

BW LPG Limited

Condensed Consolidated
Interim Financial Information
Q3 2014



BW LPG



BW LPG Limited
Condensed Consolidated Interim Financial Information
Q3 2014

HIGHLIGHTS – Q3 2014

- Time Charter Equivalent (TCE) earnings were US\$159.2 million in Q3 2014 (US\$400.5 million YTD September 2014), compared with US\$75.9 million in Q3 2013 (US\$187.0 million YTD September 2013).
- VLGC TCE rates averaged US\$53,600/day in Q3 2014 (US\$43,800/day YTD September 2014), compared with US\$32,600/day in Q3 2013 (US\$25,900/day YTD September 2013).
- LGC TCE rates averaged US\$24,800/day in Q3 2014 (US\$25,300/day YTD September 2014), compared with US\$21,600/day in Q3 2013 (US\$22,000/day YTD September 2013).
- EBITDA of US\$108.8 million in Q3 2014 (US\$252.1 million YTD September 2014) was 159% higher than EBITDA of US\$42.0 million in Q3 2013 (US\$90.4 million YTD September 2013) due primarily to the improved TCE/day earnings combined with the effect of a larger fleet.
- Net profit after tax was US\$87.5 million in Q3 2014 (US\$190.7 million YTD September 2014) compared with US\$68.9 million in Q3 2013 (US\$89.8 million YTD September 2013), mainly due to stronger TCE earnings, additions to fleet and a write-back of previously recognised impairment charges of US\$42.9 million in Q3 2013.
- An interim dividend of US\$103.6 million (US 76 cents per share) in respect of H1 2014 was paid on 11 September 2014.
- The new build vessel from Hyundai Heavy Industries Co., Ltd. (“HHI”), BW Aries, was delivered on 17 November 2014, thereby increasing the fleet size to 31 VLGCs owned/operated, plus 7 continuing newbuilds and 5 LGCs.

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SELECTED KEY FINANCIAL INFORMATION

Unaudited figures in US\$ millions	Q3 2014	Q3 2013	Inc/ (Dec)%	YTD September 2014	YTD September 2013	Inc/ (Dec)%
<i>Income Statement</i>						
Operating revenue	211.4	112.4	+88	565.1	295.5	+91
TCE income	159.2	75.9	+110	400.5	187.0	+114
EBITDA	108.8	42.0	+159	252.1	90.4	+179
Net profit after tax	87.5	68.9	+27	190.7	89.8	+112
Basic & diluted EPS (US\$ per share)	0.64	0.50 [#]	+28	1.39	0.65 [#]	+114
<i>Balance Sheet</i>				30 September 2014	31 December 2013	
Cash & cash equivalents				60.5	110.9	
Total assets				1,638.0	1,631.4	
Total liabilities				597.0	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: Q3 2014

Operating revenue was US\$211.4 million in Q3 2014 (US\$112.4 million in Q3 2013). TCE income increased to US\$159.2 million from US\$75.9 million, mainly attributable to improved performance from the VLGC segment (largely resulting from improved freight rates and continued strong utilisation) and the Group's increased fleet size, in particular the fleet acquired from Maersk in late 2013. Five of the ten vessels acquired and chartered-in, though delivered in the comparative quarter, were not employed for the full quarter in 2013. These factors resulted in an increase in TCE income of US\$83.5 million in the VLGC segment, offset by a decrease of US\$0.1 million in the LGC segment.

Charter hire expenses increased to US\$25.0 million in Q3 2014 (US\$14.5 million in Q3 2013) and operating expenses increased to US\$26.0 million (US\$19.4 million in Q3 2013). Both charter hire and operating expenses increased as a result of the increase in fleet size. The Group operated 35 vessels as at 30 September 2014 as compared with 31 vessels as at 30 September 2013.

EBITDA was US\$108.8 million in Q3 2014 (US\$42.0 million in Q3 2013) as 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\$3.2 million in Q3 2014 (US\$1.4 million in Q3 2013), primarily due to increased external borrowings in Q4 2013.

Market values of vessels remained stable as at 30 September 2014 with no indicators of impairment. In Q3 2013, due to improved market values of vessels, there was a write-back of previously recognised impairment charges of US\$42.9 million.

Consequently, the Group reported a net profit after tax of US\$87.5 million in Q3 2014 (US\$68.9 million in Q3 2013).

