



SECOND QUARTER STILL AFFECTED BY WEAK VLGC MARKET

HIGHLIGHTS

- VLGC market still weak, but recovering
- Seasonal weaker results from LGC and MGC segments, but better than 2006
- Scrapping of Berge Arrow, Havfru and Havdrott
- BW Sund and BW Saga on storage projects
- Joint venture with Tailwind finalised in August

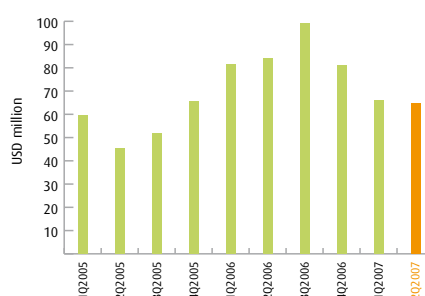


VLGC BW Borg was purchased in April



LGC Havdrott was sold in June

Operating result before depreciation and disposals



BW GAS – THE LEADING CLEAN ENERGY CARRIER

BW Gas is a leading global provider of gas marine transportation services. The company is the largest owner and operator of LPG (liquefied petroleum gas) carriers and one of the largest independent owners and operators of LNG (liquefied natural gas) carriers. BW Gas owns, part-owns and/or operates a fleet

of 92 vessels including newbuildings, of which 78 are LPG vessels transporting mainly LPG and ammonia and 14 are LNG vessels. Currently the company employs approximately 1,750 seagoing personnel and 160 onshore employees.



KEY OPERATIONAL AND FINANCIAL DATA

(Unaudited figures in USD million)	Second quarter		First half year		Full year
	2007	2006	2007	2006	2006
Operating profit before depreciation and disposals	64.9	84.7	131.2	164.9	345.1
Operating profit	52.0	59.9	98.3	118.0	258.7
Net profit from continuing operations*	49.5	66.9	69.9	132.4	224.7
Net profit incl. discontinued operations	49.5	66.5	69.9	131.4	223.7
Earnings per share, continuing operations	0.4	0.5	0.5	1.0	1.7
Cash and cash equivalents	211.9	400.3	211.9	400.3	248.9
Interest bearing debt	1,693.7	1,499.6	1,693.7	1,499.6	1,605.7
Average number of shares outstanding	128,097,885	128,097,885	128,097,885	128,097,885	128,097,885

*Continuing operations consist of the gas segments LPG and LNG

RESULTS

BW Gas recorded a second-quarter operating profit before depreciation and disposals of USD 64.9 million, compared to USD 84.7 million in the second quarter 2006. Operating profit was USD 52.0 million in the second quarter 2007, compared with USD 59.9 million in the same period of 2006. Gain on sale of vessels amounted to USD 14.3 million, while there was no sale of vessels during second quarter 2006.

Second quarter 2007 showed a significant decrease in freight rates for the VLGC segment, moderately higher rates for the LGCs and stable rates for the MGCs. The decline in the VLGC segment more than offset the increased LGC and MGC profit mainly resulting from the Yara transaction. The operating profit in the LPG segment amounted to USD 32.5 million in the second quarter of 2007 compared to USD 40.2 million in the second quarter 2006. The average number of LPG vessels increased from 33.5 to 40.6 - mainly due to the Yara transaction.

The LNG segment increased the operating profit to USD 24.4 million in the second quarter 2007 from USD 21.0 million in the second quarter 2006, due to the sales gain of the small LNG carrier Havfru, and to a decrease in depreciations following the change in estimated useful economic life from 30 to 35 years as of January 2007. The LNG results were negatively affected by 26.7 offhire days, due to guarantee repairs of stern tube bearing on one vessel. The offhire is not covered under the insurance.

The accounts show net financial income of USD 3.5 million in the second quarter of 2007 (USD 13.8 million in 2006), of which interest expenses amounted to USD 20.9 million (USD 17.6 million in 2006). This increase is mainly due to a rise in interest rates and to increased debt. Other financial items amounted to USD 17.6 million in second quarter of 2007 (USD 22.5 million in 2006). The 2007 figure includes changes in market to market value of interest rate swaps and a gain from realisation of investment in FSN Capital, while the 2006 figure consists mainly of changes in market to market value of interest swaps.

Profit before tax was USD 55.5 million in the second quarter 2007 compared to USD 73.7 million in the second quarter 2006. Net profit from continuing operations was USD 49.5 million (USD 0.4 per share) in second quarter 2007 compared with USD 66.9 million in second quarter 2006 (USD 0.5 per share). Income tax expense of USD 6.0 million (USD 6.8 million in 2006) is related to unrealised foreign exchange gains on debt in tonnage taxed entities in 2007, while the 2006 figure is related mainly to tax on sale of US real estate.

For the first half year of 2007 the operating profit amounted to USD 98.3 million (USD 118.0 million in 2006). The 2007 figures include a net gain on sale of tangible fixed assets from continuing operations of USD 20.8 million, (USD -0.1 million in 2006).

Profit before tax from continuing operations amounted to USD 83.5 million in the first half year of 2007 (USD 139.3 in 2006). Net profit from continuing operations was USD 69.9 million (USD 0.5 per share) in the first half year of 2007 compared with USD 132.4 million in the first half of 2006 (USD 1.0 per share).

FINANCING

BW Gas had cash and cash equivalents of USD 211.9 million at the end of second quarter 2007 (USD 400.3 million in 2006). Total assets were USD 2,935.8 million (USD 2,749.8 million in 2006). Shareholders' equity amounted to USD 1,120.1 million (USD 1,055.0 million in 2006). Total liabilities amounted to USD 1,815.7 million (USD 1,694.8 million in 2006). Interest-bearing debt amounted to USD 1,693.7 million (USD 1,499.6 million in 2006). The equity ratio decreased to 38.2% at the end of second quarter 2007 from 38.4% at the end of second quarter 2006.

Under the 7-year unsecured USD 1.5 billion revolving credit facility, USD 1.15 billion was drawn by the end of June 2007.

BW Gas has hedged a total of USD 541 million of its balance sheet debt through interest rate swaps. The swaps have a weighted average fixed interest rate of 4.89 % (excl. margin) and a weighted average remaining duration of 7.0 years as per end of second quarter 2007. The mark to market value of the interest rate swaps was USD 16.6 million at the end of June 2007.

The company has also entered into USD 213 million in interest rate swaps with forward start related to two LNG vessels financed through two French single investor leases. These swaps have 12.5 years duration starting in December 2008 and an average fixed interest rate of 5.25% and will be treated according to the IFRS hedge accounting rules.

A dividend of NOK 4.4 per share was paid in May, a total amount of NOK 565 million (USD 93.2 million).

MAJOR EVENTS

The VLGC BW Borg, ex. Formosagas Apollo (84,333 cbm, 2001 built) has been purchased through a declared purchase option and was delivered on 2 April 2007 at a price of USD 42.5 million, which is approximately USD 40 million below current market value.

In April 2007, BW Gas entered into an agreement with Tailwind, an operational- and financial lease company, which was finalised in August 2007. BW Gas will sell 50% ownership interest in four LPG carriers (BW Trader, Berge Odin, BW Havlur and BW Havsol), but will retain technical and commercial management of the vessels. The deal will have a cash effect of approximately USD 200 million and BW Gas will book a profit of about USD 10 million in the third quarter of 2007.

The 1978 built VLGC Berge Arrow (75,609 cbm, 1978 built) was sold for scrap in April 2007 with delivery in May. The sales price was USD 9.1 million, resulting in a net gain of USD 7.3 million.

In April 2007, the group increased the 5-year bond loan with NOK 100 million. The proceeds and interest have been swapped into USD.

LNG carrier Havfru, 29,589 cbm, built in 1973 was sold for scrap in May 2007. The sales price was USD 6.3 million with a net gain of USD 2.6 million.

In June 2007, BW Sund entered an eighteen months floating storage contract off the Dominican Republic.

LGC carrier Havdrott, 54,226 cbm, built in 1978 was sold for scrap in June 2007. The sales price was USD 6.7 million, resulting in a net gain of USD 4.5 million.

VLGC newbuilding BW Broker, 80,138 cbm, was delivered on bareboat charter in June 2007.

SUBSEQUENT EVENTS

In July 2007, BW Saga, a VLGC being in semi lay-up since November 2006, entered a 12-month (option 1 + 1 year) storage contract with Nigeria LNG.

