BW LPG Limited

Condensed Consolidated
Interim Financial Information
Q2 2017 and H1 2017

HIGHLIGHTS – Q2 2017

- Time Charter Equivalent ("TCE") earnings were US$91.4 million in Q2 2017 (US$186.0 million in H1 2017), compared with US$99.4 million in Q2 2016 (US$236.2 million in H1 2016).

- VLGC TCE rates averaged US$20,300/day in Q2 2017 (US$20,600/day in H1 2017), compared with US$28,100/day in Q2 2016 (US$33,300/day in H1 2016).

- LGC TCE rates averaged US$11,300/day in Q2 2017 (US$11,300/day in H1 2017), compared with US$19,800/day in Q2 2016 (US$25,600/day in H1 2016).

- EBITDA of US$39.6 million in Q2 2017 (US$81.5 million in H1 2017) compared with EBITDA of US$52.3 million in Q2 2016 (US$141.3 million in H1 2016), mainly due to the decline in LPG spot earnings despite an increase in fleet size.

- Loss after tax was US$7.0 million in Q2 2017 compared with a loss after tax of US$55.6 million in Q2 2016. For H1 2017, profit after tax was US$0.9 million compared with US$4.3 million in H1 2016. The loss for the current quarter was primarily due to the depressed LPG spot rates and US$3 million relating to the accelerated depreciation of two LGCs.

- No interim dividend for H1 2017 was declared by the Board.

- The Group signed a contract to sell a VLGC vessel in July 2017. The sale is part of the Group's fleet renewal strategy. The vessel is expected to be delivered in September 2017.

- On 27 July 2017, the Group and Global United Shipping India Private Limited have agreed to establish a joint venture in India, BW Global United LPG India Private Limited, in which the parties will own 50% each. The purpose of the new joint venture is to own and operate a fleet of VLGCs for the transportation of LPG within Indian waters. As part of the establishment, the Group has entered into an agreement to sell two of its VLGC vessels into the joint venture. The joint venture is expected to be fully operational by the end of 2017.

- At the date of this report, the Group has a fleet of 52 vessels, comprising 48 VLGCs and four LGCs. In addition, the Group has two time charter-in VLGC newbuilds that are under construction.

SELECTED KEY FINANCIAL INFORMATION

	(Reviewed) Q2 2017	(Reviewed) Q2 2016	Increase/ (Decrease)	(Reviewed) H1 2017	(Reviewed) H1 2016	Decrease
Income Statement	US$ million	US$ million	%	US$ million	US$ million	%
Revenue	131.7	121.8	8.1	268.7	284.3	(5.5)
TCE income	91.4	99.4	(8.0)	186.0	236.2	(21.3)
EBITDA	39.6	52.3	(24.3)	81.5	141.3	(42.3)
(Loss)/Profit after tax (NPAT)	(7.0)	(55.6)	(87.4)	0.9	4.3	(79.1)
(US$ per share) Basic and diluted EPS	(0.05)	(0.40)	(87.5)	0.02	0.04	(50.0)

	(Reviewed) 30 June 2017 US$ million	(Audited) 31 December 2016 US$ million
Balance Sheet		
Cash & cash equivalents	58.9	80.6
Total assets	2,537.9	2,593.9
Total liabilities	1,423.6	1,476.5

PERFORMANCE REVIEW: Q2 2017

Operating revenue was US$131.7 million in Q2 2017 (US$121.8 million in Q2 2016). TCE income decreased to US$91.4 million from US$99.4 million, mainly attributable to the decline in LPG spot rates despite an increase in fleet size. These factors resulted in a decrease in TCE income of US$3.1 million and US$4.9 million respectively, in the VLGC and LGC segments.

Charter hire expenses increased to US$18.8 million in Q2 2017 (US$16.3 million in Q2 2016) due to an additional chartered-in vessel. Other operating expenses increased to US$34.9 million in Q2 2017 (US$31.3 million in Q2 2016) due to the overall larger fleet size.

EBITDA decreased to US$39.6 million in Q2 2017 from US$52.3 million in Q2 2016, mainly due to lower TCE income.

Net finance expense increased to US$12.1 million in Q2 2017 (US$6.6 million in Q2 2016), as a result of increased bank borrowings arising from the post-delivery financing of the VLGC newbuilds and the take-over of debt relating to Aurora LPG Holding ASA ("Aurora LPG").

The Group reported a loss after tax of US$7.0 million in Q2 2017 (US$55.6 million in Q2 2016).

PERFORMANCE REVIEW: H1 2017

Operating revenue was US$268.7 million in H1 2017 (US$284.3 million in H1 2016). TCE income decreased to US$186.0 million from US$236.2 million, mainly attributable to the decline in LPG spot rates despite an increase in fleet size. These factors resulted in a decrease in TCE income of US$35.1 million and US$15.1 million respectively, in the VLGC and LGC segments.

Charter hire expenses increased to US$37.9 million in H1 2017 (US$34.7 million in H1 2016) due to an additional chartered-in vessel. Other operating expenses increased to US$72.1 million in H1 2017 (US$61.4 million in H1 2016) due to the overall larger fleet size.

EBITDA decreased to US$81.5 million in H1 2017 from US$141.3 million in H1 2016, mainly due to lower TCE income.