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PERFORMANCE REVIEW: YTD 2014

Operating revenue increased to US\$565.1 million YTD September 2014 (US\$295.5 million YTD September 2013). TCE income increased to US\$400.5 million YTD September 2014 (US\$187.0 million YTD September 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\$215.9 million in the VLGC segment, offset by a decrease of US\$2.4 million in the LGC segment.

Charter hire expenses increased to US\$73.9 million YTD September 2014 (US\$38.1 million YTD September 2013) due to additions to and extensions of the charter-in fleet. Operating expenses increased to US\$75.8 million in YTD September 2014 from US\$58.8 million in YTD September 2013, in line with increased fleet size operated by the Group.

EBITDA increased to US\$252.1 million YTD September 2014 (US\$90.4 million YTD September 2013), as a result of improved TCE income partially offset by the increases in operating expenses.

Net finance expense increased to US\$9.4 million YTD September 2014 (US\$3.3 million YTD September 2013), primarily due to new external borrowings in Q4 2013.

The Group reported a net profit after tax of US\$190.7 million YTD September 2014 (US\$89.8 million YTD September 2013).

BALANCE SHEET

As at 30 September 2014, total assets amounted to US\$1,638.0 million (US\$1,631.4 million as at 31 December 2013) of which US\$1,413.6 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 September 2014		
	VLGC	LGC	Total
Vessels (including dry-dock)	1,087.1	159.3	1,246.4
Vessels under construction	167.2	-	167.2
	<u>1,254.3</u>	<u>159.3</u>	<u>1,413.6</u>

Cash and cash equivalents amounted to US\$60.5 million as at 30 September 2014 (US\$110.9 million as at 31 December 2013). Cash flows from operating activities generated a net cash surplus of US\$125.4 million in Q3 2014 (US\$250.6 million in YTD September 2014). Together with available cash and cash equivalents brought forward and proceeds of drawdowns from the revolving credit facility in 2014, cash for YTD September 2014 was principally utilised for instalment payments for newbuilds, an interim dividend payment, repayment of bank borrowings and interest payments; and prepayment of a finance lease obligation relating to BW Trader.

The Group has committed contracts with Hyundai Heavy Industries Co., Ltd. ("HHI") for the construction of eight VLGCs. As at 30 September 2014, the Group had paid US\$160.7 million in instalment payments on these contracts.

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MARKET OUTLOOK

The VLGC market has experienced historically high rates during 2014, driven by continuing expansion of US export volumes of LPG. A high proportion of this is being transported on VLGCs, in particular to Asia. We have not yet seen corresponding increases in VLGC tonnage availability, so the market has been tight through most of 2014, and seems likely to continue to remain tight until significant new VLGC deliveries arrive in late 2015.

The growth in global supplies of LPG are driven mainly by US shale-gas projects. New outlets of retail and industrial demand are developing as buyers seek to benefit from the expectation that LPG grows as an abundant and competitively priced fuel and petrochemical feedstock. Asian import growth has been particularly beneficial to the VLGC market due to long transport distances.

The resultant increase in shipping tonnage required is gradually being met by a large orderbook of newbuild VLGCs, many of which will deliver by late 2015. This expansion in VLGC tonnage creates the prospect of oversupply, albeit potentially temporary, during which time some reduction in rates would be natural. Therefore the market outlook for 2015 remains positive, with potential for rates to retreat somewhat due to oversupply in 2016. Beyond 2016, expanding US production and export capacity provide potential for continued export growth. New demand is essential to realizing these exports which would help to absorb excess tonnage. There is always the prospect of additional newbuild ordering, however, in particular for delivery from early 2017, which could extend or worsen an over-supply situation.

The market for ethane transportation remains interesting, and a small fleet of Very Large Ethane Carriers ('VLECs') is likely to be built in the coming years. This will be a complex business area, requiring specific technical expertise and long-term high-value capital commitment, which will limit the market size and number of participants in the space.

As rates have remained firm in historic terms, asset values and price expectations have remained high, resulting in low liquidity in the second hand asset trading market.

SUBSEQUENT EVENTS

The new build vessel from Hyundai Heavy Industries Co., Ltd. ("HHI"), BW Aries, was delivered on 17 November 2014, thereby increasing the fleet size to 31 VLGCs owned/operated, plus 7 continuing newbuilds and 5 LGCs.



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 September 2014 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period from 1 July 2014 to 30 September 2014 and first 9 months of year 2014 that are set out on page 6 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.