In August 2007, BW Gas agreed on a two-year extension for a VLGC (R-class) for use on a storage project in Ecuador.

SEGMENT REPORTS

LPG segment

The LPG segment provides transportation of liquefied petroleum gas, clean petroleum products (CPP) and ammonia. The LPG segment is divided further into VLGCs (capacity above 70,000 cbm), LGCs (capacities ranging between 50,000 and 70,000 cbm) and MGCs (capacities ranging between 22,000 and 50,000 cbm). The BW Gas LPG vessels operate on spot voyages, contract of affreightment (COAs) and short to medium-term time charters, which include all time charters for a period of five years or less.

The LPG fleet recorded a second quarter operating profit of USD 32.5 million, compared to USD 40.2 million for the same period in 2006. The 2007 figure includes sales gains on Berge Arrow of USD 7.3 million and Havdrott of USD 4.5 million, a total sales gain of USD 11.8 million. The decline in operating profit was due to significantly lower freight rates in the VLGC segment

and more idle time, offsetting the sales gains and the increased MGC profit resulting from the Yara transaction. For the LGCs freight rates increased moderately, while idle time was held at approximately the same level. The MGC freight rates remained at the same level as in second quarter 2006, but idle time declined. The average number of owned LPG vessels increased from 33.5 to 40.6 in the second quarter, while the average number of chartered-in vessels decreased by 0.4 vessels to 8.2 vessels.

The operation of the BW Gas LPG fleet was satisfactory during second quarter 2007 with no significant offhire beyond scheduled maintenance. Six LPG carriers were dry-docked for scheduled maintenance in second quarter 2007, compared to five in the second quarter 2006.

SEGMENT ANALYSIS LPG

(USD million)	Second quarter	
	2007	2006
Operating revenue	117.0	127.6
Voyage expenses	-24.1	-25.0
TC Income	92.9	102.6
Charter hire expenses	-18.0	-19.6
Salaries and other operating expenses	-35.4	-28.4
Operating profit before depreciation and disposals	39.5	54.6
Depreciation	-18.8	-14.4
Net gain on sale of tangible fixed assets	11.8	0.0
Operating profit	32.5	40.2
Key figures		
Average number of owned and BB vessels (calendar days)	40.6	33.5
Average number of chartered in vessels on TC	8.2	8.6
TC income per calendar day (USD 1,000)	20.9	26.8
Operating expenses per day (USD 1,000)	9.6	9.3

VARIANCE ANALYSIS LPG

(USD million)	
Operating profit second quarter 2006	40.2
Operating profit second quarter 2007	32.5
Variance operating profit	-7.7
Increase/decrease in spot and TC rates for LPG vessels	-22.2
Net investment/increase in number of LPG vessels	7.8
Increase in no. of chartered-in vessels	-0.4
Reclassified operational lease to financial lease	0.9
Depreciation of USD vs NOK effect on operating expenses	-0.5
Net gain on sale of tangible fixed assets	11.8
Depreciation of vessels	-4.4
Other	-1.1
Total variance explained	-7.7

VLGC (>70,000 CBM)

TC income from the VLGCs amounted to USD 42.8 million in the second quarter 2007 compared to USD 66.0 million in second quarter 2006. The decrease was primarily attributable to the substantial fall in the charter rates and increased idle time, offsetting the income from the increased number of vessels from 16.0 to 16.4. Average TC income for the VLGC fleet decreased to USD 19,900/day in 2007 from USD 30,700/day in second quarter 2006. Idle time for the BW Gas operated VLGC fleet increased to 8.8% in second quarter 2007, from 1.8% in 2006. One of four VLGC vessels, which were put in semi

lay-up during December 2006, remained in semi lay-up at the end of June 2007; while one vessel was put into COA voyages end June, BW Sisu was sold for captive trade in first quarter 2007 and Berge Arrow was sold for scrap in second quarter 2007. Newbuilding BW Broker was delivered on bareboat charter in second quarter 2007.

OPEC crude production cuts continued to impact the production of associated LPG negatively in the second quarter. Middle East LPG exports in the first half of 2007 are estimated to have declined by about 0.8 million tonnes compared to the same period in 2006. Exports from North and West Africa showed a gain of 0.4 million tonnes in the first half 2007 over the same period last year.

Record high naphtha prices in Asia made LPG the preferred feedstock for petchem producers who could substitute. By comparison the retail markets, particularly in China, were unable to compete for imported LPG at the prevailing international prices. The lower Middle East exports and higher LPG prices in the East markets reduced the East-West arbitrage trade, which is estimated to have declined to 0.7 million tonnes in first half of 2007 from 1.7 million tonnes in the same period last year.

A small improvement in the number of LPG spot cargoes in the second quarter combined with a stable fleet development led to a moderate rate improvement in the VLGC market.

Spot rates ended the quarter at about USD 36.6 pmt on voyage basis Middle East – Japan (about USD 22,900/day on a C-class VLGC excl. idle time). Increasing bunker prices limited the positive effect on TC earnings.

No representative timecharter business was concluded in the second quarter of 2007.

BW Gas had three vessels employed in clean petroleum products (CPP) during second quarter 2007, compared to two vessels in the same period in 2006.

In June 2007, BW Sund entered an eighteen months floating storage contract off the Dominican Republic. BW Saga has recently entered a floating storage contract off Nigeria for a minimum of one year option 1+1 year declarable within nine months from commencement. Interest in LPG storage projects in Indonesia and Malaysia is rising on the back of favourably priced LPG relative to oil products kerosene and naphtha.

BW Gas currently has six VLGC newbuildings on order, of which one is scheduled for delivery in November 2007, three in 2008 and two in 2009. Four of the VLGCs are owned in a 50/50 joint venture with Maran Gas. In addition two chartered-in VLGC newbuildings, of which BW Gas has 33% interest, will be delivered in 2009.

The global fleet of VLGCs (>70,000 cbm) numbered 106 vessels at the end of June 2007. Three vessels, built in 1978, 1979 and 1980 respectively, were reported sold for scrap in the second quarter. The order book consists of 58 vessels; six vessels are due for delivery in 2007, 27 in 2008, 19 in 2009 and six in 2010. 19 VLGCs are 25 years old or more.

LGC (70-50,000 CBM)

TC income from the LGCs amounted to USD 24.1 million in the second quarter of 2007, compared to USD 20.5 million in the second quarter 2006. The average number of LGC vessels increased from 9.5 in the second quarter 2006 to 10.7 in 2007. Havdrott was sold for scrap in the second quarter 2007. Average TC income for the group's LGC fleet increased to USD 24,800/day in second quarter 2007, from USD 23,700/day in the same period 2006. Idle time increased marginally to 11.0% in second quarter 2007, from 10.9% same period 2006. All vessels were employed at the end of the second quarter.

The LPG market in the Atlantic was maintained at a higher level than the market east of Suez. LGCs trading in LPG were generally well employed including occasional propylene cargoes.

Black Sea ammonia exports levelled off in the second quarter, following weaker international prices and the start of plant maintenance for Black Sea based producers. The delays in the transit of the Turkish Straits eased with the end of the winter sailing regulations contributing to more efficient LGC fleet utilisation. Weaker natural gas prices in Europe and in the US served to restart some domestic production capacity and limited import requirements. There was some recovery in US imports towards the end of the quarter.

The global LGC fleet (70-50,000 cbm) consisted of 26 vessels at the end of second quarter 2007. The order book numbered six vessels, all for delivery in 2008. Two vessels, built in 1974 and 1978 respectively, were sold for scrap in the second quarter; Nine LGCs are more than 25 years old.

MGC (<50,000 CBM)

The TC income from MGCs increased to USD 26.0 million in second quarter 2007, from USD 16.1 million in second quarter 2006. The increase was due to a higher number of vessels as a result of the acquisition of the Yara fleet in July 2006 and the delivery of BW Sombeke at the end of October 2006. The group's MGC fleet saw second quarter average TC income of USD 19,700/day in 2007, the same as in second quarter 2006. The share of smaller vessels in the MGC fleet increased from the second quarter 2006. Idle time was 4.5% in second quarter 2007 compared to 8.0% in second quarter 2006. Declining ammonia prices in the second quarter resulted in a general "wait and see" attitude from charterers with hardly any activity in the spot market and lower contract nominations. In the cross-Atlantic ammonia trade the LGCs provided a more economical alternative. The Black Sea – East ammonia trade, which had been active in the first quarter, saw reduced activity with increasing production in the Middle East. This resulted in fewer long haul cargoes for MGCs. The LPG vessels engaged in the spot market were active both east and west of Suez.

