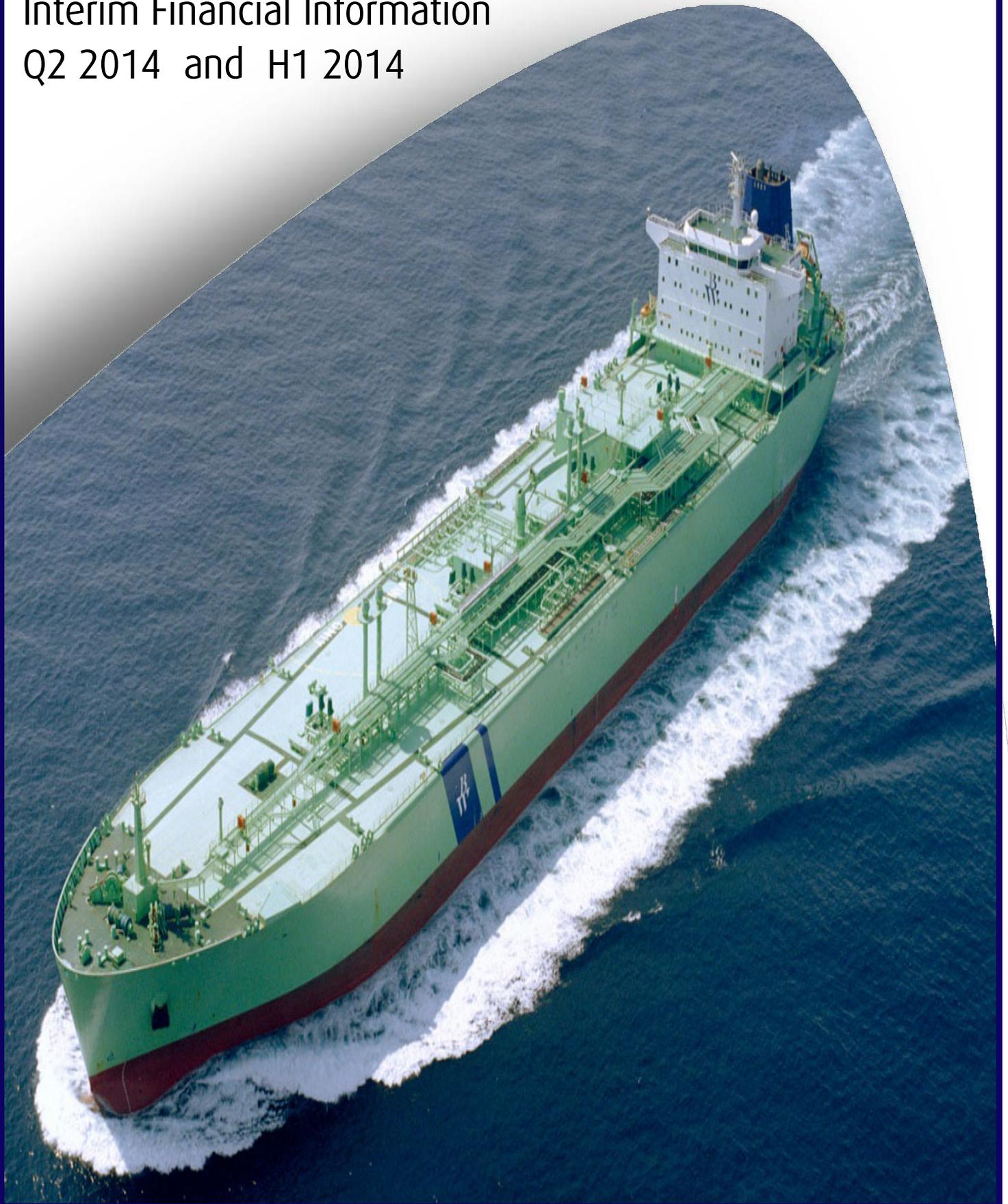


BW LPG Limited

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BW LPG



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HIGHLIGHTS – Q2 2014 and H1 2014