A handwritten signature in blue ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 19 November 2014

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in US\$ thousands)	Note	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Revenue		211,365	112,375	565,084	295,543
Voyage expenses		<u>(52,116)</u>	<u>(36,471)</u>	<u>(164,628)</u>	<u>(108,585)</u>
TCE income #		159,249	75,904	400,456	186,958
Other operating income		497	124	1,372	372
Charter hire expense		<u>(24,961)</u>	<u>(14,537)</u>	<u>(73,910)</u>	<u>(38,124)</u>
Other operating expenses		<u>(26,019)</u>	<u>(19,442)</u>	<u>(75,776)</u>	<u>(58,786)</u>
Operating profit before depreciation, amortisation and impairment (EBITDA)		108,766	42,049	252,142	90,420
Gain/(loss) on disposal of property, plant and equipment		-	2	-	(880)
Loss on disposal of subsidiaries		-	<u>(1,025)</u>	-	<u>(1,025)</u>
		<u>108,766</u>	<u>41,026</u>	<u>252,142</u>	<u>88,515</u>
Amortisation charge	3	<u>(1,228)</u>	<u>(1,580)</u>	<u>(3,683)</u>	<u>(5,108)</u>
Depreciation charge	4	<u>(16,664)</u>	<u>(12,055)</u>	<u>(47,965)</u>	<u>(37,613)</u>
Write back of impairment charge - net	4	-	42,900	-	47,347
Operating profit		90,874	70,291	200,494	93,141
Foreign currency exchange loss - net		(42)	(14)	(54)	(42)
Interest income		34	1	106	2
Interest expense		<u>(2,423)</u>	<u>(1,263)</u>	<u>(7,935)</u>	<u>(3,284)</u>
Derivative loss		<u>(541)</u>	-	<u>(592)</u>	-
Other finance expense		<u>(234)</u>	<u>(89)</u>	<u>(929)</u>	<u>(9)</u>
Finance expense – net		<u>(3,206)</u>	<u>(1,365)</u>	<u>(9,404)</u>	<u>(3,333)</u>
Profit before tax for the financial period		87,668	68,926	191,090	89,808
Income tax		(199)	-	(422)	-
Profit after tax for the financial period		<u>87,469</u>	<u>68,926</u>	<u>190,668</u>	<u>89,808</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	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Other comprehensive income:					
Items that may be subsequently reclassified to income statement					
Cash flow hedges		316	-	(93)	-
Other comprehensive income/(loss), net of tax		<u>316</u>	<u>-</u>	<u>(93)</u>	<u>-</u>
Total comprehensive income for the financial period					
		<u>87,785</u>	<u>68,926</u>	<u>190,575</u>	<u>89,808</u>
Profit attributable to:					
Equity holders of the Company		87,286	67,817	190,037	88,860
Non-controlling interests		183	1,109	631	948
		<u>87,469</u>	<u>68,926</u>	<u>190,668</u>	<u>89,808</u>
Total comprehensive income attributable to:					
Equity holders of the Company		87,602	67,817	189,944	88,860
Non-controlling interests		183	1,109	631	948
		<u>87,785</u>	<u>68,926</u>	<u>190,575</u>	<u>89,808</u>
Earnings per share attributable to the equity holders of the Company (expressed in US\$ per share)					
Basic and diluted earnings per share		<u>0.64</u>	<u>0.50[#]</u>	<u>1.39</u>	<u>0.65[#]</u>