The North Sea LPG trade employed three vessels. Idle time increased towards the end of the second quarter coinciding with seasonal maintenance of production facilities and rates came under some pressure while idle time increased.

The global MGC fleet (20,000-40,000 cbm) of fully- and semi-refrigerated vessels consisted of 75 vessels at the end of second quarter 2007. Six contracts were placed in the second quarter. The orderbook at the end of the second quarter consisted of 30 vessels, two for delivery in 2007, seven in 2008 and 18 in 2009 and three in 2010. Six MGCs are more than 25 years old.

CHARTER-HIRE EXPENSES

The LPG charter-hire expenses decreased to USD 18.0 million in the second quarter of 2007, compared to USD 19.6 million in 2006. This decrease was primarily attributable to the number of chartered-in VLGCs, which decreased to 8.2 vessels in second quarter 2007 from 8.6 vessels in 2006, and to the reclassification of Berge Summit from operational to financial lease.

TOTAL OPERATING EXPENSES

Total operating expenses in the LPG segment increased to USD 35.4 million in the second quarter of 2007, compared with USD 28.4 million in 2006. The increase is mainly due to the higher number of vessels. Six LPG vessels were drydocked for scheduled maintenance during second quarter 2007, compared with five in the same period of 2006.

DEPRECIATION

The depreciation of LPG vessels increased to USD 18.8 million in the second quarter 2007, compared to USD 14.4 million in 2006. This increase is attributable to the higher number of vessels.

NET GAIN ON SALE OF VESSELS

The sale of Berge Arrow in May 2007 generated a net gain on sale of vessels of USD 7.3 million and the sale of Havdrott in June 2007 generated a net gain of sale of USD 4.5 million in the second quarter 2007. There was no sale of vessels during second quarter 2006.

LNG segment

The LNG segment provides transportation of liquefied natural gas, with vessel size ranging from 138,000 to 150,000 cbm. Since 2000, BW Gas has considerably expanded the presence in the LNG sector by making substantial investments in new LNG vessels.

The LNG fleet recorded a second quarter operating profit of USD 24.4 million, compared with USD 21.0 million in the same period of 2006. The increase resulted mainly from the sale of Havfru, one of the small LNG vessels, in May. Havfru had been idle most of the year, thus giving a negative effect on the operating profit through voyage expenses and operating expenses. Operating profit in second quarter 2007 was negatively affected by the offhire of one vessel due to guarantee repairs of stern tube bearing.

At the end of second quarter 2007, the group's LNG business consisted of eight LNG vessels: three 138,000 cbm, four 146,000 cbm and one smaller 30,000 cbm LNG carriers. All of the LNG vessels operate under long-term time charters, except for the single smaller LNG vessel which is on timecharter until October 2007.

BW Gas has two 162,400 cbm LNG carriers on order, both scheduled for delivery in 2009. Subsidiaries of BW group have two 148,300 cbm vessels on order, one for delivery in fourth quarter 2007 and one in 2008. BW Gas will manage these vessels both commercially and technically. All newbuildings will commence long-term timecharters when delivered.

SEGMENT ANALYSIS LNG

(USD million)	Second quarter	
	2007	2006
Operating revenue	35.6	39.3
Voyage expenses	-1.2	-0.9
TC Income	34.4	38.4
Financial lease interest income	2.4	0.0
Total operating income	36.8	38.4
Charter hire expenses	0.0	0.0
Salaries and other operating expenses	-7.9	-8.1
Operating profit before depreciation and disposals	28.9	30.3
Depreciation	-7.1	-9.3
Net gain on sale of tangible fixed assets	2.6	0.0
Operating profit	24.4	21.0

Key figures

Average number of owned and BB vessels (calendar days)	7.1	8.0
Average number of vessels leased out on financial lease	0.5	0.0
Average number of chartered in vessels on TC	0.0	0.0
TC income per calendar day (USD 1,000)	53.2	52.7
Operating expenses per day (USD 1,000)	11.4	11.1

VARIANCE ANALYSIS LNG

(USD million)	
Operating profit second quarter 2006	21.0
Operating profit second quarter 2007	24.4
Variance operating profit	3.4
Net investment/increase in number of LNG vessels	-0.6
Financial lease interest income	-0.3
Depreciation of USD vs NOK, effect on operating expenses	-0.1
Depreciation of vessels	2.2
Net gain on sale of tangible fixed assets	2.6
Other	-0.4
Total variance explained	3.4

TC income from the LNG vessels including one vessel on financial lease decreased to USD 34.4 million in the second quarter of 2007 from USD 38.4 million in second quarter 2006. The decrease was mainly attributable to the offhire of 26.7 days of one large LNG vessel being repaired during second quarter 2007. Average TC income for the group's LNG fleet increased to USD 53,200/day in second quarter 2007 from USD 52,700/day in second quarter 2006. The sale of Havfru in May contributed positively to the TC income per day since the vessel had been idle most of the year. Excluding the two small LNG carriers Havfru and Century (1973/74 built), the LNG fleet generated an average TC income of USD 66,200/day in second quarter 2007, compared to USD 66,600/day in 2006. LNG Oyo experienced 26.7 days offhire in second quarter of 2007 due to guarantee repairs on stern tube bearing. The offhire is not covered under the insurance.

No new LNG projects have received final investment decision (FID) in the past 18 months, which is going to impact the volume of new production to come on-stream from 2010 onwards as the developers are reconsidering investment plans on the back of escalating development costs and longer lead times. Only Pluto LNG (Woodside Australia) received FID for one train ultimo July, possibly are also Angola LNG and NLNG train 7 expected to receive FID this year.

Activity in the newbuilding market retracted sharply with only one order placed in the second quarter. At the end of the second quarter 2007 the world LNG fleet consisted of 237 vessels including vessels below 20,000 cbm. 135 newbuildings were on firm order, of which 19 for delivery this year, 56 in 2008, 43 in 2009, 15 in 2010 and two in 2011.

TOTAL OPERATING EXPENSES

Total operating expenses decreased to USD 7.9 million in the second quarter of 2007, compared to USD 8.1 million in the second quarter of 2006. The decrease is mainly due to the sale of Havfru.

DEPRECIATIONS

The depreciation of vessels decreased to USD 7.1 million in the second quarter of 2007, compared to USD 9.3 million in 2006. This decrease is mainly attributable to the estimated useful economic life for the LNG vessels being changed from 30 years to 35 years from January 2007.

NET GAIN ON SALE OF VESSELS

The sale of Havfru in May 2007 generated a net gain on sale of vessels of USD 2.6 million in the second quarter 2007. There was no sale of vessels during second quarter 2006.

OUTLOOK

LPG trade volumes are still negatively impacted by reduced OPEC production. According to the IEA, OPEC production in May 2007 was still 1.7 million barrels per day below the peak in July 2006 with half of the reduction coming from Saudi Arabia. OPEC has so far been reluctant to increase oil production for several reasons. A weaker US dollar exchange rate means lower purchasing power for the OPEC countries as a large share of imports is denominated in currencies other than US dollar. The organisation also claims that the oil market is well supplied and that limited world refining capacity explains a large part of the increase in oil prices. According to IEA, OPEC spare capacity is 2.8 million barrels per day most of which is medium to heavy crude. Increasing the production will have a limited effect on marketable capacity of crude, unless the price is heavily discounted. However, it is expected that OPEC will increase production later this year to compensate for higher seasonal demand particularly in the fourth quarter.

The VLGC market has shown a moderate improvement on the back of moderately higher spot market activity and a slight increase in the volumes shipped from AG to the west. There may be a further improvement irrespective of the level of OPEC crude production as more spot cargoes are available from Saudi Arabia and production is ramping up in Qatar and in Africa.

LPG volume growth for 2007 has recently been revised down to a moderate 2.5% or 1.3 million tonnes. For 2008 the forecast has been revised down moderately from 7.9 million tonnes to 7.3 million tonnes according to Poten & Partners. Scrapping of older tonnage has picked up and several storage projects under planning should limit fleet supply growth into 2008. These factors are expected to contribute to more balanced market conditions in 2008 than earlier anticipated. Unexpectedly high naphtha prices in the East and low feedstock prices in Europe and in the US, has retained more Middle East LPG in the east due to its price competitiveness for Asian petchem producers. This could lead to some delay in the diversion of LPG from east of Suez to the markets in Europe and to the US.

