

The quarterly and half-year report for BW Gas ASA is presented by BW Gas Limited. All shares in BW Gas ASA have either been exchanged with shares (1:1) in BW Gas Limited or redeemed. BW Gas Limited was listed on Oslo Stock Exchange on 11 July 2008 whereas BW Gas ASA was de-listed on 30 July 2008.



## RESULTS STILL AFFECTED BY WEAK VLGC MARKET



MGC BW Helen was sold in May

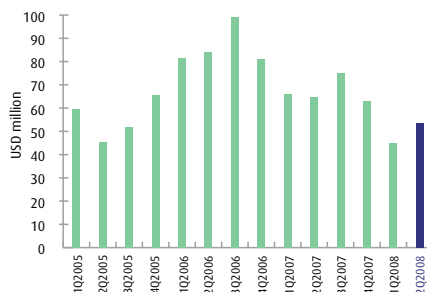


VLGC BW Strand was sold in April

### HIGHLIGHTS

- Conditional offers for the LPG fleet rejected
- Decline in TC earnings for the VLGC segment
- Stable or improving TC earnings for the LGC and MGC segments
- One VLGC and two MGCs sold
- LGC pool terminated in May
- Refinancing the USD 1.5 billion credit facility
- Share-for-share exchange offer

Operating profit 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 74 vessels including newbuildings, of which 61 are LPG vessels transporting mainly LPG and ammonia and 13 are LNG vessels. Currently the company employs approximately 1,910 seagoing personnel and 180 onshore employees.

## KEY OPERATIONAL AND FINANCIAL DATA

(Unaudited figures in USD million)	Second quarter		First half year		Full year
	2008	2007	2008	2007	2007
Operating profit before depreciation and disposals	53.5	64.9	98.6	131.2	268.9
Operating profit	38.9	52.0	69.9	98.3	189.1
Net profit (loss)	38.0	49.5	-28.9	69.9	-420.9
Earnings per share	0.3	0.4	-0.3	0.5	-3.3
Cash and cash equivalents	354.1	211.9	354.1	211.9	302.0
Interest-bearing debt	1,659.3	1,604.7	1,659.3	1,604.7	1,724.5
Average number of shares outstanding	128,147,145	128,147,145	128,147,145	128,147,145	128,147,145

Average number of shares are not adjusted to reflect redeemed shares following the exchange offer.

Reference to is made to the condensed consolidated interim financial information and note 2 for basis of presentation.

## FINANCIAL RESULTS

### SECOND QUARTER

BW Gas recorded a second quarter operating profit before depreciation and disposals of USD 53.5 million, compared to USD 64.9 million in the second quarter of 2007. Operating profit was USD 38.9 million in the second quarter of 2008, compared to USD 52.0 million in the same period of 2007. Gain on sale of vessels amounted to USD 12.1 million, compared to USD 14.3 million in the second quarter of 2007.

The second quarter of 2008 showed decreasing freight rates for the VLGCs, stable freight rates for the LGCs and increasing freight rates for the MGCs, compared to the same period in 2007. The increase in bunker prices continued to have an adverse effect on TC earnings, particularly for the VLGCs. Unscheduled repairs had to be carried out on one VLGC vessel. The operating profit in the LPG segment amounted to USD 21.8 million in the second quarter of 2008, compared to USD 32.5 million in the second quarter of 2007. The average number of LPG vessels decreased from 40.6 to 37.1.

The operating profit in the LNG segment amounted to USD 21.0 million in the second quarter of 2008, compared to USD 24.4 million in the second quarter of 2007. One vessel was dry-docked for scheduled maintenance this quarter, resulting in eight days offhire not covered by the charterer and increased operating expenses. Depreciation decreased by USD 0.5 million following the sale of the two smaller LNG vessels: Havfru in May 2007 and Century in February 2008. The average number of LNG vessels decreased from 7.1 to 5.5.

Operating expenses increased by USD 7.1 million from USD 54.2 million in the second quarter of 2007 to USD 61.3 million in the second quarter of 2008 mainly due to the effects of the depreciation of USD against NOK related to the NOK denominated share of operating expenses, higher manning expenses, up-storing of spares related to storage contracts, deductibles and repairs being carried out on one VLGC and one LNG vessel.

The accounts show net financial income of USD 0.8 million in the second quarter of 2008 (USD 3.5 million in 2007), of which interest expenses amounted to USD 29.0 million (USD 20.9 million in 2007). The increase in interest expenses is mainly due to the interest element of the calculated present value of the tax liability. A post tax discount rate of 5.4% was applied, and the interest amounts to USD 6.3 million in the second quarter of 2008 compared to nil in the same period in 2007. Following the refinancing of the USD 1.5 billion credit facility in the second quarter of 2008, the remaining capitalised arrangement fee of USD 5.2 million connected to the previous credit facility has been charged as an interest expense. Arrangement fee of USD 8.3 million on the new credit facility has been capitalised and will be expensed over the five year term of the loan. Net foreign exchange gain amounted to USD 3.6 million, compared to USD 1.6 million in the second quarter of 2007. Other financial items amounted to USD 19.9 million in the second quarter of 2008 (USD 17.6 million in 2007), and consist mainly of changes in marked to market value of interest rate swaps.