Net finance expense increased to US$24.1 million in H1 2017 (US$12.1 million in H1 2016), as a result of increased bank borrowings arising from the post-delivery financing of the VLGC newbuilds and the take-over of debt relating to Aurora LPG.

The Group reported a profit after tax of US$0.9 million in H1 2017 (US$4.3 million in H1 2016).

BALANCE SHEET

As at 30 June 2017, total assets amounted to US$2,537.9 million (31 December 2016: US$2,593.9 million), of which US$2,356.6 million (31 December 2016: US$2,412.7 million) represented the carrying value of the Group's vessels (including dry docking) and vessels under construction as follows:

	(Reviewed) 30 June 2017		
	VLGC US$ million	LGC US$ million	Total US$ million
Vessels (including dry docking)	2,270.4	86.2	2,356.6

Cash and cash equivalents amounted to US$58.9 million as at 30 June 2017 (31 December 2016: US$80.6 million). Cash flows from operating activities resulted in a net cash generation of US$37.0 million in H1 2017 (US$167.3 million in H1 2016). Together with proceeds from bank borrowings, cash flows from operating activities were principally utilised for instalment payments for newbuilds, repayment of bank borrowings and interest payments as well as a net repayment of a portion of Aurora LPG's borrowings.

Market

Freight Rates & Global LPG Demand

VLGC rates averaged US$16,700 per day in Q2 2017, or US$28.8 per ton on the benchmark Baltic route. This compares to BW LPG spot performance of US$15,710 per day and fleetwide timecharter-equivalent earnings of US$20,300 per day. The market weakened consistently throughout the quarter and currently stands near vessel opex levels.

Seaborne LPG trade contracted in Q2 2017 as strong Chinese import growth was offset by double-digit declines in Indian and Korean imports. U.S. seaborne LPG export volumes grew by 9% to 7m tonnes in Q2 2017, albeit at a slower pace following a slew of cargo cancellations, while Middle Eastern LPG export volumes declined by 1% yoy to 9.6m tonnes.

U.S. LPG Production & Consumption

U.S. LPG production has risen by 4% year to date through Q2 2017 while domestic consumption has fallen by 2%. Propane production based on weekly data registered 5% growth through the third week of August, pointing to a 4% decline in domestic propane demand. The EIA has revised upwards its export growth estimates by 1.5mt for 2017 and 1.1mt for 2018 since May. For 2018, the EIA is forecasting LPG production growth of 6% – the same percentage growth it estimates for crude oil – despite LPG production growth outpacing crude oil production growth in the past two years.

VLGC Fleet Growth

The global VLGC fleet grew by six vessels in Q2 2017 and by 14 year to date. Two vessels were committed for scrapping and three separate orders were placed for a total of five new VLGCs delivering in H2 2019 – the first VLGC newbuilding orders since May 2016. A further six vessels are set for delivery in 2017, with ten delivering in both 2018 and 2019.

Second Quarter 2017

Rates nearly halved to US$21 per ton on the benchmark Baltic route after starting the quarter at US$36 per ton. The weakness in freight was driven by worsening arbitrage economics leading to substantial cargo cancellations in the U.S. Gulf Coast and continued above-average fleet growth.

Heading into the third quarter, there has been an uptick of fixtures on the long-haul U.S. to Asia route going via the Cape of Good Hope (the longer route) rather than via the Panama Canal. However, this positive development in the distance side of the shipping demand equation is continuing to be partly offset by the adverse impact of U.S. cargo cancellations.

Outlook

The short-term market outlook remains challenging as low U.S. inventory levels will continue to prop up domestic LPG prices until confidence returns that stocks have built sufficiently – anywhere from 80mmbls to 100mmbls – ahead of winter heating demand season.

Going forward, U.S. LPG production must meaningfully outpace both domestic demand and export growth to generate a surplus of exportable LPG, as well as for U.S. LPG to maintain its competitiveness in the global market. The long-term outlook for continued growth in U.S. LPG production and exports is strong, evidenced by the resumption of U.S. NGL infrastructure investment. Targa Resources and Enterprise Products Partners both recently announced plans to invest in NGL pipeline capacity, while Enterprise will also expand gas processing capacity. Concurrently, higher crude oil prices will be required to both stimulate LPG production and widen LPG price spreads between the U.S. and key import markets.

RISK FACTORS

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

The Group is also exposed to risk in respect of fuel oil costs. Fuel oil prices are affected by the global political and economic environment. This risk is managed by pricing contracts of affreightment with fuel oil adjustment clauses, or by entering into forward fuel oil contracts. For voyage contracts, the current fuel costs are priced into the contracts. Other risks that Management takes into account are interest rate risk, credit risk, liquidity risk and capital risk. Management does not expect the exposure to these risks to change materially to cause a significant impact on the performance of the Group for the second half of 2017.

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

We confirm to the best of our knowledge that the Condensed Consolidated Interim Financial Information for the first half year of 2017 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of BW LPG Limited's consolidated assets, liabilities, financial position and income statement as a whole. We also confirm to the best of our knowledge, that the interim management report includes a fair review of important events that have taken place during the first half year of 2017 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 2017, as well as major related parties transactions.