For the last two quarters of 2007, approximately 48% of the VLGC fleet capacity has been booked through spot fixtures, time-charters or fixed COAs at an average TC level of approximately USD 26,500 per voyage day.

LPG exports from North Africa, mainly Algeria, is expected to increase the number of cargoes available for LGCs. There will also be a further expansion in exports from West Africa, mainly from Angola and Equatorial Guinea although some of the volume will be shipped on larger vessels. In ammonia, the short-term outlook is weaker. The price basis FOB Black Sea is approaching the cost of production for Ukrainian producers of around USD 230 per tonne. US producers therefore have an incentive to increase output at the current natural gas prices. Overall the LGC market outlook for 2007 and 2008 is positive.

For the last two quarters of 2007, approximately 56% of the LGC fleet capacity has been booked through spot fixtures, time-charters or fixed COAs at an average TC level of approximately USD 28,700 per voyage day.

The medium term outlook for the MGC segment is positive with growing volumes of short- and medium-haul LPG and ammonia trade and occasional propylene cargoes. Strong fleet expansion after 2008 could however weaken the supply/demand balance. The MGC fleet consists of few vessels above 25 years, and thus few scrapping candidates.

For the last two quarters of 2007, approximately 78% of the MGC fleet capacity has been booked through timecharters or fixed COAs at an average TC level of approximately USD 22,200 per voyage day.

The Board expects operating profit for 2007 to be weaker than for 2006, due to the weak market conditions for the VLGC fleet in the first and second quarters and only moderate improvement so far in the third quarter of 2007.

Oslo, 14 August 2007
The Board of Directors

SEPARATE SEGMENT REPORT

SHIPPING SEGMENT REPORTS - CONTINUING OPERATIONS

(Unaudited figures in USD million)	Second quarter		6 months		Full year 2006
	2007	2006	2007	2006	
LPG					
Operating revenue	117.0	127.6	234.5	251.8	523.7
Voyage expenses	-24.1	-25.0	-45.7	-47.5	-97.2
TC Income	92.9	102.6	188.8	204.3	426.5
Charter hire expenses	-18.0	-19.6	-39.5	-35.8	-79.2
Salaries and other operating expenses	-35.4	-28.4	-70.2	-55.3	-120.7
Operating profit before depreciation and disposals	39.5	54.6	79.1	113.2	226.6
Depreciation	-18.8	-14.4	-37.3	-27.4	-65.3
Net gain on sale of tangible fixed assets	11.8	0.0	18.3	-0.1	11.5
Operating profit	32.5	40.2	60.1	85.7	172.8
Key figures					
Average number of owned and BB vessels (calendar days)	40.6	33.5	41.4	33.0	37.2
Average number of owned and BB vessels (voyage days)	38.5	32.0	39.6	31.8	36.3
Average number of chartered in vessels on TC	8.2	8.6	8.4	8.1	8.8
TC income per calendar day (USD 1,000) ¹⁾	20.9	26.8	20.9	27.5	25.4
TC income per voyage day (USD 1,000) ²⁾	21.9	27.8	21.7	28.3	25.9
Operating expenses per day (USD 1,000) ³⁾	9.6	9.3	9.4	9.3	8.9
Carrying value vessels	1,253.1	866.9	1,253.1	866.9	1,187.3
LPG - VLGC					
Operating revenue	62.3	85.6	118.6	158.2	312.2
Voyage expenses	-19.5	-19.6	-35.0	-34.3	-68.8
TC Income	42.8	66.0	83.6	123.9	243.4
Charter hire expenses	-16.5	-18.2	-36.4	-33.0	-73.0
Salaries and other operating expenses	-16.5	-15.2	-32.4	-29.2	-61.2
Operating profit before depreciation and disposals	9.8	32.6	14.8	61.7	109.2
Depreciation	-6.9	-5.8	-13.6	-10.6	-24.2
Net gain on sale of tangible fixed assets	7.3	0.0	13.8	-0.1	-0.1
Operating profit	10.2	26.8	15.0	51.0	84.9
Key figures					
Average number of owned and BB vessels (calendar days)	16.4	16.0	17.0	15.5	16.5
Average number of owned and BB vessels (voyage days)	16.3	15.9	16.5	15.1	16.1
Average number of chartered in vessels on TC	7.2	7.6	7.4	7.1	7.7
TC income per calendar day (USD 1,000) ¹⁾	19.9	30.7	18.9	30.3	27.6
TC income per voyage day (USD 1,000) ²⁾	20.0	30.9	19.3	30.8	28.0
Operating expenses per day (USD 1,000) ³⁾	11.1	10.4	10.5	10.4	10.2
Carrying value vessels	469.9	369.9	469.9	369.9	393.8
LPG - LGC					
Operating revenue	26.6	24.0	56.4	54.2	109.5
Voyage expenses	-2.5	-3.5	-5.4	-8.6	-15.5
TC Income	24.1	20.5	51.0	45.6	94.0
Charter hire expenses	0.0	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-8.8	-7.5	-17.6	-14.5	-30.4
Operating profit before depreciation and disposals	15.3	13.0	33.4	31.1	63.6
Depreciation	-5.1	-4.2	-10.3	-8.5	-19.5
Net gain on sale of tangible fixed assets	4.5	0.0	4.5	0.0	11.6
Operating profit	14.7	8.8	27.6	22.6	55.7
Key figures					
Average number of owned and BB vessels (calendar days)	10.7	9.5	10.9	9.5	10.1
Average number of owned and BB vessels (voyage days)	9.8	8.8	10.2	9.1	9.9
Average number of chartered in vessels on TC	0.0	0.0	0.0	0.0	0.0
TC income per calendar day (USD 1,000) ¹⁾	24.8	23.7	25.9	26.5	25.5
TC income per voyage day (USD 1,000) ²⁾	27.0	25.6	27.6	27.7	26.0
Operating expenses per day (USD 1,000) ³⁾	9.0	8.7	8.9	8.4	8.2
Carrying value vessels	386.7	258.9	386.7	258.9	396.0

SHIPPING SEGMENT REPORTS - CONTINUING OPERATIONS

(Unaudited figures in USD million)	Second quarter		6 months		Full year 2006
	2007	2006	2007	2006	
LPG - MGC					
Operating revenue	28.1	18.0	59.5	39.4	102.0
Voyage expenses	-2.1	-1.9	-5.3	-4.6	-12.9
TC Income	26.0	16.1	54.2	34.8	89.1
Charter hire expenses	-1.5	-1.4	-3.1	-2.8	-6.2
Salaries and other operating expenses	-10.1	-5.7	-20.2	-11.6	-29.1
Operating profit before depreciation and disposals	14.4	9.0	30.9	20.4	53.8
Depreciation	-6.8	-4.4	-13.4	-8.3	-21.6
Net gain on sale of tangible fixed assets	0.0	0.0	0.0	0.0	0.0
Operating profit	7.6	4.6	17.5	12.1	32.2
Key figures					
Average number of owned and BB vessels (calendar days)	13.5	8.0	13.5	8.0	10.6
Average number of owned and BB vessels (voyage days)	12.4	7.3	12.9	7.6	10.3
Average number of chartered in vessels on TC	1.0	1.0	1.0	1.0	1.1
TC income per calendar day (USD 1,000) ¹⁾	19.7	19.7	20.7	21.4	20.9
TC income per voyage day (USD 1,000) ²⁾	21.3	21.3	21.5	22.4	21.4
Operating expenses per day (USD 1,000) ³⁾	8.2	7.8	8.3	8.0	7.5
Carrying value vessels	396.5	238.1	396.5	238.1	397.5
LNG					
Operating revenue	35.6	39.3	69.2	71.5	142.4
Voyage expenses	-1.2	-0.9	-2.2	-1.3	-2.8
TC Income	34.4	38.4	67.0	70.2	139.6
Financial lease interest income	2.4	0.0	4.8	0.0	9.6
Total operating income	36.8	38.4	71.8	70.2	149.2
Charter hire expenses	0.0	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-7.9	-8.1	-16.0	-14.8	-29.9
Operating profit before depreciation and disposals	28.9	30.3	55.8	55.4	119.3
Depreciation	-7.1	-9.3	-14.0	-17.1	-32.4
Net gain on sale of tangible fixed assets	2.6	0.0	2.6	0.0	0.0
Operating profit	24.4	21.0	44.4	38.3	86.9
Key figures					
Average number of owned and BB vessels (calendar days)	7.1	8.0	7.3	7.5	7.3
Average number of owned and BB vessels (voyage days)	6.5	8.0	6.6	7.5	7.2
Average number of vessels leased out on financial lease	0.5	0.0	0.5	0.0	0.5
Average number of chartered in vessels on TC	0.0	0.0	0.0	0.0	0.0
TC income per calendar day (USD 1,000) ¹⁾	53.2	52.7	50.7	51.7	52.4
TC income per voyage day (USD 1,000) ²⁾	58.2	52.7	56.1	51.7	53.1
Operating expenses per day (USD 1,000) ³⁾	11.4	11.1	11.3	10.9	10.5
Carrying value vessels	879.4	992.3	879.4	992.3	894.9
Financial lease receivable	86.5	0.0	86.5	0.0	87.0