- Time Charter Equivalent (TCE) earnings were US\$140.8 million in Q2 2014 (US\$241.2 million in H1 2014), compared with US\$58.9 million in Q2 2013 (US\$111.1 million in H1 2013).
- VLGC TCE rates averaged US\$45,200/day in Q2 2014 (US\$39,000/day in H1 2014), compared with US\$24,500/day in Q2 2013 (US\$22,500/day in H1 2013).
- LGC TCE rates averaged US\$30,800/day in Q2 2014 (US\$25,600/day in H1 2014), compared with US\$23,400/day in Q2 2013 (US\$22,000/day in H1 2013).
- EBITDA of US\$91.9 million in Q2 2014 (US\$143.4 million in H1 2014) was better than EBITDA of US\$28.0 million in Q2 2013 (US\$48.4 million in H1 2013) due primarily to the improved TCE earnings, with operating and charter hire expenses higher, in line with fleet growth.
- Net profit after tax was US\$72.4 million in Q2 2014 (US\$103.2 million in H1 2014) and compared with US\$34.6 million in Q2 2013 (US\$20.9 million in H1 2013), mainly due to stronger TCE earnings and additions to fleet.
- A final dividend of US\$20.4 million (US 15 cents per share) in respect of FY 2013 was paid on 12 June 2014.
- The Group extinguished its finance lease obligation relating to BW Trader by making a prepayment of US\$49.6 million on 7 April 2014. Consequently, the title to the vessel was transferred to the Group. There is no impact on net assets on the balance sheet.
- The chartered-in VLGC, G Symphony, was redelivered in June 2014 in accordance with the terms of the charter party. This vessel was under a charter-in acquired from Maersk in 2013, which did not have a purchase option attached.
- The Board has declared an interim cash dividend of US76 cents per share for H1 2014, amounting to US\$103.6 million. The shares will be traded ex-dividend from 1 September 2014. The dividend will be payable on or about 11 September 2014 to shareholders of record on 3 September 2014. This Condensed Consolidated Interim Financial Information does not reflect this interim dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2014.
- The decision to pay an interim dividend at approximately 100% of NPAT, above the prevailing dividend policy of 50% NPAT, takes into account the exceptional earnings performance of the business in the half due to exceptional spot market rates, coupled with the strong balance sheet position of the Group.

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SELECTED KEY FINANCIAL INFORMATION

All figures in US\$ millions	Q2 2014	Q2 2013	Inc/(Dec)%	H1 2014	H1 2013	Inc/(Dec)%
<i>Income Statement</i>						
Operating revenue	203.0	98.2	+106.7	353.7	183.2	+93.1
TCE income	140.8	58.9	+139.0	241.2	111.1	+117.1
EBITDA	91.9	28.0	+228.2	143.4	48.4	+196.3
Net profit after tax	72.4	34.6	+109.2	103.2	20.9	+393.8
Basic & diluted EPS (US\$ per share)	0.53	0.25 [#]	+112.0	0.76	0.15 [#]	+406.7
<i>Balance Sheet</i>				30 June 2014	31 December 2013	
Cash & cash equivalents				58.2	110.9	
Total assets				1,632.3	1,631.4	
Total liabilities				575.1	656.7	

Earnings per share calculations for prior financial periods as presented in these financial statements have been adjusted to reflect the effect of changes in the number of shares (Note 6).

PERFORMANCE REVIEW: Q2 2014

Operating revenue was US\$203.0 million in Q2 2014, compared with US\$98.2 million in Q2 2013. TCE income increased to US\$140.8 million from US\$58.9 million, mainly attributable to improved performance from the VLGC segment (largely resulting from improved freight rates coupled with strong utilisation) and the Group's increased fleet size, in particular the fleet (five owned vessels and five chartered-in) acquired from Maersk in late 2013. These factors resulted in an increase in TCE income of US\$80.7 million in the VLGC segment. The LGC segment also contributed an increase in TCE income of US\$1.2 million in Q2 2014, compared with Q2 2013.

Charter hire expenses increased to US\$24.7 million in Q2 2014 (US\$9.8 million in Q2 2013) and operating expenses increased to US\$24.3 million (US\$21.2 million in Q2 2013). Both charter hire and operating expenses increased as a result of fleet size growth. The Group operated 35 vessels as at 30 June 2014 as compared with 28 vessels as at 30 June 2013.

EBITDA was US\$91.9 million in Q2 2014, an increase from US\$28.0 million in Q2 2013. This was a result of improved TCE income and fleet growth, which was partially offset by the increases in charter hire expenses and other operating expenses.

Net finance expense increased to US\$2.4 million in Q2 2014 from US\$1.0 million in Q2 2013, primarily due to new external borrowings in Q4 2013.

Market values of vessels remained stable as at 30 June 2014 with no indicators of impairment. In Q2 2013, due to improved market values of vessels, there was a write-back of previously recognised impairment charges of US\$22.2 million.

Consequently, the Group reported a net profit after tax of US\$72.4 million in Q2 2014 compared with US\$34.6 million in Q2 2013.

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PERFORMANCE REVIEW: H1 2014

Operating revenue increased to US\$353.7 million in H1 2014 from US\$183.2 million in H1 2013. TCE income increased to US\$241.2 million in H1 2014 from US\$111.1 million in H1 2013, mainly attributable to improved freight rates, particularly from the VLGC segment, and increased fleet size and utilisation. These factors resulted in an increase in TCE income of US\$132.4 million in the VLGC segment which was offset by a decrease in TCE income of US\$2.3 million in the LGC segment as a result of technical off-hire and commercial waiting time.

Charter hire expenses increased to US\$48.9 million in H1 2014 (US\$23.6 million in H1 2013) due to additions to and extensions of the charter-in fleet. Operating expenses increased to US\$49.8 million in H1 2014 from US\$39.3 million in H1 2013, in line with increased fleet size operated by the Group.