25 August 2017

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

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

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of BW LPG Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2017 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period from 1 April 2017 to 30 June 2017, and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the half-year period from 1 January 2017 to 30 June 2017 that are set out on page 9 to 30. 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, 25 August 2017

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	(Reviewed) Q2 2017 US$'000	(Reviewed) Q2 2016 US$'000	(Reviewed) H1 2017 US$'000	(Reviewed) H1 2016 US$'000
Revenue		131,680	121,764	268,654	284,345
Voyage expenses		(40,304)	(22,396)	(82,605)	(48,132)
TCE income#		91,376	99,368	186,049	236,213
Other operating income		1,895	534	5,413	1,216
Charter hire expenses		(18,812)	(16,292)	(37,915)	(34,725)
Other operating expenses		(34,875)	(31,269)	(72,067)	(61,441)
Operating profit before depreciation, amortisation and impairment (EBITDA)		39,584	52,341	81,480	141,263
Amortisation charge	3	(1,228)	(1,228)	(2,456)	(2,455)
Depreciation charge	5	(33,215)	(23,707)	(61,249)	(45,784)
		5,141	27,406	17,775	93,024
Gain on disposal of vessels		-	-	7,376	-
Impairment charge on vessels		-	(55,500)	-	(55,500)
Impairment charge on available-for-sale financial assets		-	(20,855)	-	(20,855)
Operating profit/(loss) (EBIT)		5,141	(48,949)	25,151	16,669
Foreign currency exchange (loss)/gain - net		(186)	307	6	593
Interest income		112	46	214	105
Interest expense		(11,572)	(6,290)	(23,403)	(11,408)
Other finance expense		(475)	(661)	(921)	(1,372)
Finance expense – net		(12,121)	(6,598)	(24,104)	(12,082)
(Loss)/Profit before tax for the financial period		(6,980)	(55,547)	1,047	4,587
Income tax expense		(56)	(61)	(117)	(261)
(Loss)/Profit after tax for the financial period (NPAT)		(7,036)	(55,608)	930	4,326

"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) Q2 2017 US$'000	(Reviewed) Q2 2016 US$'000	(Reviewed) H1 2017 US$'000	(Reviewed) H1 2016 US$'000
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
Available-for-sale financial assets				
- fair value losses, net	-	(9,184)	-	(18,230)
- reclassification to profit or loss	-	20,855	-	20,855
Cash flow hedges				
- fair value losses	(4,045)	(2,792)	(4,194)	(11,319)
- reclassification to profit or loss	1,216	1,195	2,426	2,057
Other comprehensive (loss)/income, net of tax	(2,829)	10,074	(1,768)	(6,637)
Total comprehensive loss for the financial period	(9,865)	(45,534)	(838)	(2,311)
(Loss)/Profit attributable to:				
Equity holders of the Company	(6,676)	(54,429)	3,504	4,941
Non-controlling interests	(360)	(1,179)	(2,574)	(615)
	(7,036)	(55,608)	930	4,326
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(9,505)	(44,355)	1,736	(1,696)
Non-controlling interests	(360)	(1,179)	(2,574)	(615)
	(9,865)	(45,534)	(838)	(2,311)
Earnings per share attributable to the equity holders of the Company				
(expressed in US$ per share)				
Basic/Diluted earnings per share	(0.05)	(0.40)	0.02	0.04

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

CONSOLIDATED BALANCE SHEET

	Note	(Reviewed) 30 June 2017 US$'000	(Audited) 31 December 2016 US$'000
Charter hire contracts acquired	3	5,105	7,561
Intangible assets		5,105	7,561
Derivative financial instruments	4	10,926	7,695
Vessels	5	2,300,876	2,278,309
Vessels under construction	5	-	74,061
Dry docking	5	55,680	60,350
Furniture and fixtures	5	247	274
Total property, plant and equipment		2,356,803	2,412,994
Total non-current assets		2,372,834	2,428,250
Inventories		18,719	12,687
Trade and other receivables		87,250	67,577
Derivative financial instruments	4	228	539
Asset held-for-sale	6	-	4,245
Cash and cash equivalents	7	58,882	80,563
Total current assets		165,079	165,611
Total assets		2,537,913	2,593,861
Share capital	8	1,419	1,419
Share premium		289,812	289,812
Treasury shares	9	(1,565)	(457)
Contributed surplus		685,913	685,913
Other reserves		(35,745)	(33,980)
Retained earnings		171,130	167,626
		1,110,964	1,110,333
Non-controlling interests		3,363	7,043
Total shareholders' equity		1,114,327	1,117,376
Borrowings	10	1,141,195	979,590
Derivative financial instruments	4	2,009	389
Total non-current liabilities		1,143,204	979,979
Borrowings	10	230,793	431,245
Deferred income		-	248
Derivative financial instruments	4	8,645	5,306
Current income tax liabilities		275	188
Trade and other payables		40,669	59,519
Total current liabilities		280,382	496,506
Total liabilities		1,423,586	1,476,485
Total equity and liabilities		2,537,913	2,593,861

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Reviewed)