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

(Figures in US\$ thousands)	Note	(Unaudited) 30 September 2014	(Audited) 31 December 2013
Charter-hire contracts acquired	3	18,608	22,291
Intangible asset		<u>18,608</u>	<u>22,291</u>
Derivative financial instruments	5	746	-
Vessels	4	1,221,609	1,261,290
Vessels under construction	4	167,235	65,241
Dry docking	4	24,747	28,436
Others	4	528	316
Total property, plant and equipment		<u>1,414,119</u>	<u>1,355,283</u>
Total non-current assets		<u>1,433,473</u>	<u>1,377,574</u>
Inventories		21,666	20,719
Trade and other receivables		122,362	122,029
Derivative financial instruments	5	-	184
Cash and cash equivalents		<u>60,519</u>	<u>110,907</u>
Total current assets		<u>204,547</u>	<u>253,839</u>
Total assets		<u>1,638,020</u>	<u>1,631,413</u>
Share capital	6	1,363	1,363
Share premium		268,987	268,987
Contributed surplus		685,913	685,913
Other reserves		(41,473)	(41,467)
Retained earnings		<u>116,228</u>	<u>50,203</u>
		1,031,018	964,999
Non-controlling interest		<u>10,023</u>	<u>9,730</u>
Total shareholders' equity		<u>1,041,041</u>	<u>974,729</u>
Borrowings	7	487,090	503,362
Deferred income		869	1,241
Total non-current liabilities		<u>487,959</u>	<u>504,603</u>
Borrowings	7	60,346	105,227
Deferred income		496	496
Derivative financial instruments	5	1,234	-
Current income tax liabilities		400	-
Trade and other payables		<u>46,544</u>	<u>46,358</u>
Total current liabilities		<u>109,020</u>	<u>152,081</u>
Total liabilities		<u>596,979</u>	<u>656,684</u>
Total equity and liabilities		<u>1,638,020</u>	<u>1,631,413</u>

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>									
	Note	Share capital	Share premium	Contributed surplus	Capital reserves	Hedging reserves	Share-based payment reserve	Retained earnings	Total	Non-controlling interests	Total equity
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		-	-	-	-	(93)	-	190,037	189,944	631	190,575
Share-based payment reserve - Value of employee services		-	-	-	-	-	87	-	87	-	87
Distribution to partnerships		-	-	-	-	-	-	-	-	(338)	(338)
Dividend paid	12	-	-	-	-	-	-	(124,012)	(124,012)	-	(124,012)
Total transactions with owners, recognised directly in equity		-	-	-	-	-	87	(124,012)	(123,925)	(338)	(124,263)
Balance at 30 September 2014		1,363	268,987	685,913	(41,480)	(93)	100	116,228	1,031,018	10,023	1,041,041

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

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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>							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Contributed surplus	Capital reserves	Hedging reserves	Share-based payment reserve	(Accumulated losses) / Retained earning			
Balance at 1 January 2013	10	-	-	67,687	-	-	(72,382)	(4,685)	9,105	4,420
Total comprehensive gain for the period	-	-	-	-	-	-	88,860	88,860	948	89,808
Distributions to partnership	-	-	-	-	-	-	(2,154)	(2,154)	(346)	(2,500)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	(2,154)	(2,154)	(346)	(2,500)
Balance at 30 September 2013	10	-	-	67,687	-	-	14,324	82,021	9,707	91,728

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)	Q3 2014	Q3 2013	YTD September 2014	YTD September 2013
Cash flows from operating activities				
Profit before tax for the financial period	87,668	68,926	191,090	89,808
Adjustments for:				
- amortisation charge of intangible assets	1,228	1,580	3,683	5,108
- amortisation of deferred income	(124)	(124)	(372)	(372)
- depreciation charge	16,664	12,055	47,965	37,613
- write back of impairment charge	-	(42,900)	-	(47,347)
- (gain)/loss on disposal of property, plant and equipment	-	(2)	-	880
- loss on disposal of subsidiaries	-	1,025	-	1,025
- derivative loss	531	-	579	-
- interest income	(34)	(1)	(106)	(2)
- interest expense	2,423	1,263	7,935	3,284
- other finance expense	-	89	-	9
- share-based payments	31	-	87	-
Operating cash flow before working capital changes	108,387	41,911	250,861	90,006
Changes in working capital:				
- inventories	1,796	(5,425)	(947)	3,984
- trade and other receivables	10,738	(18,923)	(333)	(36,963)
- trade and other payables	4,458	(12,518)	1,087	(32,289)
Cash generated from operations	125,379	5,045	250,668	24,738
Taxes paid	-	-	(22)	(108)
Net cash provided by operating activities	125,379	5,045	250,646	24,630
Cash flow from investing activities				
Purchases of property, plant and equipment	(32,498)	(91,995)	(104,916)	(135,585)
Disposal of property, plant and equipment	-	2	-	2,249
Disposal of subsidiaries, net of cash disposed	-	(772)	-	(772)
Interest paid (capitalised interest expense)	(461)	-	(1,611)	-
Interest received	34	1	106	2
Net cash used in investing activities	(32,925)	(92,764)	(106,421)	(134,106)

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CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS (Cont'd)