EBITDA increased to US\$143.4 million in H1 2014 from US\$48.4 million in H1 2013, as a result of improved TCE income partially offset by the increases in operating expenses.

Net finance expense increased to US\$6.2 million in H1 2014 from US\$2.0 million in H1 2013, primarily due to new external borrowings in Q4.

The Group reported a net profit after tax of US\$103.2 million in H1 2014 compared with US\$20.9 million in H1 2013.

BALANCE SHEET

As at 30 June 2014, total assets amounted to US\$1,632.3 million (US\$1,631.4 million as at 31 December 2013) of which US\$1,397.0 million (31 December 2013: US\$1,355.0 million) represented the carrying value of the Group's vessels (including dry docking) and vessels under construction as follows:

All figures in US\$ millions	As at 30 June 2014		
	VLGC	LGC	Total
Vessels (including dry-dock)	1,099.7	161.2	1,260.9
Vessels under construction	136.1	-	136.1
	<u>1,235.8</u>	<u>161.2</u>	<u>1,397.0</u>

Cash and cash equivalents amounted to US\$58.2 million as at 30 June 2014 (US\$110.9 million as at 31 December 2013). Cash flows from operating activities generated a net cash surplus of US\$56.3 million in Q2 2014 (US\$125.3 million in H1 2014). Together with available cash and cash equivalents brought forward and proceeds from a drawdown from the revolving credit facility of US\$50.0 million during Q2 2014, cash was principally utilised for instalment payments for newbuilds, repayment of bank borrowings and interest payments, prepayment of finance lease obligation relating to BW Trader, and payment of dividend in respect of FY 2013.

The Group has committed contracts with Hyundai Heavy Industries Co., Ltd. ("HHI") for the construction of eight VLGCs. As at 30 June 2014, the Group had paid US\$131.0 million in instalment payments on these contracts.

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MARKET OUTLOOK

The global LPG transportation market has continued to develop favorably during 2014, with the rapid expansion in US exports continuing to be the primary factor driving volumes. Incremental supplies of LPG driven largely by US shale-gas projects is being absorbed into Latin America and Asia, with the latter in particular showing continued potential for growth. The US-Asia transportation routes drive growth in transport distances, which combined with the additional export volumes, results in substantial tonne-mile growth. This explains the historically high spot charter rates experienced in recent months, and indicates the potential for strong rates to persist for some time to come.

Deliveries of newly-built VLGCs are progressing, but not yet outstripping the significant increases in tonne-mile demand. As such there is reason to anticipate a continued firm market through 2014 and into 2015. By late 2015 the rate of new VLGC deliveries will be high, and there is potential for VLGC supply to outstrip tonne-mile demand, which could drive a rationalization in day rates for a period of time. Beyond that time, supply / demand balance will be subject to incremental newbuild ordering, albeit the outlook for continued growth in LPG exports from the US continues to be positive in 2017 and beyond.

In recent weeks there has been increasing focus on the potential development of the ethane transportation market, with significant new US export terminal capacity due to come online in late 2016, and confirmations that a high percentage of capacity is already met with firm orders, coupled with statements indicating that a good proportion of those ethane cargoes will move long-haul to Asia. This is an interesting market which will provide opportunities to organizations with know-how in VLGC transportation and low-temperature liquefaction such as that required for methane transportation. However it is a long time until the first long-haul cargoes will move. Apart from the ethane transportation opportunity itself, there is good news in that VLEC construction is likely to consume shipyard capacity otherwise available for VLGC newbuilds.

Given the historical strength of the market, price expectations for asset and company acquisitions have also been very firm. Additionally, the market continues to value undelivered newbuild tonnage favourably in comparison to tonnage on the water today, which is benefitting from the historically high rates. As such, the environment is challenging for consolidation.

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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 2014 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 2014 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 2014, as well as major related parties transactions.

26 August 2014

Andreas Sohmen-Pao
Chairman

John B Harrison
Vice Chairman

Dato’ Jude P Benny

Andreas Beroutsos

Anne Grethe Dalane

Anders Onarheim



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 interim balance sheet of BW LPG Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2014 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period from 1 April 2014 to 30 June 2014 and first half year 2014 that are set out on page 7 to 24. 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, 26 August 2014