	Attributable to equity holders of the Company										
	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserves US$'000	Hedging reserves US$'000	Share-based payment reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2017	1,419	289,812	(457)	685,913	(36,259)	2,123	156	167,626	1,110,333	7,043	1,117,376
Profit/(Loss) for the financial period	-	-	-	-	-	-	-	3,504	3,504	(2,574)	930
Other comprehensive loss for the financial period	-	-	-	-	-	(1,768)	-	-	(1,768)	-	(1,768)
Total comprehensive (loss)/income for the financial period	-	-	-	-	-	(1,768)	-	3,504	1,736	(2,574)	(838)
Share-based payment reserves - Value of employee services	-	-	21	-	-	-	3	-	24	-	24
Purchase of treasury shares	-	-	(1,129)	-	-	-	-	-	(1,129)	-	(1,129)
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,106)	(1,106)
Total transactions with owners, recognised directly in equity	-	-	(1,108)	-	-	-	3	-	(1,105)	(1,106)	(2,211)
Balance at 30 June 2017	1,419	289,812	(1,565)	685,913	(36,259)	355	159	171,130	1,110,964	3,363	1,114,327

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(Reviewed)

	Attributable to equity holders of the Company											
	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserves US$'000	Fair value reserves US$'000	Hedging reserves US$'000	Share-based payment reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2016	1,363	269,103	(457)	685,913	(36,259)	(2,625)	(4,281)	35	248,238	1,161,030	9,689	1,170,719
Profit/(Loss) for the financial period	-	-	-	-	-	-	-	-	4,941	4,941	(615)	4,326
Other comprehensive income/(loss) for the financial period	-	-	-	-	-	2,625	(9,262)	-	-	(6,637)	-	(6,637)
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	2,625	(9,262)	-	4,941	(1,696)	(615)	(2,311)
Share-based payment reserves - Value of employee services	-	-	-	-	-	-	-	46	-	46	-	46
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(727)	(727)
Dividend paid	-	-	-	-	-	-	-	-	(92,631)	(92,631)	-	(92,631)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	46	(92,631)	(92,585)	(727)	(93,312)
Balance at 30 June 2016	1,363	269,103	(457)	685,913	(36,259)	-	(13,543)	81	160,548	1,066,749	8,347	1,075,096

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

(Reviewed)

	Attributable to equity holders of the Company											
	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserves US$'000	Fair value reserves US$'000	Hedging reserves US$'000	Share-based payment reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 July 2016	1,363	269,103	(457)	685,913	(36,259)	-	(13,543)	81	160,548	1,066,749	8,347	1,075,096
Profit/(Loss) for the financial period	-	-	-	-	-	-	-	-	19,338	19,338	(32)	19,306
Other comprehensive income for the financial period	-	-	-	-	-	-	15,666	-	-	15,666	-	15,666
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	-	15,666	-	19,338	35,004	(32)	34,972
Share-based payment reserves - Value of employee services	-	-	-	-	-	-	-	75	-	75	-	75
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,272)	(1,272)
Dividends paid	-	-	-	-	-	-	-	-	(12,260)	(12,260)	-	(12,260)
Issue of new common shares	56	20,714	-	-	-	-	-	-	-	20,770	-	20,770
Share issue expenses	-	(5)	-	-	-	-	-	-	-	(5)	-	(5)
Total transactions with owners, recognised directly in equity	56	20,709	-	-	-	-	-	75	(12,260)	8,580	(1,272)	7,308
Balance at 31 December 2016	1,419	289,812	(457)	685,913	(36,259)	-	2,123	156	167,626	1,110,333	7,043	1,117,376

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

	(Reviewed) Q2 2017 US$'000	(Reviewed) Q2 2016 US$'000	(Reviewed) H1 2017 US$'000	(Reviewed) H1 2016 US$'000
Cash flows from operating activities				
(Loss)/Profit before tax for the financial period	(6,980)	(55,547)	1,047	4,587
Adjustments for:				
- amortisation charge	1,228	1,228	2,456	2,455
- amortisation of deferred income	(124)	(124)	(248)	(248)
- depreciation charge	33,215	23,707	61,249	45,784
- derivative loss/(gain)	156	(1,386)	271	(1,887)
- gain on disposal of vessels	-	-	(7,376)	-
- impairment charge on vessels	-	55,500	-	55,500
- impairment charge on available-for-sale financial assets	-	20,855	-	20,855
- interest income	(112)	(46)	(214)	(105)
- interest expense	11,572	6,290	23,403	11,408
- other finance expense	439	767	823	1,295
- share-based payments	12	38	24	46
Operating cash flow before working capital changes	39,406	51,282	81,435	139,690
Changes in working capital:				
- inventories	1,210	(2,389)	(6,032)	(1,466)
- trade and other receivables	2,097	(7,285)	(19,673)	17,819
- trade and other payables	9,667	24,523	(18,658)	11,719
Cash generated from operations	52,380	66,131	37,072	167,762
Tax paid	(118)	(443)	(118)	(443)
Net cash provided by operating activities	52,262	65,688	36,954	167,319
Cash flow from investing activities				
Purchases of property, plant and equipment	(5,201)	(120,743)	(75,726)	(152,864)
Proceeds from sale of vessels	-	-	82,345	-
Investment in available-for-sale-financial assets	-	(7,421)	-	(7,421)
Interest paid (capitalised interest expense)	-	(1,004)	-	(1,570)
Interest received	112	46	214	105
Net cash (used in)/provided by investing activities	(5,089)	(129,122)	6,833	(161,750)