Definitions key figures

¹⁾ [TC income]*1,000/[Average number of owned and BB vessels (calendar days) + Average number of chartered in vessels on TC]/[Number of days in period]

²⁾ [TC income]*1,000/[Average number of owned and BB vessels (voyage days) + Average number of chartered in vessels on TC]/[Number of days in period]
Voyage days = Calendar days – Technical Offhire days

³⁾ ([Salaries, social security and pensions + Other operating expenses])*1,000/[Average number of owned and BB vessels (calendar days) + Average number of vessels leased out]/[Number of days in period]

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2007	2006	2007	2006	2006
Operating revenue	169.2	179.9	340.8	348.2	729.9
Voyage expenses	-25.2	-25.9	-47.9	-49.3	-100.8
Charter hire expenses	-24.9	-24.3	-53.3	-45.3	-94.9
Salaries, social security and pensions	-23.5	-17.3	-49.4	-38.8	-87.6
Other operating expenses	-30.7	-27.7	-59.0	-49.9	-101.5
Operating profit before depreciation and disposals	64.9	84.7	131.2	164.9	345.1
Depreciation	-27.2	-24.8	-53.7	-46.8	-102.0
Impairment charges/reversals	0.0	0.0	0.0	0.0	0.0
Net gain/loss on sale of tangible fixed assets	14.3	0.0	20.8	-0.1	15.6
Operating profit	52.0	59.9	98.3	118.0	258.7
Interest income	5.0	6.6	10.5	12.7	23.3
Interest expenses	-20.9	-17.6	-41.6	-32.2	-78.7
Net foreign exchange gain/loss	1.6	1.7	0.5	3.1	5.9
Share of profit from associates	0.2	0.6	0.9	1.4	2.2
Other financial items	17.6	22.5	14.9	36.3	20.1
Net financial items	3.5	13.8	-14.8	21.3	-27.2
Profit before tax	55.5	73.7	83.5	139.3	231.5
Income tax expense	-6.0	-6.8	-13.6	-6.9	-6.8
Net profit from continuing operations	49.5	66.9	69.9	132.4	224.7
Net profit from discontinued operations	0.0	-0.4	0.0	-1.0	-1.0
Net profit	49.5	66.5	69.9	131.4	223.7
Minority interest	3.7	3.7	6.4	7.3	12.7
Majority interest	45.8	62.8	63.5	124.1	211.0
Basic and diluted ¹⁾ earnings per share (EPS) in USD, continuing operations	0.4	0.5	0.5	1.0	1.7
Basic and diluted ¹⁾ earnings per share in USD, discontinued operations	0.0	0.0	0.0	0.0	0.0
Basic and diluted ¹⁾ earnings per share in USD, all operations	0.4	0.5	0.5	1.0	1.6
Average number of shares outstanding	128,097,885	128,097,885	128,097,885	128,097,885	128,097,885

¹⁾ There are no dilutive potential shares, and therefore the diluted EPS equals the basic EPS.

CONSOLIDATED BALANCE SHEET

(Unaudited figures in USD million)	30.06.07	30.06.06	31.12.06
ASSETS			
Tangible fixed assets	2,377.1	2,066.4	2,290.1
Intangible fixed assets	5.0	6.1	5.2
Investments in associates	2.4	4.4	3.5
Other financial long term assets	239.1	140.8	225.6
Total non-current assets	2,623.6	2,217.7	2,524.4
Inventories	13.9	12.9	13.1
Receivables	86.0	106.5	76.5
Short term investments	0.4	12.4	7.9
Cash and cash equivalents	211.9	400.3	248.9
Total current assets	312.2	532.1	346.4
Total assets	2,935.8	2,749.8	2,870.8
EQUITY AND LIABILITIES			
Paid-in capital	16.8	16.8	16.8
Retained earnings	1,037.9	978.6	1,057.3
Minority interests	65.4	59.6	68.4
Total equity	1,120.1	1,055.0	1,142.5
Long-term interest bearing debt	1,667.3	1,455.4	1,577.9
Net pension liabilities	8.7	10.9	10.4
Deferred tax liability	13.5	0.0	0.0
Other non interest bearing debt and provisions	2.1	1.7	3.2
Total non-current liabilities	1,691.6	1,468.0	1,591.5
Short-term interest bearing debt	26.4	44.2	27.8
Tax and public duties payable	12.4	18.5	13.6
Other non interest bearing liabilities and provisions	85.3	164.1	95.4
Total current liabilities	124.1	226.8	136.8
Total equity and liabilities	2,935.8	2,749.8	2,870.8

CONSOLIDATED CASH FLOW STATEMENT

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2007	2006	2007	2006	2006
Net profit before tax including discontinued operations	55.5	73.3	83.5	138.3	230.5
Adjustment for:					
Gain/loss on disposal of assets	-20.0	0.0	-26.5	0.0	-15.6
Depreciation and impairment charges	27.2	24.7	53.7	46.7	102.0
Change in inventories, receivables and payables	12.0	-27.8	-16.0	86.7	26.5
Net cash flow from operations ¹⁾	74.7	70.2	94.7	271.7	343.4
Investments in operating fixed assets	-79.0	-55.3	-137.9	-193.6	-573.4
Sales of operating fixed assets (at sales value)	20.0	0.0	28.9	0.0	29.0
Net cash in acquired/demerged companies	0.0	0.0	0.0	9.4	9.4
Change in other investments	-17.3	-13.4	-7.8	-25.0	22.4
Net cash flow from investing activities ²⁾	-76.3	-68.7	-116.8	-209.2	-512.6
New long-term debt	98.1	40.0	126.5	50.0	341.3
Repayments of debt	-9.1	-7.1	-38.5	-23.7	-238.1
Paid in / distributed equity	-100.3	-40.9	-102.9	-42.8	-39.4
Purchase of own shares	0.0	0.0	0.0	0.0	0.0
Net cash flow from financing activities	-11.3	-8.0	-14.9	-16.5	63.8
Net change in cash during period	-12.9	-6.5	-37.0	46.0	-105.4
Cash at beginning of period	224.8	406.8	248.9	354.3	354.3
Cash at end of period	211.9	400.3	211.9	400.3	248.9
¹⁾ Net operating cash flow from discontinued operations	n.a.	-0.4	n.a.	-1.0	-1.0
²⁾ Net investing cash flow from discontinued operations	n.a.	0.0	n.a.	0.0	0.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2007	2006	2007	2006	2006
Equity at the beginning of period	1,171.9	1,034.6	1,142.5	928.9	928.9
Net profit	49.5	66.5	69.9	131.4	223.7
Dividend paid	-93.2	-33.7	-93.2	-33.7	-33.7
Net gain/loss on available for sale financial assets	-7.4	-8.5	-7.5	-6.1	-8.1
Net paid to/from minority interests	-7.1	-7.2	-9.7	-9.1	-5.7
Adjustment on previous period acquisition price allocation	0.0	0.0	8.9	0.0	0.0
Purchase of minority interests	0.0	0.0	0.0	39.4	39.4
Share based compensation effect	0.3	0.3	0.6	0.5	0.9
Hedge accounting	4.7	3.0	6.1	3.0	-5.1
Other	1.4	0.0	2.5	0.7	2.2
Equity at the end of period	1,120.1	1,055.0	1,120.1	1,055.0	1,142.5

NOTES NOTE 1 - NATURE OF OPERATION

BW Gas is a leading global provider of gas marine transportation services. The group is the largest owner and operator of LPG (liquefied petroleum gas) carriers, and one of the largest independent owners and operators of LNG (liquefied natural gas) carriers. The operation is organised into two main business segments: LNG and LPG, where the latter is sub-divided into three sub segments depending on the size of the vessels (VLGC, LGC, MGC).