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in US\$ thousands)	Note	Q2 2014	Q2 2013	H1 2014	H1 2013
Revenue		202,959	98,243	353,719	183,168
Voyage expenses		<u>(62,143)</u>	<u>(39,378)</u>	<u>(112,512)</u>	<u>(72,114)</u>
TCE income #		140,816	58,865	241,207	111,054
Other operating income		40	124	875	248
Charter hire expense		<u>(24,700)</u>	<u>(9,804)</u>	<u>(48,949)</u>	<u>(23,587)</u>
Other operating expenses		<u>(24,305)</u>	<u>(21,176)</u>	<u>(49,757)</u>	<u>(39,344)</u>
Operating profit before depreciation, amortisation and impairment (EBITDA)		91,851	28,009	143,376	48,371
Loss on disposal of vessels		-	-	-	(882)
		<u>91,851</u>	<u>28,009</u>	<u>143,376</u>	<u>47,489</u>
Amortisation charge	3	(1,227)	(1,754)	(2,455)	(3,528)
Depreciation charge	4	(15,626)	(12,846)	(31,301)	(25,558)
Write back of impairment charge/(impairment charge) - net	4	-	22,219	-	4,447
Operating profit		74,998	35,628	109,620	22,850
Foreign currency exchange loss - net		(18)	(7)	(12)	(28)
Interest income		31	1	72	1
Interest expense		(2,653)	(1,098)	(5,512)	(2,021)
Derivative gain/(loss)		311	-	(51)	-
Other finance income/(expense)		(23)	80	(695)	80
Finance expense – net		(2,352)	(1,024)	(6,198)	(1,968)
Profit before tax for the financial period		72,646	34,604	103,422	20,882
Income tax		(200)	-	(223)	-
Profit after tax for the financial period		<u>72,446</u>	<u>34,604</u>	<u>103,199</u>	<u>20,882</u>

“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.

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

(Unaudited figures in US\$ thousands)	Note	Q2 2014	Q2 2013	H1 2014	H1 2013
Other comprehensive income:					
Items that may be subsequently reclassified to income statement					
Cash flow hedges		(697)	-	(409)	-
Other comprehensive income, net of tax		(697)	-	(409)	-
Total comprehensive income for the financial period		71,749	34,604	102,790	20,882
Profit attributable to:					
Equity holders of the Company		72,117	34,698	102,751	21,043
Non-controlling interests		329	(94)	448	(161)
		72,446	34,604	103,199	20,882
Total comprehensive income attributable to:					
Equity holders of the Company		71,420	34,698	102,342	21,043
Non-controlling interests		329	(94)	448	(161)
		71,749	34,604	102,790	20,882
Earnings per share attributable to the equity holders of the Company					
(expressed in US\$ per share)					
Basic and diluted earnings per share		0.53	0.25 [^]	0.76	0.15 [^]

[^] Earnings per share calculations for prior financial periods as presented in these financial statements have been adjusted to reflect the effect of the changes in number of shares (Note 6).

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CONSOLIDATED INTERIM BALANCE SHEET

(Unaudited figures in US\$ thousands)	Note	(Reviewed) 30 June 2014	(Audited) 31 December 2013
Charter-hire contracts acquired	3	19,836	22,291
Intangible asset		19,836	22,291
Derivative financial instruments	5	152	-
Vessels	4	1,234,965	1,261,290
Vessels under construction	4	136,139	65,241
Dry docking	4	25,890	28,436
Others	4	556	316
Total property, plant and equipment		1,397,550	1,355,283
Total non-current assets		1,417,538	1,377,574
Inventories		23,462	20,719
Trade and other receivables		133,100	122,029
Derivative financial instruments	5	-	184
Cash and cash equivalents		58,151	110,907
Total current assets		214,713	253,839
Total assets		1,632,251	1,631,413
Share capital	6	1,363	1,363
Share premium		268,987	268,987
Contributed surplus		685,913	685,913
Other reserves		(41,819)	(41,467)
Retained earnings		132,514	50,203
		1,046,958	964,999
Non-controlling interest		10,178	9,730
Total shareholder's equity		1,057,136	974,729
Borrowings	7	477,283	503,362
Deferred income		993	1,241
Total non-current liabilities		478,276	504,603
Borrowings	7	53,314	105,227
Deferred income		496	496
Derivative financial instruments	5	425	-
Current income tax liabilities		200	-
Trade and other payables		42,404	46,358
Total current liabilities		96,839	152,081
Total liabilities		575,115	656,684
Total equity and liabilities		1,632,251	1,631,413

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

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in US\$ thousands)

	<u>Attributable to equity holders of the Company</u>							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Contributed surplus	Capital reserves	Hedging reserves	Share-based payment reserve	Retained earnings			
Balance at 1 January 2014	1,363	268,987	685,913	(41,480)	-	13	50,203	964,999	9,730	974,729
Total comprehensive income for the period	-	-	-	-	(409)	-	102,751	102,342	448	102,790
Share-based payment reserve – Value of employee services	-	-	-	-	-	57	-	57	-	57
Dividend paid	-	-	-	-	-	-	(20,440)	(20,440)	-	(20,440)
Balance at 30 June 2014	1,363	268,987	685,913	(41,480)	(409)	70	132,514	1,046,958	10,178	1,057,136

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

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(Unaudited figures in US\$ thousands)

	<u>Attributable to equity holders of the Company</u>								Non-	
	Share capital	Share premium	Contributed surplus	Capital reserves	Hedging reserves	Share-based payment reserve	Accumulated losses	Total	controlling interests	Total equity
Balance at 1 January 2013	10	-	-	67,687	-	-	(72,382)	(4,685)	9,105	4,420
Total comprehensive loss for the period	-	-	-	-	-	-	21,043	21,043	(161)	20,882
Balance at 30 June 2013	10	-	-	67,687	-	-	(51,339)	16,358	8,944	25,302