Profit before tax amounted to USD 39.7 million in the second quarter of 2008 compared to USD 55.5 million in the second quarter of 2007. Net profit was USD 38.0 million (USD 0.3 per share) in the second quarter of 2008 compared to a net profit of USD 49.5 million in the second quarter of 2007 (USD 0.4 per share).

The income tax expense amounted to USD 1.7 million in the second quarter of 2008 compared to USD 6.0 million in the second quarter of 2007, and is mainly related to calculated changes in deferred tax in ordinary taxed companies as a result of unrealised foreign exchange gains on internal loans.

The second quarter financial results do not reflect any adjustments that may arise from the group reorganization that took place on 11 July 2008. As such, expenses incurred by BW Gas Limited in connection with the group reorganization have not been reflected in the interim financial statements.

#### FIRST HALF-YEAR

BW Gas recorded a first half-year operating profit before depreciation and disposals of USD 98.6 million, compared to USD 131.2 million in first half-year of 2007. Operating profit was USD 69.9 million in the first half-year of 2008, compared to USD 98.3 million in the same period of 2007. Gain on sale of vessels amounted to USD 24.7 million, compared to USD 20.8 million in the first half-year of 2007.

The first half-year of 2008 showed decreasing freight rates for the VLGCs and LGCs and increasing freight rates for the MGCs compared to the first half-year of 2007. The continuing increase in bunker prices also had an adverse effect on TC earnings, particularly for the VLGCs. Unscheduled repairs had to be carried out on one VLGC vessel. The operating profit in the LPG segment amounted to USD 32.6 million in the first half-year of 2008 compared to USD 60.1 million in the same period of 2007. The average number of LPG vessels decreased from 41.4 to 38.3.

The operating profit in the LNG segment amounted to USD 47.5 million in the first half-year of 2008, compared to USD 44.4 million in the same period of 2007. The smaller LNG vessel, Century, was idle for 41 days until sold in February 2008 and one of the large LNG vessels was offhire for eight days due to scheduled maintenance during the first half-year of 2008. In the same period in 2007 the LNG segment suffered from 96 offhire days, of which 13 days were covered under insurance, mainly related to repairs of stern tube bearings on three vessels. In addition, the smaller LNG vessel Havfru was idle for the whole period until sold in May 2007. Depreciation decreased by USD 0.7 million following the sale of the two smaller LNG vessels. The average number of LNG vessels decreased from 7.3 to 5.7.

Operating expenses increased by USD 11.5 million from USD 108.4 in the first half-year of 2007 to USD 119.9 million in the same period of 2008, mainly due to the effects of the depreciation of USD against NOK related to the NOK denominated share of operating expenses, higher manning expenses, deductibles and repairs being carried out on one VLGC and one LNG vessel.

The accounts show net financial expenses of USD 78.0 million in the first half-year of 2008 (USD 14.8 million in 2007), of which interest expenses amounted to USD 57.8 million (USD 41.6 million in 2007). The increase in interest expenses is mainly due to the interest element of the calculated present value of the tax liability. A post tax discount rate of 5.4% was applied, and the interest amounts to USD 12.7 million in the first half-year of 2008 compared to nil in the same period in 2007. Following the refinancing of the USD 1.5 billion credit facility in the second quarter of 2008, the remaining capitalised arrangement fee of USD 5.2 million connected to the previous credit facility has been charged as an interest expense. Arrangement fee of USD 8.3 million on the new credit facility has been capitalised and will be expensed over the five year term of the loan. Net foreign exchange loss amounted to USD 33.2 million (gain of USD 0.5 million in 2007), which is mainly related to the NOK denominated tax liability. Other financial items amounted to USD 0.5 million in the first half-year of 2008 (USD 14.9 million in 2007), and consist mainly of changes in marked to market value of interest rate swaps.

Loss before tax amounted to USD 8.1 million in the first half-year of 2008 compared to a profit of USD 83.5 million in the same period of 2007. Net loss was USD 28.9 million (USD -0.3 per share) in the first half-year of 2008 compared to a net profit of USD 69.9 million in the same period of 2007 (USD 0.5 per share).

The income tax expense amounted to USD 20.8 million in the first half-year of 2008 compared to USD 13.6 million in the same period of 2007, and is mainly related to calculated changes in deferred tax in ordinary taxed companies as a result of unrealised foreign exchange gains on internal loans.

The half-year financial results do not reflect any adjustments that may arise from the group reorganization that took place on 11 July 2008. As such, expenses incurred by BW Gas Limited in connection with the group reorganization have not been reflected in the interim financial statements.