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS (continued)

	Note	(Reviewed) Q2 2017 US$'000	(Reviewed) Q2 2016 US$'000	(Reviewed) H1 2017 US$'000	(Reviewed) H1 2016 US$'000
Cash flows from financing activities					
Proceeds from bank borrowings		4,999	198,055	444,703	208,055
Payment of financing fees		-	(5,452)	(2,789)	(5,669)
Repayments of bank borrowings		(28,006)	(47,249)	(478,110)	(141,497)
Interest paid		(11,298)	(5,631)	(21,759)	(9,882)
Dividend paid		-	(92,631)	-	(92,631)
Other finance expense paid		(353)	(634)	(927)	(1,070)
Redemption of floating rate notes		(405)	-	(912)	-
Purchase of floating rate notes		-	-	(3,439)	-
Purchase of treasury shares		(1,129)	-	(1,129)	-
Distributions to non-controlling interests		-	-	(1,106)	(727)
Net cash (used in)/provided by financing activities		(36,192)	46,458	(65,468)	(43,421)
Net increase/(decrease) in cash and cash equivalents		10,981	(16,976)	(21,681)	(37,852)
Cash and cash equivalents at beginning of the financial period	7	47,901	72,908	80,563	93,784
Cash and cash equivalents at end of the financial period	7	58,882	55,932	58,882	55,932

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

1. General information

BW LPG Limited (the "Company") is listed on the Oslo Stock Exchange and incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

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

This Condensed Consolidated Interim Financial Information was approved for issue by the Board of Directors of the Company on 25 August 2017.

2. Significant accounting policies

Basis of preparation

The Condensed Consolidated Interim Financial Information for the second quarter and first half period ended 30 June 2017 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The Condensed Consolidated Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

In the preparation of this set of Condensed Consolidated Interim Financial Information, the same accounting policies have been applied as those used in the preparation of the annual financial statements for the year ended 31 December 2016.

The Group has not early adopted the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant to the Group's annual accounting periods beginning on 1 January 2018 or later periods. Except for IFRS 16 Leases, the Group does not anticipate the adoption of these changes to have a material impact on the Condensed Consolidated Interim Financial Information. IFRS 16 is applicable for annual period commencing 1 January 2019 but may be early adopted. The Group expects to recognise its operating lease commitments (note12(c)) and a corresponding right-of-use asset on its balance sheet on the adoption of IFRS 16.

Critical accounting estimates, assumptions and judgements

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

2. Significant accounting policies (continued)

Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

In preparing this Condensed Consolidated Interim Financial Information, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

The estimated useful lives of two LGC vessels were revised during the period. The effect of the change is an increase in depreciation charge of approximately US$3.0 million for the current and future quarters.

3. Intangible assets

	Charter hire contracts acquired US$'000
(Reviewed)	
At 1 January 2017	7,561
Amortisation charge	(2,456)
At 30 June 2017	5,105
(Audited)	
At 1 January 2016	12,471
Amortisation charge	(2,455)
At 30 June 2016	10,016
Amortisation charge	(2,455)
At 31 December 2016	7,561

4. Derivative financial instruments

	(Reviewed) 30 June 2017		(Audited) 31 December 2016	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Interest rate swaps	11,009	(10,654)	7,695	(5,572)
Bunker swap	145	-	539	-
Forward foreign exchange contracts	-	-	-	(123)
	11,154	(10,654)	8,234	(5,695)

4. Derivative financial instruments (continued)

As at 30 June 2017, the Group had interest rate swaps with total notional principal amounting to US$731.2 million (31 December 2016: US$626.5 million).

Interest rate swaps were transacted to hedge interest rate risk on bank borrowings. After taking into account the effects of these contracts, for part of the bank borrowings, the Group would effectively pay fixed interest rates ranging from 1.3% per annum to 2.4% per annum and would receive a variable rate equal to either US$ three-month LIBOR or US$ six-month LIBOR. Hedge accounting was adopted for these contracts.

Bunker swaps were transacted to hedge bunker price risks. The Group did not adopt hedge accounting for these contracts. Fair value gains/losses of bunkers swaps had been presented within 'voyage expenses' in the Condensed Consolidated Interim Statement of Comprehensive Income.

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

5. Property, plant and equipment

(Reviewed)	Vessels	Dry docking	Vessels under construction	Furniture and fixtures	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost					
At 1 January 2017	2,723,359	91,656	74,061	305	2,889,381
Additions	1,422	5,909	68,451	-	75,782
Disposals	(70,724)	-	-	-	(70,724)
Transfer on delivery of vessels	139,886	2,626	(142,512)	-	-
Write off on completion of dry docking costs	-	(3,994)	-	-	(3,994)
At 30 June 2017	2,793,943	96,197	-	305	2,890,445
Accumulated depreciation and impairment charge					
At 1 January 2017	445,050	31,306	-	31	476,387
Depreciation charge	48,017	13,205	-	27	61,249
Write off on completion of dry docking costs	-	(3,994)	-	-	(3,994)
At 30 June 2017	493,067	40,517	-	58	533,642
Net book value					
At 30 June 2017	**2,300,876**	**55,680**	**-**	**247**	**2,356,803**