NOTE 2 - BASIS OF PRESENTATION

The interim condensed consolidated financial information 'interim financial information' has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. This interim financial information should be read together with the consolidated financial statements of BW Gas and all its subsidiaries (the group) as of 31 December 2006, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as they provide an update of previously reported information. The interim financial information was approved by the board of directors on 14 August 2007.

The preparation of consolidated interim condensed financial information in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Estimates have principally been made in respect to fair values of financial instruments, impairment provisions, deferred profit tax, pensions, useful life of vessels, classification of leases and provision for liabilities. Actual results could differ from those estimates.

The accompanying notes are an integral part of these financial statements.

CHANGES IN THE GROUP

There are no major changes in the group in the first 6 months of 2007.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied and the presentation of the interim condensed consolidated financial information is consistent with the consolidated financial statements for the year ended 31 December 2006.

NEW ACCOUNTING DEVELOPMENTS

Management has assessed that there are no new IFRS accounting standards, amendments and interpretations to standards that are relevant to the company with respect to the interim consolidated information reported.

CHANGE IN ACCOUNTING ESTIMATES AND ALLOCATIONS

With effect from first quarter 2007, the group has increased the useful life of the modern LNG vessels from 30 to 35 years. The change impact the quarterly depreciations in the LNG segment with approximately USD 1.1 million.

In connection with the purchase of Edda Gas KS and the transfer from investment in associated company to investment in subsidiary (full consolidation) in 2006, the group did not recognise a previously eliminated internal gain of USD 9.0 million. This should have been recognised, increasing the carrying value of the vessels and the equity accordingly. A correction has been made in first quarter 2007.

NOTE 4 - SEGMENT INFORMATION

The group had in the period two business segments: LPG and LNG. The business segments are organized and managed according to the nature of services provided (type of vessel and goods transported). Further, the group presents the column 'Unallocated', which includes overheads and eliminations not directly attributable to the LNG or LPG segment. Unallocated also contains the tanker business, which size is below threshold for separate segment reporting.

As the vessels neither trades on regular routes nor in limited geographic areas, geographic segment revenues are not presented.

The LNG segment provides transportation of liquefied natural gas, with vessel size ranging from 138,000 to 165,000 cbm (excluding the two smaller LNG-vessels Century and Havfru. Havfru was disposed in second quarter 2007).

The LPG segment provides transportation of liquefied petroleum gas, clean petroleum products (CPP) and ammonia. The segment comprises three main categories of vessels: VLGCs (Very Large Gas Carriers with capacity above 70,000 cbm), LGCs (Large Gas Carriers with capacities ranging between 50,000 and 70,000 cbm) and MGCs (Medium size Gas Carriers with capacities less than 50,000 cbm).

The following tables present the operating result and carrying value of the vessels regarding the group's business segments.

SEGMENT REPORTS - CONTINUING OPERATIONS

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2007	2006	2007	2006	2006
LPG					
Operating revenue	117.0	127.6	234.5	251.8	523.7
Voyage expenses	-24.1	-25.0	-45.7	-47.5	-97.2
Charter hire expenses	-18.0	-19.6	-39.5	-35.8	-79.2
Salaries and other operating expenses	-35.4	-28.4	-70.2	-55.3	-120.7
Depreciation	-18.8	-14.4	-37.3	-27.4	-65.3
Net gain on sale of tangible fixed assets	11.8	0.0	18.3	-0.1	11.5
Operating profit	32.5	40.2	60.1	85.7	172.8
Carrying value vessels	1,253.1	866.9	1,253.1	866.9	1,187.3
LPG - VLGC					
Operating revenue	62.3	85.6	118.6	158.2	312.2
Voyage expenses	-19.5	-19.6	-35.0	-34.3	-68.8
Charter hire expenses	-16.5	-18.2	-36.4	-33.0	-73.0
Salaries and other operating expenses	-16.5	-15.2	-32.4	-29.2	-61.2
Depreciation	-6.9	-5.8	-13.6	-10.6	-24.2
Net gain on sale of tangible fixed assets	7.3	0.0	13.8	-0.1	-0.1
Operating profit	10.2	26.8	15.0	51.0	84.9
Carrying value vessels	469.9	369.9	469.9	369.9	393.8
LPG - LGC					
Operating revenue	26.6	24.0	56.4	54.2	109.5
Voyage expenses	-2.5	-3.5	-5.4	-8.6	-15.5
Charter hire expenses	0.0	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-8.8	-7.5	-17.6	-14.5	-30.4
Depreciation	-5.1	-4.2	-10.3	-8.5	-19.5
Net gain on sale of tangible fixed assets	4.5	0.0	4.5	0.0	11.6
Operating profit	14.7	8.8	27.6	22.6	55.7
Carrying value vessels	386.7	258.9	386.7	258.9	396.0
LPG - MGC					
Operating revenue	28.1	18.0	59.5	39.4	102.0
Voyage expenses	-2.1	-1.9	-5.3	-4.6	-12.9
Charter hire expenses	-1.5	-1.4	-3.1	-2.8	-6.2
Salaries and other operating expenses	-10.1	-5.7	-20.2	-11.6	-29.1
Depreciation	-6.8	-4.4	-13.4	-8.3	-21.6
Net gain on sale of tangible fixed assets	0.0	0.0	0.0	0.0	0.0
Operating profit	7.6	4.6	17.5	12.1	32.2
Carrying value vessels	396.5	238.1	396.5	238.1	397.5

SEGMENT REPORTS - CONTINUING OPERATIONS CONT.

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2007	2006	2007	2006	2006
LNG					
Operating revenue	35.6	39.3	69.2	71.5	142.4
Financial lease interest income	2.4	0.0	4.8	0.0	9.6
Voyage expenses	-1.2	-0.9	-2.2	-1.3	-2.8
Charter hire expenses	0.0	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-7.9	-8.1	-16.0	-14.8	-29.9
Depreciation	-7.1	-9.3	-14.0	-17.1	-32.4
Net gain on sale of tangible fixed assets	2.6	0.0	2.6	0.0	0.0
Operating profit	24.4	21.0	44.4	38.3	86.9
Carrying value vessels	879.4	992.3	879.4	992.3	894.9
Financial lease receivable	86.5	0.0	86.5	0.0	87.0
UNALLOCATED					
Operating revenue	14.3	13.0	32.4	25.1	55.9
Voyage expenses	0.1	0.0	0.0	-0.4	-0.7
Charter hire expenses	-6.9	-4.7	-13.9	-9.5	-21.4
Salaries and other operating expenses	-10.9	-8.8	-22.1	-18.6	-38.4
Depreciation	-1.2	-1.2	-2.4	-2.3	-4.6
Net gain on sale of tangible fixed assets	0.0	0.0	0.0	0.0	0.1
Operating profit	-4.6	-1.7	-6.0	-5.7	-9.1

RECONCILIATION TO CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2007	2006	2007	2006	2006
Operating revenue					
LPG	117.0	127.6	234.5	251.8	523.7
LNG	38.0	39.3	74.0	71.5	152.0
Unallocated	14.3	13.0	32.4	25.1	55.9
Total	169.2	179.9	340.8	348.2	731.6
Correction related to financial lease	0.0	0.0	0.0	0.0	-1.7
Reconciled to consolidated income statement	169.2	179.9	340.8	348.2	729.9
Operating profit					
LPG	32.5	40.2	60.1	85.7	172.8
LNG	24.4	21.0	44.4	38.3	86.9
Unallocated	-4.6	-1.7	-6.0	-5.7	-9.1
Total	52.0	59.9	98.3	118.0	250.6
Correction related to financial lease	0.0	0.0	0.0	0.0	8.1
Reconciled to consolidated income statement	52.0	59.9	98.3	118.0	258.7

NOTE 5 - TANGIBLE AND INTANGIBLE FIXED ASSETS

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2007	2006	2007	2006	2006
Carrying value at the beginning of the period	2,335.1	2,041.9	2,295.3	1,754.5	1,754.5
Additions	78.8	55.0	146.8	364.6	710.5
Disposals	-5.7	0.3	-8.1	0.3	-18.0
Transferred due to financial lease reclassification	0.0	0.0	0.0	0.0	-52.1
Foreign exchange rate adjustments	1.1	0.0	1.8	0.0	2.4
Depreciations in the period	-27.2	-24.7	-53.7	-46.9	-102.0
Impairment charges in the period	0.0	0.0	0.0	0.0	0.0
- Hereof depreciations and impairment reclassified to discount op.	0.0	0.1	0.0	0.3	0.3
Carrying value at the end of the period	2,382.1	2,072.5	2,382.1	2,072.5	2,295.3

Tangible fixed assets includes the following main items: Vessels (including periodic maintenance), vessels under construction, real estate, vehicles and equipment. Intangible fixed assets are mainly related to software.