(Unaudited figures in US\$ thousands)	Q3 2014	Q3 2013	YTD September 2014	YTD September 2013
Cash flows from financing activities				
Proceeds from borrowings	80,000	-	130,000	-
Funding from related party for purchase of property, plant & equipment	-	88,923	-	121,960
Funding provided to related party	-	(2,339)	-	(12,910)
Repayments of bank borrowings	(62,500)	(3,239)	(137,500)	(7,090)
Repayment of finance lease	(768)	-	(54,415)	-
Distributions to partnerships	-	(2,154)	-	(2,154)
Interest paid	(2,908)	(345)	(8,348)	(1,081)
Dividend paid	(103,572)	-	(124,012)	-
Other finance income	-	(89)	-	(9)
Payment to non-controlling interests	(338)	(346)	(338)	(346)
Net cash (used in) / provided by financing activities	(90,086)	80,411	(194,613)	98,370
Net increase/(decrease) in cash and cash equivalents	2,368	(7,308)	(50,388)	(11,106)
Cash and cash equivalents at beginning of the financial period	58,151	18,423	110,907	22,221
Cash and cash equivalents at end of the financial period	60,519	11,115	60,519	11,115

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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 19 November 2014.

This condensed consolidated interim financial information has been reviewed, but not audited. See Page 5 for the auditor's review report.

2. Significant accounting policies

(a) Basis of preparation

The condensed consolidated interim financial information for the third quarter and nine months ended 30 September 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 September 2014	30 September 2013
<i>Charter hire contracts acquired</i>		
At 1 January	22,291	42,429
Exercise of purchase option [^] (Note 4)	-	(13,803)
Amortisation charge	(3,683)	(5,108)
At 30 September	<u>18,608</u>	<u>23,518</u>

[^] The charter hire contracts and purchase options acquired in prior years were attached to vessels chartered-in by the Group. In 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)

	Vessels	Dry docking	Vessels under construction	Others	Total
<i>Cost</i>					
At 1 January 2014	1,449,082	41,260	65,241	316	1,555,899
Additions	25	4,478	101,994	304	106,801
Write-off of drydocking costs	-	(2,891)	-	-	(2,891)
At 30 September 2014	<u>1,449,107</u>	<u>42,847</u>	<u>167,235</u>	<u>620</u>	<u>1,659,809</u>
<i>Accumulated depreciation and impairment charge</i>					
At 1 January 2014	187,792	12,824	-	-	200,616
Depreciation charge	39,706	8,167	-	92	47,965
Write-off of drydocking costs	-	(2,891)	-	-	(2,891)
At 30 September 2014	<u>227,498</u>	<u>18,100</u>	<u>-</u>	<u>92</u>	<u>245,690</u>
<i>Net book value</i>					
At 30 September 2014	<u>1,221,609</u>	<u>24,747</u>	<u>167,235</u>	<u>528</u>	<u>1,414,119</u>

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4. Property, plant and equipment (continued)

	Vessels	Dry docking	Vessels under construction	Others	Total
<i>Cost</i>					
At 1 January 2013	1,154,360	31,273	-	-	1,185,633
Additions	95,365	11,446	28,774	-	135,585
Exercise of purchase option (Note 3)	13,803	-	-	-	13,803
Disposal	(3,750)	(502)	-	-	(4,252)
Reclassified to asset held for sale	(57,196)	(4,035)	-	-	(61,231)
Write-off of drydocking costs	-	(6,884)	-	-	(6,884)
At 30 September 2013	1,202,582	31,298	28,774	-	1,262,654
<i>Accumulated depreciation and impairment charge</i>					
At 1 January 2013	209,867	13,381	-	-	223,248
Depreciation charge	29,844	7,769	-	-	37,613
Impairment charge	153	-	-	-	153
Write-back of impairment charge	(47,500)	-	-	-	(47,500)
Disposal	(662)	(461)	-	-	(1,123)
Reclassified to asset held for sale	(7,710)	(2,371)	-	-	(10,081)
Write-off of drydocking costs	-	(6,884)	-	-	(6,884)
At 30 September 2013	183,992	11,434	-	-	195,426
<i>Net book value</i>					
At 30 September 2013	1,018,590	19,864	28,774	-	1,067,228