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

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CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(Unaudited figures in US\$ thousands)	Q2 2014	Q2 2013	H1 2014	H1 2013
Cash flows from operating activities				
Profit before tax for the financial period	72,646	34,604	103,422	20,882
Adjustments for:				
- amortisation charge of intangible assets	1,227	1,754	2,455	3,528
- amortisation of deferred income	(124)	(124)	(248)	(248)
- depreciation charge	15,626	12,846	31,301	25,558
- write back of impairment charge	-	(22,219)	-	(4,447)
- loss on disposal of property, plant and equipment	-	882	-	882
- derivative (gain)/loss	(288)	-	48	-
- interest income	(31)	(1)	(72)	(1)
- interest expense	2,653	1,098	5,512	2,021
- other finance income	-	(80)	-	(80)
- share-based payments	28	-	57	-
Operating cash flow before working capital changes	91,737	28,760	142,475	48,095
Changes in working capital:				
- inventories	492	11,366	(2,743)	9,409
- trade and other receivables	(29,686)	(24,849)	(11,071)	(18,040)
- trade and other payables	(6,251)	(42,823)	(3,371)	(19,771)
Cash generated from operations	56,292	(27,546)	125,290	19,693
Taxes paid	(23)	-	(23)	(108)
Net cash provided by / (used in) operating activities	56,269	(27,546)	125,267	19,585
Cash flow from investing activities				
Purchases of property, plant and equipment	(33,056)	(4,715)	(72,418)	(43,590)
Disposal of property, plant and equipment	-	2,247	-	2,247
Interest paid (capitalised interest expense)	(671)	-	(1,150)	-
Interest received	31	1	72	1
Net cash used in investing activities	(33,696)	(2,467)	(73,496)	(41,342)
Cash flows from financing activities				
Proceeds from borrowings	50,000	-	50,000	-
Funding from related party for purchase of property, plant & equipment	-	33,037	-	33,037
Funding provided to related party	-	(10,571)	-	(10,571)
Repayments of bank borrowings	(12,500)	(708)	(75,000)	(3,851)
Repayment of finance lease	(50,309)	-	(53,647)	-
Interest paid	(2,473)	(361)	(5,440)	(736)
Dividend paid	(20,440)	-	(20,440)	-
Other finance expense	-	80	-	80
Net cash (used in) / provided by financing activities	(35,722)	21,477	(104,527)	17,959
Net decrease in cash and cash equivalents	(13,149)	(8,536)	(52,756)	(3,798)
Cash and cash equivalents at beginning of the financial period	71,300	26,959	110,907	22,221
Cash and cash equivalents at end of the financial period	58,151	18,423	58,151	18,423

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

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 26 August 2014.

This condensed consolidated interim financial information has been reviewed, but not audited. See Page 6 for the auditor's review report.

2. Significant accounting policies

(a) Basis of preparation

The condensed consolidated interim financial information for the second quarter and first half ended 30 June 2014 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 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

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 2013.

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 2015 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 2013. In Q4 2013, the Group revised its estimation of realisable demurrage income to better align with industry practice. This revision did not have a material impact on the condensed interim financial information.

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3. Intangible assets

(Unaudited figures in US\$ thousands)	30 June 2014	30 June 2013
<i>Charter hire contracts acquired</i>		
At 1 January	22,291	42,429
Exercise of purchase option [^] (Note 4)	-	(9,936)
Amortisation charge	<u>(2,455)</u>	<u>(3,528)</u>
At 30 June	<u>19,836</u>	<u>28,965</u>

[^] The charter hire contracts and purchase options acquired in prior years were attached to vessels chartered-in by the Group. In Q1 2013, the Group exercised an option to purchase a vessel at the end of its charter-in period. Upon exercise of the purchase option, the carrying value of the purchase option was transferred to the cost of the vessel (Note 4).

4. Property, plant and equipment

(Unaudited figures in US\$ thousands)

	<u>Vessels</u>	<u>Dry docking</u>	<u>Vessels under construction</u>	<u>Others</u>	<u>Total</u>
<i>Cost</i>					
At 1 January 2014	1,449,082	41,260	65,241	316	1,555,899
Additions	-	2,366	70,898	304	73,568
Write-off of drydocking costs	-	(634)	-	-	(634)
At 30 June 2014	<u>1,449,082</u>	<u>42,992</u>	<u>136,139</u>	<u>620</u>	<u>1,628,833</u>
<i>Accumulated depreciation and impairment charge</i>					
At 1 January 2014	187,792	12,824	-	-	200,616
Depreciation charge	26,325	4,912	-	64	31,301
Write-off of drydocking costs	-	(634)	-	-	(634)
At 30 June 2014	<u>214,117</u>	<u>17,102</u>	<u>-</u>	<u>64</u>	<u>231,283</u>
<i>Net book value</i>					
At 30 June 2014	<u>1,234,965</u>	<u>25,890</u>	<u>136,139</u>	<u>556</u>	<u>1,397,550</u>