5. Property, plant and equipment (continued)

(Reviewed)	Vessels US$'000	Dry docking US$'000	Vessels under construction US$'000	Furniture and fixtures US$'000	Total US$'000
Cost					
At 1 January 2016	1,967,321	68,521	161,762	620	2,198,224
Additions	1,045	14,501	139,147	-	154,693
Transfer on delivery of vessels	153,123	4,500	(157,623)	-	-
Write off on completion of dry docking costs	-	(8,203)	-	-	(8,203)
At 30 June 2016	2,121,489	79,319	143,286	620	2,344,714
Additions	1,540	3,385	73,221	305	78,451
Acquisition of a subsidiary	583,247	14,251	-	-	597,498
Disposals	(55,175)	(1,566)	-	(620)	(57,361)
Transfer on delivery of vessels	137,946	4,500	(142,446)	-	-
Reclassified to asset held-for-sale (note 6)	(65,688)	(3,045)	-	-	(68,733)
Write off on completion of dry docking costs	-	(5,188)	-	-	(5,188)
At 31 December 2016	2,723,359	91,656	74,061	305	2,889,381
Accumulated depreciation and impairment charge					
At 1 January 2016	305,205	28,838	-	247	334,290
Depreciation charge	37,180	8,543	-	61	45,784
Impairment charge	55,500	-	-	-	55,500
Write off on completion of dry docking costs	-	(8,203)	-	-	(8,203)
At 30 June 2016	397,885	29,178	-	308	427,371
Depreciation charge	38,479	10,272	-	31	48,782
Impairment charge	88,647	-	-	-	88,647
Reclassified to asset held-for-sale (note 6)	(61,629)	(2,859)	-	-	(64,488)
Disposals	(18,332)	(97)	-	(308)	(18,737)
Write off on completion of dry docking costs	-	(5,188)	-	-	(5,188)
At 31 December 2016	445,050	31,306	-	31	476,387
Net book value					
At 31 December 2016	2,278,309	60,350	74,061	274	2,412,994

5. Property, plant and equipment (continued)

(a) Vessels with an aggregate carrying amount of US$1,998.2 million as at 30 June 2017 (31 December 2016: US$2,051.0 million) were secured on borrowings (note 10).

(b) For the period ended 30 June 2017, interest amounting to US$0.1 million (H1 2016: US$1.8 million) had been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.5% (H1 2016: 2.0%) per annum.

(c) In the period ended 30 June 2017, no impairment charge was recognised (H1 2016: US$55.5 million). In 2016, the Group recognised an impairment charge of US$144.1 million to write down the carrying amount of certain vessels in the VLGC and LGC segments to their recoverable amounts. The assessment of the recoverable amounts of the vessels were based on the higher of fair value less cost to sell and value-in-use calculation, with each vessel being regarded as one cash generating unit. The fair value less cost to sell was determined based on independent third party valuation reports, which made reference to comparable transaction prices of similar vessels. These are regarded as Level 2 fair values under the fair value hierarchy of IFRS 13 Fair value measurement that is also applicable for financial assets/liabilities. The spread of values given by the third party valuers was no higher than US$3.0 million per vessel. The Group has assessed that the brokers had the required competency and capability to perform the valuations. The Group had also considered the appropriateness of the valuation methodologies and assumptions used by the brokers.

6. Asset held-for-sale

	(Reviewed) 30 June 2017 US$'000	(Audited) 31 December 2016 US$'000
Vessel	-	4,245

The vessel was sold for recycling in January 2017.

7. Cash and cash equivalents

	(Reviewed) 30 June 2017 US$'000	(Audited) 31 December 2016 US$'000
Cash at bank and on hand	58,882	52,989
Short-term bank deposits	-	27,574
	58,882	80,563

8. Share capital

As at 30 June 2017, the Company's share capital comprised of 141,938,998 (31 December 2016: 141,938,998) fully paid common shares with a par value of US$0.01 (31 December 2016: US$0.01) per share.

9. Treasury shares

Pursuant to a share buy-back programme announced by the Company on 1 June 2017 and the Company's Long-term Management Share Option Plan announced on 21 April 2017, a total of 284,000 shares were purchased at an average price of US$4.0 (NOK33.55) per share for an aggregate consideration of US$1.1 million (NOK9.5 million) in June 2017.