- (a) The Group had mortgaged certain vessels with an aggregate carrying amount of US\$1,097.0 million at 30 September 2014 (September 2013: US\$ nil) as security for bank borrowings amounting to US\$537.1 million (September 2013: US\$ nil) (Note 7).
- (b) As at 30 September 2013, the Group had mortgaged vessels with an aggregate carrying amount of US\$883.8 million as security for bank borrowings of the Group's previous ultimate holding corporation amounting to US\$1,435.8 million.
- (c) YTD September 2014, the Group did not recognise any impairment charge or write-back of previously recognised impairment charges, whereas YTD September 2013, the Group had recognised a net write back of previously recognized impairment charge of US\$47.3 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) YTD September 2014, interest amounting to US\$1.9 million (YTD September 2013: US\$ 0.2 million) has been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.1% (September 2013: 2.0%) per annum.

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5. Derivative financial instruments

(Unaudited figures in US\$ thousands)	30 September 2014		31 December 2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	746	(839)	-	-
Bunker swap	-	(395)	184	-
	<u>746</u>	<u>(1,234)</u>	<u>184</u>	<u>-</u>

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 prior to 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 September 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 September 2014	31 December 2013
Non-current	487,090	503,362
Current	60,346	105,227
	<u>547,436</u>	<u>608,589</u>

Movements in borrowings are analysed as follows:
(Unaudited figures in US\$ thousands)

YTD 2014		
Balance as at 1 January 2014		608,589
Proceeds from bank borrowings		130,000
Interest expense		7,935
Interest capitalised		1,885
Less: Interest paid		(9,058)
Less: Principal repayments		(191,915)
Balance as at 30 September 2014		<u>547,436</u>
YTD 2013		
Balance as at 1 January 2013		200,790
Interest expense		3,284
Less: Interest paid		(1,081)
Less: Principal repayments		(7,090)
Balance as at 30 September 2013		<u>195,903</u>

Bank borrowings of the Group as at 30 September 2014 of US\$537.1 million (September 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 granted to a subsidiary from a group of lenders.

Borrowings of the Group as at 30 September 2013 of US\$130.4 million were due to a related corporation and were unsecured.

Finance lease liabilities of the Group as at 30 September 2014 of US\$10.3 million (September 2013: US\$65.5 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 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)

	Q3 2014	Q3 2013	YTD September 2014	YTD September 2013
Interest expenses paid to related parties*	-	918	-	2,203
Support service fees charged by a shareholder	-	314	-	961
Support service fees charged by related parties*	1,472	(18)	4,295	271
Commercial fees charged by related parties*	-	1,422	-	3,727
Ship management fees charged by related parties*	1,813	2,366	5,442	7,703
Derivative loss for financial instrument entered into with a shareholder of the Company	(541)	-	(592)	-

(Unaudited figures in US\$ thousands)

	30 September 2014	31 December 2013
Trade and other payables		
- Related parties*	(5,321)	(5,858)
Other receivables		
- Related parties*	6,960	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)

	Q3 2014	Q3 2013	YTD September 2014	YTD September 2013
Salaries and other short term employee benefits [#]	279	-	937	-
Post-employment benefits – contributions to Central Provident Fund [#]	7	-	29	-
Share-based payment	30	-	87	-
Directors' fees	87	-	260	-

[#] Prior to 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 September 2014	31 December 2013
Vessels under construction	429,333	371,439
	429,333	371,439

The Group has entered into shipbuilding contracts for the construction of eight VLGCs for US\$590.0 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 September 2014, the Group had paid US\$160.7 million in instalments and these payments are capitalised and included in "vessels under construction".

As at 30 September 2014, the Group has available liquidity (cash on hand and undrawn revolving credit facility) of US\$180.5 million. The Group is in ongoing discussions to arrange additional credit facilities to fund the above commitments.

(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 September 2014	31 December 2013
Not later than one year	139,671	51,181
Later than one year but not later than five years	161,008	12,740
	300,679	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 September 2014	31 December 2013
Not later than one year	88,658	74,249
Later than one year but not later than five years	254,713	235,113
Later than five years	262,326	229,751
	605,697	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 any risk management policies, processes and persons managing this 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. 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 YTD September 2014 will be lower/higher by approximately US\$2.0 million (YTD September 2013: US\$0.1 million) as a result of higher/lower interest expense on these borrowings. As at 30 September 2014, the Group had entered into eight interest rate swaps to effectively pay interest at fixed rates and receive interest at variable rates from February 2015 onwards for certain portion of the bank borrowings (Note 5).