MAJOR TRANSACTIONS AND INVESTMENTS

				Ownership
Disposal of vessels	Type	Size	Delivery	share
BW Sisu	VLGC	75,989 cbm	27.02.2007	100%
Berge Arrow	VLGC	75,609 cbm	04.05.2007	100%
Havfru	LNG	29,388 cbm	22.05.2007	75%
Havdrott	LGC	54,226 cbm	06.06.2007	86%

				Ownership
Newbuildings at balance sheet date	Type	Size	Delivery	share
Hull no 2258 Daewoo	LNG Carrier	162,400 cbm	2009	100%
Hull no 2259 Daewoo	LNG Carrier	162,400 cbm	2009	100%
Hull no 1848 Hyundai	VLGC	82,000 cbm	2007	100%
Hull no 1849 Hyundai	VLGC	82,000 cbm	2008	100%
Hull no 2317 Daewoo	VLGC	83,800 cbm	2008	50%
Hull no 2318 Daewoo	VLGC	83,800 cbm	2008	50%
Hull no 2319 Daewoo	VLGC	83,800 cbm	2009	50%
Hull no 2320 Daewoo	VLGC	83,800 cbm	2009	50%

Total investment for the group for vessels under construction was (in USD million)

First quarter 2007	11.2
Second quarter 2007	26.5
Total year to date	37.7

Delivery of purchased second hand vessels	Type	Built	Size	Delivered	share
BW Boss (ex. Formosagas Bright)	VLGC	2001	84,301 cbm	20.03.2007	100%
BW Borg (ex. Formosagas Apollo)	VLGC	2001	84,333 cbm	02.04.2007	100%

BW Boss and BW Borg were chartered in on BB-contracts with purchase options. The options have been exercised with a purchase price of USD 42.5 million each.

NOTE 6 - INTEREST-BEARING DEBT

(Unaudited figures in USD million)	30.06.07	30.06.06	31.12.06
Unsecured credit facility (limit 1,500) ¹⁾	1,145.4	1,289.4	1,094.9
Bond loan ²⁾	195.3	0.0	152.2
Financial lease/ Tax lease liabilities	88.2	74.7	86.6
Mortgage bank borrowings	264.8	135.5	272.0
Total interest-bearing debt	1,693.7	1,499.6	1,605.7
- Hereof classified as long-term	1,667.3	1,455.4	1,577.9
- Hereof classified as short-term	26.4	44.2	27.8

¹⁾ The credit facility is unsecured, but the group is required to comply with financial covenants. The group is in compliance with the covenants. The credit facility has a term of seven years from when it was established on 28 October 2005. The interest charge on the credit facility is LIBOR + 60 basis points, increasing to LIBOR + 65 basis points during the period of seven years.

²⁾ BW Gas issued two bond loans with three and five year maturities in July 2006. The 3-year bond issue totalled NOK 700 million with a coupon rate of 3-months NIBOR +0.30% p.a. The 5-year bond issue has a borrowing limit of NOK 700 million. The first tranche of the 5-year issue was NOK 250 million and with a coupon rate of 3-months NIBOR +0.50% p.a. The proceeds and interest have been swapped into USD. Listing of the two loans took place 15 August 2006 on Oslo Stock Exchange's bond list. In January 2007, the group increased the 5-year bond loan with NOK 100 million with a coupon rate of 3-months NIBOR +0.50% p.a. The proceeds and interest have been swapped into USD. In April 2007, the group increased the 5-year bond loan with NOK 100 million with a coupon rate of 3 months NIBOR +0.50% p.a. yielding NIBOR + 0.45% p.a. The proceeds and interest have been swapped into USD.

NOTE 7 - TAX

ORDINARY TAXED ENTITIES

The entities are taxed at nominal tax rate of 28% on the net result. Due to losses carried forward, these entities are not in a tax position and there is currently no tax payable as the losses are being utilised. Deferred tax is calculated based on temporary differences and losses carried forward at balance sheet date. Currently there is a net deferred tax asset which is not recognised in the balance sheet and it is therefore no deferred tax expense in the income statement arising from ordinary taxed entities.

TONNAGE TAXED ENTITIES

The entities are taxed at a nominal tax rate of 28% on net financial items only. Most of the entities have financial losses carried forward, and are not in a tax position. Entities in tax position in the group normally have insignificant taxable financial results. Hence, there is only a small tax payable for tonnage taxed entities. Deferred tax is calculated based on temporary differences on financial items (mainly related to unrealised foreign exchange gains/losses) and losses carried forward. Losses carried forward have historically exceeded net temporary differences. During first quarter 2007, unrealised exchange gains exceeded the losses carried forward and brought the group into a net deferred tax liability position for tonnage taxed entities. Due to utilisation of losses carried forward and the change in NOK/USD exchange rate, the deferred tax increased further in second quarter 2007.

FOREIGN TAXES

For entities with activities abroad, local taxes may also apply in addition to Norwegian tax.

Tax expense	Second quarter		6 months		Full year
	2007	2006	2007	2006	2006
Tax payable, ordinary taxed entities	0.0	0.0	0.0	0.0	0.0
Deferred tax expense, ordinary taxed entities	0.0	0.0	0.0	0.0	0.0
Tax payable, tonnage taxed entities	-0.1	0.2	-0.1	0.1	-0.2
Deferred tax expense, tonnage taxed entities	-5.9	0.0	-13.5	0.0	0.0
Foreign tax payable	0.0	-7.0	0.0	-7.0	-6.6
Total tax expense	-6.0	-6.8	-13.6	-6.9	-6.8

Deferred tax position	30.06.07	31.12.06	Change (expense)
Deferred tax asset / (liability), ordinary taxed entities	4.8	3.8	
Deferred tax asset / (liability), tonnage taxed entities	-13.5	0.0	
Not recognised	-4.8	-3.8	
Net deferred tax asset / (liability) recognised in balance sheet	-13.5	0.0	-13.5

The net deferred tax position is mainly related to unrealised foreign exchange gains on debt in tonnage taxed entities as a result of the decrease in the exchange rate between NOK and USD. A gain will become taxable once it is realised. Since most of the debt is intercompany between group companies the realisation can be deferred by the group.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

CAPITAL COMMITMENTS

Capital expenditures regarding newbuildings contracted for at the balance sheet date, but not recognised in the financial statements, amounts to USD 623.5 million.

LEGAL CLAIMS

There are no significant changes for the group regarding legal claims.

NOTICE FROM THE CENTRAL TAX OFFICE

In February 2007, Bergesen d.y. Shipping AS received a notice from the Central Tax Office of Large Enterprises stating that the tax authorities were considering increasing the taxable income for the fiscal years 2000 and 2004 with NOK 455.5 million and NOK 30.5 million respectively. The increase was based on the view that a part of the share capital reductions effected in 2000 and 2004 should be classified as payment of dividend rather than of re-payment of paid-in share capital. We refer to note 19 (j) in our annual report for 2006.

Although the Central Tax Office in its notice of 27 February 2007 explicitly agreed with the company's classification of the share premium as tax-free repayment of paid-in capital, the Central Tax Office in a new notice dated 11 July 2007 states that it has now re-considered its view and concludes that part of the share premium paid to the shareholder in 2000 should also be deemed as dividend and consequently be subject to tax at company level. The increased taxable income according to the Central Tax Office amounts to NOK 3.2 billion, which is supplemental to the increase previously noticed as mentioned above. The corresponding total potential tax liability would amount to approximately NOK 905 million related to the matter handled in the new notice and totally NOK 1.1 billion related to both matters.

The company and its advisors are of the opinion that the previous years' tax assessments are correct and that the company has given complete and correct information. The notice related to fiscal year 2000 is therefore being presented beyond the two year time limit for tax reassessments. No provisions have been made in the accounts.