	No. of shares		Amount	
	(Reviewed) 30 June 2017 '000	(Audited) 31 December 2016 '000	(Reviewed) 30 June 2017 US$'000	(Audited) 31 December 2016 US$'000
At beginning of financial period	69	69	457	457
Re-issue of treasury shares	(3)	-	(21)	-
Purchase of treasury shares	284	-	1,129	-
At end of financial period	350	69	1,565	457

10. Borrowings

	(Reviewed) 30 June 2017 US$'000	(Audited) 31 December 2016 US$'000
Non-current		
Bank borrowings	1,141,195	979,590
Current		
Interest payable	5,129	4,869
Bank borrowings	224,729	421,393
Floating rate notes	935	4,983
	230,793	431,245
Total borrowings	1,371,988	1,410,835

10. Borrowings (continued)

Movements in borrowings are analysed as follows:

	US$'000
At 1 January 2017	1,410,835
Proceeds from bank borrowings	444,703
Payment of financing fees	(2,789)
Interest expense	23,403
Interest capitalised	56
Redemption of floating rate notes	(912)
Purchase of floating rate notes	(3,439)
Less: Interest paid	(21,759)
Less: Principal repayments of bank borrowings	(478,110)
At 30 June 2017	1,371,988

	US$'000
At 1 January 2016	886,997
Proceeds from bank borrowings	208,055
Payment of financing fees	(5,669)
Interest expense	11,408
Interest capitalised	1,829
Less: Interest paid	(11,452)
Less: Principal repayments of bank borrowings	(141,497)
At 30 June 2016	949,671
Proceeds from bank borrowings	279,999
Payment of financing fees	(375)
Interest expense	16,164
Interest capitalised	1,437
Acquisition of a subsidiary	424,017
Redemption of floating rate notes	(14,755)
Unrealised currency translation gain	(239)
Less: Interest paid	(16,870)
Less: Principal repayments of bank borrowings	(228,214)
At 31 December 2016	1,410,835

Bank borrowings as at 30 June 2017 amounting to US$1,256.1 million (31 December 2016: US$1,286.1 million) are secured by mortgages over certain vessels of the Group (note 5).

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

11. Related party transactions

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

(a) Services

	(Reviewed) Q2 2017 US$'000	(Reviewed) Q2 2016 US$'000	(Reviewed) H1 2017 US$'000	(Reviewed) H1 2016 US$'000
Support service fees charged by related parties*	925	1,316	1,776	2,842
Ship management fees charged by related parties*	1,465	2,122	2,570	4,186

	(Reviewed) 30 June 2017 US$'000	(Audited) 31 December 2016 US$'000
Trade and other payables - Related parties*	(730)	(186)
Other receivables - Related parties*	6,813	5,789

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

(b) Key management's remuneration

	(Reviewed) Q2 2017 US$'000	(Reviewed) Q2 2016 US$'000	(Reviewed) H1 2017 US$'000	(Reviewed) H1 2016 US$'000
Salaries and other short-term employee benefits	391	270	1,324	907
Post-employment benefits - contributions to defined contribution plans and share-based payment	10	16	20	106
Directors' fees	124	124	248	249
	525	410	1,592	1,262

12. Commitments

(a) Capital commitments

As of 30 June 2017, the Group had no shipbuilding contracts for the construction of newbuilds (31 December 2016: the Group had two shipbuilding contracts of total cost amounting to US$138.2 million). Capital commitments for shipbuilding contracts not recognised at the balance sheet date were as follows:

	(Reviewed) 30 June 2017 US$'000	(Audited) 31 December 2016 US$'000
Vessels under construction	-	68,704

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

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

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

	(Reviewed) 30 June 2017 US$'000	(Audited) 31 December 2016 US$'000
Not later than one year	73,340	96,846
Later than one year but not later than five years	42,912	69,670
	116,252	166,516

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

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

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

	(Reviewed) 30 June 2017 US$'000	(Audited) 31 December 2016 US$'000
Not later than one year	63,033	67,528
Later than one year but not later than five years	216,278	180,708
Later than five years	179,722	192,147
	459,033	440,383

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

13. Financial risk management

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

The Condensed Consolidated Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2016. There have been no major changes in any risk management policies or processes and persons managing these policies and processes since the previous year end.

(a) Market risk - interest rate risk

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

The Group's bank borrowings are at variable rates. The Group has entered into interest rate swaps to swap floating interest rates to fixed interest rates for certain portions of the bank borrowings (note 10). If US$ interest rates increase/decrease by 50 basis points (2016: 50 basis points) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by approximately US$2.5 million (H1 2016: US$1.4 million) as a result of higher/lower interest expense on these borrowings; the total comprehensive loss will be higher/lower by approximately US$2.0 million (H1 2016: US$6.7 million).

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group maintains sufficient cash for its daily operations via short-term cash deposit at banks and funding from its subsidiaries.

14. Segment information

The Group has two main operating segments:
(i) Very Large Gas Carriers (VLGCs); and
(ii) Large Gas Carriers (LGCs)

The operating segments are organised and managed according to the size of the LPG vessels. Management monitors the performance of these operating segments for the purpose of making decisions on resource allocation and performance assessment. This assessment is based on operating profit before depreciation, impairment, amortisation, gain or loss on disposal of property, plant and equipment and gain or loss on disposal of subsidiaries ("EBITDA"). This measurement basis excludes the effects of gain or loss on disposal of property, plant and equipment, impairment charges, and gain or loss on disposal of subsidiaries that are not expected to recur regularly in every financial period. Interest income is not allocated to segments, as financing is determined based on an aggregate investment portfolio rather than by segments. Unallocated items include general expenses that are not attributable to any segments.