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4. Property, plant and equipment (continued)

	<u>Vessels</u>	<u>Dry docking</u>	<u>Vessels under construction</u>	<u>Others</u>	<u>Total</u>
<i>Cost</i>					
At 1 January 2013	1,154,360	31,273	-	-	1,185,633
Additions	35,965	7,625	-	-	43,590
Exercise of purchase option (Note 3)	9,936	-	-	-	9,936
Disposal	(3,750)	(502)	-	-	(4,252)
Reclassified to asset held for sale	(57,196)	(4,035)	-	-	(61,231)
Write-off of drydocking costs	-	(5,512)	-	-	(5,512)
At 30 June 2013	<u>1,139,315</u>	<u>28,849</u>	-	-	<u>1,168,164</u>
<i>Accumulated depreciation and impairment charge</i>					
At 1 January 2013	209,867	13,381	-	-	223,248
Depreciation charge	19,960	5,598	-	-	25,558
Impairment charge	3,593	-	-	-	3,593
Write-back of impairment charge	(8,040)	-	-	-	(8,040)
Disposal	(662)	(461)	-	-	(1,123)
Reclassified to asset held for sale	(7,710)	(2,371)	-	-	(10,081)
Write-off of drydocking costs	-	(5,512)	-	-	(5,512)
At 30 June 2013	<u>217,008</u>	<u>10,635</u>	-	-	<u>227,643</u>
<i>Net book value</i>					
At 30 June 2013	<u>922,307</u>	<u>18,214</u>	-	-	<u>940,521</u>

- (a) The Group had mortgaged certain vessels with an aggregate carrying amount of US\$1,109.2 million at 30 June 2014 (June 2013: US\$ nil) as security for bank borrowings amounting to US\$519.5 million (June 2013: US\$ nil) (Note 7).
- (b) As at 30 June 2013, the Group had mortgaged vessels with an aggregate carrying amount of US\$845.5 million as security for bank borrowings of the Group's previous ultimate holding corporation amounting to US\$1,335.0 million.
- (c) For H1 2014, the Group did not recognise any impairment charge or write-back of previously recognised impairment charges, whereas in H1 2013, the Group had recognised a net write back of previously recognized impairment charge of US\$4.4 million, which represents the adjustments of certain vessel values to their recoverable amounts. The recoverable amounts of the vessels were determined based on fair value (based on independent third party valuation reports which made reference to comparable transaction prices of similar LPG vessels) less costs to sell.
- (d) For H1 2014, interest amounting to US\$1.2 million (June 2013: US\$ nil) has been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.1% (June 2013: nil) per annum.

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5. Derivative financial instruments

(Unaudited figures in US\$ thousands)	30 June 2014		31 December 2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	16	(425)	-	-
Bunker swap	136	-	184	-
	152	(425)	184	-

The above interest rate swaps comprise of eight contracts that expire on 25 February 2019:

- (i) With notional amounts totalling US\$87.5 million which commence on 25 February 2015; and
- (ii) With notional amounts totalling US\$77.5 million which commence on 25 February 2016.

Interest rate swaps are transacted to hedge interest rate risk and cash flow hedge accounting has been adopted by the Group for these contracts. After taking into account the effects of these contracts, the Group effectively pays fixed interest rates ranging from 1.725% per annum to 2.227% per annum and receives a variable rate equal to US\$3-month LIBOR. Hedge accounting is adopted by the Group for these contracts.

The Group did not enter into any interest rate swaps as at 31 December 2013.

Bunker swaps are transacted to hedge bunker price risks. The above bunker swap which was entered into with a shareholder of the Company will expire on 31 December 2014. The Group does not adopt hedge accounting for this contract.

6. Share capital

The Company's share capital as at 30 June 2014 comprises 136,276,383 (December 2013: 136,276,383) fully paid ordinary shares with a par value of US\$0.01 (December 2013: US\$0.01) per share, amounting to a total of US\$1,362,764 (December 2013: US\$1,362,764).

On 28 October 2013, the Company split every one ordinary share of US\$1 each into 100 ordinary shares of US\$0.01 each. The earnings per share calculations for prior financial periods as presented in these financial statements have been adjusted to reflect the change in the numbers of shares.

