with Oversea-Chinese Banking Corporation to provide general and corporate working capital.

(b) On 15 October 2015, a newbuild VLGC, BW Orion was delivered and was deployed in the Group's contract portfolio upon its delivery.