14. **Segment information** (continued)

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

	VLGC US$'000	LGC US$'000	Total US$'000
(Reviewed) Q2 2017			
Revenue	126,803	4,877	131,680
Voyage expenses	(39,534)	(770)	(40,304)
TCE income	87,269	4,107	91,376
EBITDA	42,349	432	42,781
Finance expense - net	(5)	(2)	(7)
Depreciation charge	(28,281)	(4,921)	(33,202)
Amortisation charge	(1,228)	-	(1,228)
	12,835	(4,491)	8,344
Unallocated items			(15,324)
Loss before tax			(6,980)

	VLGC US$'000	LGC US$'000	Total US$'000
(Reviewed) H1 2017			
Revenue	258,440	10,214	268,654
Voyage expenses	(80,683)	(1,922)	(82,605)
TCE income	177,757	8,292	186,049
EBITDA	86,878	1,777	88,655
Gain on disposal of vessels	7,376	-	7,376
Finance expense - net	(8)	(2)	(10)
Depreciation charge	(54,392)	(6,830)	(61,222)
Amortisation charge	(2,456)	-	(2,456)
	37,398	(5,055)	32,343
Unallocated items			(31,296)
Profit before tax			1,047
Segment assets as at 30 June 2017	2,360,264	88,474	2,448,738
Segment assets include:			
Additions to:			
- vessels	1,422	-	1,422
- vessels under construction	68,451	-	68,451
- dry docking	5,882	27	5,909
Segment liabilities as at 30 June 2017	1,367,488	244	1,367,732

14. Segment information (continued)

	VLGC US$'000	LGC US$'000	Total US$'000
(Reviewed) Q2 2016			
Revenue	112,059	9,705	121,764
Voyage expenses	(21,708)	(688)	(22,396)
TCE income	90,351	9,017	99,368
EBITDA	50,983	5,117	56,100
Finance expense - net	(4)	(2)	(6)
Depreciation charge	(20,289)	(3,387)	(23,676)
Amortisation charge	(1,228)	-	(1,228)
Impairment charge on vessels	(39,300)	(16,200)	(55,500)
	(9,838)	(14,472)	(24,310)
Unallocated items			(31,237)
Loss before tax			(55,547)

	VLGC US$'000	LGC US$'000	Total US$'000
(Reviewed) H1 2016			
Revenue	257,465	26,880	284,345
Voyage expenses	(44,578)	(3,554)	(48,132)
TCE income	212,887	23,326	236,213
EBITDA	132,762	15,252	148,014
Finance expense - net	(13)	(3)	(16)
Depreciation charge	(38,997)	(6,726)	(45,723)
Amortisation charge	(2,455)	-	(2,455)
Impairment charge on vessels	(39,300)	(16,200)	(55,500)
	51,997	(7,677)	44,320
Unallocated items			(39,733)
Profit before tax			4,587
Segment assets as at 30 June 2016	1,866,172	137,259	2,003,431
Segment assets include:			
Additions to:			
- vessels	1,045	-	1,045
- vessels under construction	139,147	-	139,147
- dry docking	12,594	1,907	14,501
Segment liabilities as at 30 June 2016	973,628	5,880	979,508

14. **Segment information** (continued)

Reportable segments' assets

The amounts provided to Management with respect to total assets are measured in a manner consistent with that of the Condensed Consolidated Interim Financial Information. For the purposes of monitoring segment performance and allocating resources between segments, Management monitors vessels, dry docking, charter hire contracts acquired, inventories, trade and other receivables, and intangible assets that can be directly attributable to each segment.

	(Reviewed) 30 June 2017 US$'000	(Audited) 31 December 2017 US$'000	(Reviewed) 30 June 2016 US$'000
Segment assets	**2,448,738**	2,489,011	2,003,431
Unallocated items:			
Cash and cash equivalents	**58,882**	80,563	55,932
Derivative financial instruments	**11,154**	8,234	-
Available-for-sale financial assets	**-**	-	20,863
Other receivables	**18,892**	15,779	14,562
Property, plant and equipment	**247**	274	312
Total assets	**2,537,913**	2,593,861	2,095,100

Reportable segments' liabilities

The amounts reported to Management with respect to total liabilities are measured in a manner consistent with that of the Condensed Consolidated Interim Financial Information. These liabilities are allocated based on the operations of the segments. Borrowings and certain trade and other payables are allocated to the reportable segments. All other liabilities are reported as unallocated items.

	(Reviewed) 30 June 2017 US$'000	(Audited) 31 December 2017 US$'000	(Reviewed) 30 June 2016 US$'000
Segment liabilities	**1,367,732**	1,439,788	979,508
Unallocated items:			
Derivative financial instruments	**10,654**	5,695	13,881
Other payables	**44,925**	30,814	25,975
Current income tax liabilities	**275**	188	640
Total liabilities	**1,423,586**	1,476,485	1,020,004

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.

15. Subsequent events

(a) The Group signed a contract to sell a VLGC vessel in July 2017. The sale is part of the Group's fleet renewal strategy. The vessel is expected to be delivered in September 2017.

(b) On 27 July 2017, the Group and Global United Shipping India Private Limited have agreed to establish a joint venture in India, BW Global United LPG India Private Limited, in which the parties will own 50% each. The purpose of the new joint venture is to own and operate a fleet of VLGCs for the transportation of LPG within Indian waters. As part of the establishment, the Group has entered into an agreement to sell two of its VLGC vessels into the joint venture. The joint venture is expected to be fully operational by end of 2017.