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7. Borrowings

(Unaudited figures in US\$ thousands)	30 June 2014	31 December 2013
Non-current	477,283	503,362
Current	53,314	105,227
	<u>530,597</u>	<u>608,589</u>

Movements in borrowings are analysed as follows:

(Unaudited figures in US\$ thousands)

H1 2014

Balance as at 1 January 2014	608,589
Proceeds from bank borrowings	50,000
Interest expense	5,512
Interest capitalised	1,150
Less: Interest paid	(6,007)
Less: Principal repayments	(128,647)
Balance as at 30 June 2014	<u>530,597</u>

H1 2013

Balance as at 1 January 2013	200,790
Interest expense	2,021
Less: Interest paid	(736)
Less: Principal repayments	(3,851)
Balance as at 30 June 2013	<u>198,224</u>

Bank borrowings of the Group as at 30 June 2014 of US\$519.5 million (June 2013: US\$ nil) are secured by mortgages over certain vessels of the Group (Note 4). In addition, the Company has provided a corporate guarantee to DNB Asia Ltd for the facilities obtained from the lenders.

Borrowings of the Group as at 30 June 2013 of US\$198.2 million were due to a related corporation and were unsecured.

Finance lease liabilities of the Group as at 30 June 2014 of US\$11.1 million (June 2013: US\$68.7 million) are secured by the rights to one (2013: two) leased vessel, which would revert to the lessor in the event of default by the Group. The Group extinguished the finance lease obligation relating to BW Trader by making a prepayment of US\$49.6 million on 7 April 2014. Consequently, the title to the vessel was transferred to the Group.

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

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8. **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) Sale and purchase of services

(Unaudited figures in US\$ thousands)	Q2 2014	Q2 2013	H1 2014	H1 2013
Interest expenses paid to related parties*	-	737	-	1,285
Support service fees charged by a shareholder	-	320	-	647
Support service fees charged by related parties*	1,384	144	2,823	289
Commercial fees charged by related parties*	-	1,276	-	2,305
Ship management fees charged by related parties*	1,638	2,483	3,629	5,337
Derivative (gain)/loss for financial instrument entered into with a shareholder of the Company	(311)	-	51	-

(Unaudited figures in US\$ thousands)	30 June 2014	31 December 2013
Trade and other payables - Related parties*	(2,886)	(5,858)
Other receivables - Related parties*	10,850	16,656

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

(b) Key management's remuneration

(Unaudited figures in US\$ thousands)	Q2 2014	Q2 2013	H1 2014	H1 2013
Salaries and other short term employee benefits [#]	279	-	658	-
Post-employment benefits – contributions to Central Provident Fund [#]	7	-	21	-
Share-based payment	28	-	57	-
Directors' fees	86	-	173	-
	400	-	909	-

[#] Prior November 2013, remuneration to key management was incurred by related parties of the Group (corporations controlled by one of the Company's shareholders).

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9. Commitments

(a) Capital commitments

Capital expenditures contracted for as at the balance sheet date but not recognised in the condensed interim financial information are as follows:

(Unaudited figures in US\$ thousands)	30 June 2014	31 December 2013
Vessels under construction	458,611	371,439
	458,611	371,439

The Group has entered into shipbuilding contracts for the construction of eight VLGCs for US\$589.6 million. The construction is to be paid in five instalments up to the scheduled delivery dates ranging from 31 October 2014 to 31 May 2016. As at 30 June 2014, the Group had paid US\$131.0 million in instalments and these payments are capitalised and included in "vessels under construction".

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

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

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

(Unaudited figures in US\$ thousands)	30 June 2014	31 December 2013
Not later than one year	58,051	51,181
Later than one year but not later than five years	36,685	12,740
	94,736	63,921

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

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

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

(Unaudited figures in US\$ thousands)	30 June 2014	31 December 2013
Not later than one year	91,865	74,249
Later than one year but not later than five years	244,013	235,113
Later than five years	272,194	229,751
	608,072	539,113

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10. Financial risk management

The Group's activities expose it to a variety of financial risks; market risks (including fuel price risk, 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 2013. There have been no major changes in the risk management department or in any risk management policies since the year end except for the policy on interest risk.

(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 with interest rate swaps taken up where deemed fit to mitigate interest risk exposure. As at 30 June 2014, the Group had entered into eight interest rate swaps to effectively pay interest at fixed rates and receive interest at variable rates (Note 5). If USD interest rates increase/decrease by 50 basis points (2013: 50 basis points) with all other variables including tax rate being held constant, the profit after tax in H1 2014 will be lower/higher by approximately US\$1.4 million (H1 2013: US\$0.6 million) as a result of higher/lower interest expense on these borrowings.

(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:

(Unaudited figures in US\$ thousands)	30 June 2014	31 December 2013
Loans and receivables	179,215	222,865
Financial derivative instruments - net	(273)	-
Financial liabilities at amortised cost	<u>(571,333)</u>	<u>(652,722)</u>

(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) (Level2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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10. Financial risk management (continued)

(c) Fair value measurements (continued)

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 value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves.

11. Segment information

Operating segments are determined based on the reports submitted to the Chief Operating Decision Maker (CODM) to make strategic decisions. The CODM is a committee of senior management comprising the Chief Executive Officer and Chief Financial Officer of the Group. Management considers the LPG business to be organised into two main business segments:

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

The business segments are organised and managed according to the size of the LPG vessels.

Management assesses the performance of the operating segments 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.