In 2005, Bergesen d.y. Shipping AS, a wholly owned subsidiary of Bergesen d.y. ASA (now BW Gas ASA), was demerged into the companies Bergesen d.y. Shipping AS and Bergesen Gas Shipping AS. Bergesen d.y. Shipping AS is owned 100% by Bergesen Dry Bulk Holding AS, a company which is not part of the BW Gas Group. Bergesen Gas Shipping AS is indirectly owned 100% by BW Gas ASA. Under the demerger plan the fair values and the share capital were split between the two companies in the ratio 14.5% to Bergesen d.y. Shipping AS and 85.5% to Bergesen Gas Shipping AS, and a potential tax liability will in the company's opinion inter partes be split the same way.

OTHER

In April 2007, BW Gas entered into an agreement with Tailwind, an operational- and financial lease company controlled by the Rieber family and three other Norwegian shareholders. The intention is that BW Gas will sell 50% ownership interest in four LPG carriers by establishing a joint venture partnership with Tailwind. BW Gas will retain technical and commercial management of the vessels. Subject to final project financing structure, the deal will have a cash effect of approximately USD 200 million. BW Gas will book a profit of about USD 10 million.

Oslo, 14 August 2007
The Board of Directors

FLEET LIST



FLEET LIST

Name	Year built/ To be delivered	Capacity (cbm)	Ownership (%)/ Timecharter/Pool	TC/BB expiry	TC/BB rate (USD/day)
VLGCs (>70,000 CBM)					
Owned/bareboat					
BW Borg	2001	84,333	100.00		
BW Boss	2001	84,301	100.00		
Berge Racine	1985	81,698	100.00		
Berge Ragnhild	1986	81,640	100.00		
Berge Rachel	1984	81,599	100.00		
BW Denise	2001	78,637	100.00		
Berge Danuta	2000	78,552	100.00		
Berge Clipper	1992	78,549	100.00		
Berge Challenger	1992	78,539	100.00		
BW Captain	1991	78,530	100.00		
Berge Summit	1990	78,488	100.00		
Berge Trader	2006	78,000	100.00		
BW Saga	1979	75,853	100.00		
Berge Strand	1982	75,849	100.00		
BW Sund	1981	75,823	100.00		
Berge Eagle	1978	75,649	100.00		
BW Broker	Jun 2007	80,138	Bareboat	Jun 2017	
Chartered-in					
Berge Ningbo	Mar 2006	82,000	TC/Purchase option	Feb 2018	21,546
Berge Nantong	Jul 2006	82,000	TC/Purchase option	Jul 2018	21,546
Gas Taurus	2001	78,921	Short-term TC to BW Gas and Exmar (75/25)	Apr 2008	29,934
Linden Pride	2001	78,912	Short-term TC to BW Gas and Exmar (75/25)	Mar 2008	29,934
Yuyo Berge	2005	78,908	TC/Purchase option	Mar 2010	23,520
Leto Providence	2003	78,908	Short-term TC to BW Gas, Exmar and Maran	Dec 2008	27,942
Chelsea Bridge	1987	77,749	Timecharter	Feb 2010	22,521
Tower Bridge	1991	75,352	Timecharter	Mar 2010	24,000
Newbuildings					
NB Daewoo 2317	May 2008	84,000	50.00		
NB Daewoo 2318	2008	84,000	50.00		
NB Daewoo 2319	2009	84,000	50.00		
NB Daewoo 2320	May 2009	84,000	50.00		
NB Mitsubishi I	2Q 2009	83,000	TC/Purchase option (33%)	2Q 2024	29,600
NB Mitsubishi II	2H 2009	83,000	TC/Purchase option (33%)	2H 2025	29,800
NB Hyundai 1848	Jan 2008	82,000	100.00		
NB Hyundai 1849	Mar 2008	82,000	100.00		
Total (33 VLGCs)		2,644,928			
Operated					
Flanders Harmony	1992	85,826	Pool		
Flanders Tenacity	1996	84,269	Pool		
Berge Frost	1983	85,662	Pool		
Berge Commander	1991	78,543	Pool		
Berge Spirit	1980	75,917	Pool		
Berge Sword	1979	75,689	Pool		
Total (6 VLGCs)		485,906			

Name	Year built/ To be delivered	Capacity (cbm)	Ownership (%)/ Timecharter/Pool	TC/BB expiry	TC/BB rate (USD/day)
LGCs (70-50,000 CBM)					
Owned					
BW Hesiod	2005	60,239	51.00		
BW Herdis	2004	60,217	51.00		
BW Nantes	2003	59,399	100.00		
BW Nice	2003	59,375	100.00		
BW Havfrost	1991	57,180	86.17		
BW Helios	1992	57,160	100.00		
Havis	1993	57,139	77.50		
Hekabe	1977	54,226	43.08		
Havkong	1978	54,226	43.08		
Hemina	1979	54,226	86.17		
Havglimt	1978	52,408	62.50		
Total (11 LGCs)		625,795			
Operated					
Clipper Moon	2003	59,460	Pool		
Clipper Sky	2004	59,342	Pool		
Maharshi Vamadema (ex. Helice)	1991	57,206	Pool		
Harriette N	1980	57,001	Pool		
Hugo N	1980	56,952	Pool		
Clipper Posh	1983	56,854	Pool		
Steven N	1979	53,354	Pool		
Clippper Lady	1978	53,317	Pool		
Total (8 LGCs)		453,486			
MGCs (<50,000 CBM)					
Owned					
BW Sombeke	Nov 2006	38,000	50.00		
Berge Odin	2005	38,000	100.00		
Havrim	1980	37,829	55.00		
Berge Hugin	2002	35,229	53.00		
Hedda	1993	34,754	53.00		
Helga	1994	34,754	53.00		
Herakles	1982	30,455	100.00		
BW Munin	1989	27,980	53.00		
Hebris	1983	24,012	69.50		
BW Hermes	1983	24,981	100.00		
BW Havsol	1997	18,152	100.00		
BW Havlur	1997	18,152	100.00		
BW Havlys	1983	17,640	100.00		
BW Helen	2000	6,060	100.00		
Chartered-in long term					
Marola	2003	37,314	Timecharter	Mar 2016	19,397
Viking River	May 2007	38,458	Timecharter	May 2022	19,068
Nordic River	Jul 2007	38,458	Timecharter	Jul 2022	19,068
Newbuildings					
NB Kawasaki I	Sep 2007	38,000	Timecharter	Sep 2022	19,068
NB Kawasaki II	Dec 2007	38,000	Timecharter	Dec 2022	19,068
Total (19 MGCs)		576,228			
Operated					
Maharshi Labhatreya	1982	24,047	Short-term TC	Nov 2007	17,000
Total (1 MGC)		24,047			

Note: Fleet list does not include three part-owned semi-refrigerated vessels.

Name	Year built/ To be delivered	Capacity (cbm)	Ownership (%)	Charterer	CP expiry
LNG vessels					
Owned					
Century	1974	29,388	75.13	Depa	Oct 2007
Berge Boston	2003	138,059	51.00	Suez Energy	Jan 2023
Berge Everett	2003	138,028	100.00	Suez Energy	Jun 2023
Berge Arzew	2004	138,089	50.00	Sonatrach	Jul 2024
LNG River Orashi	2004	145,914	100.00	Nigeria LNG	May 2025
LNG Enugu	2005	145,000	100.00	Nigeria LNG	Apr 2026
LNG Oyo	2005	145,000	100.00	Nigeria LNG	Jun 2026
LNG Benue	Mar 2006	145,000	100.00	Nigeria LNG	Sep 2026
Newbuildings					
NB Daewoo 2258	May 2009	162,400	100.00	Suez Energy	May 2029
NB Daewoo 2259	May 2009	162,400	100.00	Suez Energy	May 2029
Total (10 LNG vessels)		1,349,278			
Operated					
LNG Lokoja	Nov 2006	148,300		Nigeria LNG	May 2027
LNG Kano	Jan 2007	148,300		Nigeria LNG	Jul 2027
NB Daewoo 2231	Sep 2007	148,300		Nigeria LNG	Sep 2028
NB Daewoo 2232	Mar 2008	148,300		Nigeria LNG	Dec 2028
Total (4 LNG vessels)		593,200			

BW GAS ASA
Drammensveien 106 PO Box 2800, Solli
0204 OSLO, Norway
TEL +47 22 12 05 05 FAX +47 22 12 05 00
www.bwgas.com