(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 September 2014	31 December 2013
Loans and receivables	167,323	222,865
Financial derivative instruments - net	(488)	-
Financial liabilities at amortised cost	<u>(591,979)</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
Q3 2014			
(Unaudited figures in US\$ thousands)			
Revenue	194,835	16,530	211,365
Voyage expenses	(47,007)	(5,109)	(52,116)
TCE income	<u>147,828</u>	<u>11,421</u>	<u>159,249</u>
EBITDA	105,718	6,863	112,581
Finance expense	(147)	(2)	(149)
Depreciation charge	(12,920)	(3,713)	(16,633)
Amortisation charge	(1,228)	-	(1,228)
	<u>91,423</u>	<u>3,148</u>	<u>94,571</u>
Unallocated items			(6,903)
Profit before income tax			<u>87,668</u>
YTD 2014			
(Unaudited figures in US\$ thousands)			
Revenue	514,372	50,712	565,084
Voyage expenses	(148,518)	(16,110)	(164,628)
TCE income	<u>365,854</u>	<u>34,602</u>	<u>400,456</u>
EBITDA	240,204	22,173	262,377
Finance expense	(679)	(6)	(685)
Depreciation charge	(38,282)	(9,591)	(47,873)
Amortisation charge	(3,683)	-	(3,683)
	<u>197,560</u>	<u>12,576</u>	<u>210,136</u>
Unallocated items			(19,046)
Profit before income tax			<u>191,090</u>
Segment assets as at 30 September 2014	<u>1,381,279</u>	<u>169,777</u>	<u>1,551,056</u>
Segment assets includes:			
Additions to:			
- vessels	25	-	25
- vessels under construction	101,994	-	101,994
- dry docking	2,017	2,461	4,478
Segment liabilities as at 30 September 2014	<u>567,809</u>	<u>2,683</u>	<u>570,492</u>

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11. Segment information (continued)

	VLGC	LGC	Total
Q3 2013 (Unaudited figures in US\$ thousands)			
Revenue	95,139	17,236	112,375
Voyage expenses	(30,796)	(5,675)	(36,471)
TCE income	<u>64,343</u>	<u>11,561</u>	<u>75,904</u>
EBITDA	35,837	6,667	42,504
Finance expense	(372)	(993)	(1,365)
Depreciation charge	(9,275)	(2,780)	(12,055)
Amortisation charge	(1,580)	-	(1,580)
Impairment charge - net	35,200	7,700	42,900
	<u>59,810</u>	<u>10,594</u>	<u>70,404</u>
Unallocated items			(1,478)
Profit before income tax			<u>68,926</u>
YTD 2013 (Unaudited figures in US\$ thousands)			
Revenue	241,399	54,144	295,543
Voyage expenses	(91,443)	(17,142)	(108,585)
TCE income	<u>149,956</u>	<u>37,002</u>	<u>186,958</u>
EBITDA	69,156	21,529	90,685
Finance expense	(1,120)	(2,213)	(3,333)
Depreciation charge	(28,062)	(9,551)	(37,613)
Amortisation charge	(5,108)	-	(5,108)
Impairment charge - net	42,500	4,847	47,347
	<u>77,366</u>	<u>14,612</u>	<u>91,978</u>
Unallocated items			(2,170)
Profit before income tax			<u>89,808</u>
Segment assets as at 30 September 2013	<u>1,004,568</u>	<u>182,085</u>	<u>1,186,653</u>
Segment assets includes: Additions to:			
- vessels	109,168	-	109,168
- vessels under construction	28,774	-	28,774
- dry docking	7,993	3,453	11,446
Segment liabilities as at 30 September 2013	<u>852,480</u>	<u>135,471</u>	<u>987,951</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 September 2014	30 September 2013
Segment assets	1,551,056	1,186,653
Unallocated items:		
Cash and cash equivalents	60,519	11,115
Derivative financial instruments	746	-
Other receivables	25,171	43,514
Property, plant and equipment	528	-
Total assets	1,638,020	1,241,282

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 September 2014	30 September 2013
Segment liabilities	570,492	987,951
Unallocated items:		
Derivative financial instruments	1,234	-
Other payables	24,853	161,603
Current tax liabilities	400	-
Total liabilities	596,979	1,149,554

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**

An interim dividend of US\$103.6 million (US 76 cents per share) was paid on 11 September 2014 in respect of H1 2014.