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11. **Segment information** (continued)

The reconciliation of the reports reviewed by the CODM based on Operating EBITDA to the basis as disclosed in this condensed consolidated interim financial information is as follows:

	VLGC	LGC	Total
Q2 2014			
(Unaudited figures in US\$ thousands)			
Revenue	180,610	22,349	202,959
Voyage expenses	(53,811)	(8,332)	(62,143)
TCE income	<u>126,799</u>	<u>14,017</u>	<u>140,816</u>
EBITDA	84,710	10,377	95,087
Finance expense	(211)	(1)	(212)
Depreciation charge	(12,639)	(2,926)	(15,565)
Amortisation charge	(1,227)	-	(1,227)
	<u>70,633</u>	<u>7,450</u>	<u>78,083</u>
Unallocated items			(5,437)
Profit before income tax			<u><u>72,646</u></u>
H1 2014			
(Unaudited figures in US\$ thousands)			
Revenue	319,537	34,182	353,719
Voyage expenses	(101,511)	(11,001)	(112,512)
TCE income	<u>218,026</u>	<u>23,181</u>	<u>241,207</u>
EBITDA	134,486	15,310	149,796
Finance expense	(532)	(4)	(536)
Depreciation charge	(25,359)	(5,878)	(31,237)
Amortisation charge	(2,455)	-	(2,455)
	<u>106,140</u>	<u>9,428</u>	<u>115,568</u>
Unallocated items			(12,146)
Profit before income tax			<u><u>103,422</u></u>
Segment assets as at 30 June 2014	<u>1,366,345</u>	<u>177,030</u>	<u>1,543,375</u>
Segment assets includes:			
Additions to:			
- vessels under construction	70,898	-	70,898
- dry docking	1,701	665	2,366
Segment liabilities as at 30 June 2014	<u>549,441</u>	<u>2,644</u>	<u>552,085</u>

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11. Segment information (continued)

	VLGC	LGC	Total
Q2 2013 (Unaudited figures in US\$ thousands)			
Revenue	80,496	17,747	98,243
Voyage expenses	(34,416)	(4,962)	(39,378)
TCE income	<u>46,080</u>	<u>12,785</u>	<u>58,865</u>
EBITDA	21,330	6,988	28,318
Finance expense	(418)	(669)	(1,087)
Depreciation charge	(9,712)	(3,134)	(12,846)
Amortisation charge	(1,754)	-	(1,754)
Impairment charge - net	21,936	283	22,219
	<u>31,382</u>	<u>3,468</u>	<u>34,850</u>
Unallocated items			(246)
Profit before income tax			<u>34,604</u>
H1 2013 (Unaudited figures in US\$ thousands)			
Revenue	146,260	36,908	183,168
Voyage expenses	(60,647)	(11,467)	(72,114)
TCE income	<u>85,613</u>	<u>25,441</u>	<u>111,054</u>
EBITDA	33,319	13,980	47,299
Finance expense	(801)	(1,220)	(2,021)
Depreciation charge	(18,787)	(6,771)	(25,558)
Amortisation charge	(3,528)	-	(3,528)
Impairment charge - net	7,300	(2,853)	4,447
	<u>17,503</u>	<u>3,136</u>	<u>20,639</u>
Unallocated items			243
Profit before income tax			<u>20,882</u>
Segment assets as at 30 June 2013	<u>869,297</u>	<u>167,202</u>	<u>1,036,499</u>
Segment assets includes:			
Additions to:			
- vessels	45,901	-	45,901
- dry docking	6,596	1,029	7,625
Segment liabilities as at 30 June 2013	<u>222,333</u>	<u>5,829</u>	<u>228,162</u>

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11. **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.

(Unaudited figures in US\$ thousands)	30 June 2014	30 June 2013
Segment assets	1,543,375	1,036,499
Unallocated items:		
Cash and cash equivalents	58,151	18,423
Derivative financial instruments	152	-
Other receivables	30,017	41,748
Disposal group classified as held-for-sale	-	54,177
Property, plant and equipment	556	-
Total assets	<u>1,632,251</u>	<u>1,150,847</u>

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. Certain trade and other payables are allocated to the reportable segments. All other liabilities are reported as unallocated items.

(Unaudited figures in US\$ thousands)	30 June 2014	30 June 2013
Segment liabilities	552,085	228,162
Unallocated items:		
Derivative financial instruments	425	-
Other payables	22,405	847,103
Liabilities directly associated with disposal group classified as held-for-sale	-	50,280
Current tax liabilities	200	-
Total liabilities	<u>575,115</u>	<u>1,125,545</u>

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.

12. **Dividends**

The Board has declared an interim cash dividend of US 76 cents per share for H1 2014, amounting to US\$103.6 million. The shares will be traded ex-dividend from 1 September 2014. The dividend will be payable on or about 11 September 2014 to shareholders of record on 3 September 2014. This Condensed Consolidated Interim Financial Information does not reflect this interim dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2014.