#### FINANCING

BW Gas had cash and cash equivalents of USD 354.1 million at the end of June 2008 (USD 211.9 million in 2007). Total assets were USD 3,155.6 million (USD 2,935.8 million in 2007). Shareholders' equity amounted to USD 575.5 million (USD 1,120.1 million in 2007). Total liabilities amounted to USD 2,580.1 million (USD 1,815.7 million in 2007). Included in the 2008 figure is USD 501.8 million in long-term tax liability, whereof USD 71.7 million is related to deferred tax and USD 430.1 million is connected with the changes in the Norwegian tonnage tax regime. Interest-bearing debt amounted to USD 1,837.2 million (USD 1,693.7 million in 2007). The equity ratio decreased to 18.2% at the end of June 2008 from 38.2% at the end of June 2007, mainly due to the transition tax liability following the changes in the Norwegian tonnage tax regime.

In the second quarter of 2008, the group refinanced the unsecured credit facility entered into in 2005 with a new unsecured credit facility from BW Group Limited (the holding company of BW Gas' main shareholder). The credit limit remains unchanged

at USD 1,500 million. The credit facility is unsecured, but the group is required to comply with financial covenants. The group is in compliance with these covenants. The credit facility has a term of five years from when it was established on 13 May 2008. The interest charge on the credit facility is LIBOR +125 basis points, decreasing to LIBOR +100 basis points during the period of five years. At the end of June 2008, the drawn amount on the credit facility was USD 1,255 million.

Two bonds with three and five year maturities respectively, issued by BW Gas in July 2006, have been redeemed throughout the first half-year of 2008.

BW Gas has hedged a total of USD 583 million of its balance sheet debt through interest rate swaps. The swaps have a weighted average fixed interest rate of 4.94% (excl. margin) and a weighted average remaining duration of 6.1 years as per end of June 2008. The total marked to market value of the interest rate swaps was USD -20.8 million at the end of June 2008.

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%. The total marked to market value of the interest rate swaps was USD -12.1 million at the end of June 2008.

## MAJOR EVENTS

In February 2008, the small LNG carrier Century was sold for captive trade and the VLGC Berge Eagle was sold for demolition. In the same month the VLGC vessel BW Princess was delivered from the yard.

The financial covenant in the bond loan agreements was permanently amended in February 2008, reducing the minimum equity ratio to 15%. BW Gas offered to redeem bonds at par value and by first half-year of 2008 the bonds have all been redeemed.

In April 2008, the VLGC BW Strand was sold for captive trade/storage in the Middle East and the MGC BW Munin was sold for further trade with a three-year TC back to the seller Edda Gas KS, of which BW Gas owns 53%.

The MGC BW Helen was sold for captive trade in May 2008.

BW Gas entered into a new loan agreement in May 2008, refinancing the existing USD 1.5 billion credit facility with a new five year facility at the same amount offered by BW Group Limited, a related party.

BW Gas Limited, a newly established Bermuda company wholly owned by BW Group, launched on 30 May 2008 a voluntary exchange offer for all issued and outstanding shares in BW Gas ASA. The company offered to exchange each share in BW Gas ASA with one new share in BW Gas Limited. The completion of the exchange offer was subject to more than 90% acceptance by the BW Gas ASA shareholders.

In June 2008, BW Gas and Maran Gas amicably terminated their 50/50 joint venture in four Daewoo VLGC newbuildings. The companies will take 100% ownership in two vessels each.

In June 2008, BW Gas received a positive resolution from the appeal tax assessment board of the Central Tax Office confirming that the original tax assessment for 2004 for the wholly owned subsidiary Bergesen dy Shipping AS shall stand. For more information, reference is made to note 9 to the interim financial statements.

## SUBSEQUENT EVENTS

The offer period for exchanging shares in BW Gas ASA with shares in BW Gas Limited expired on 3 July. The large majority of the shareholders in BW Gas ASA accepted the share-for-share exchange. BW Gas Limited acquired 123,329,109 of the shares in BW Gas ASA, representing approximately 96.1% of the total issued and outstanding shares. BW Gas Limited was listed on Oslo Stock Exchange on 11 July. As a consequence of having acquired more than 90% of the shares and the votes in BW Gas ASA, BW Gas Limited effected a compulsory acquisition for cash of all the BW Gas ASA shares not already owned by BW Gas Limited, i.e. 3.9% of the shares. BW Gas ASA was de-listed from Oslo Stock Exchange on 30 July. The immediate consequence of the transaction is that BW Gas Limited has replaced BW Gas ASA as holding company of BW Gas group and as the listed company on Oslo Stock Exchange. With an acceptance ratio of approximately 96.1%, the shareholders in BW Gas have to a large extent remained unchanged by the exchange offer. Reference is made to note 10 to the interim financial statements for additional information.

In August, BW Gas received conditional offers for its LPG fleet from interested buyers. After due consideration, the board of directors decided not to respond positively to any of them.

It has been decided to terminate the VLGC pool and the MGC pool as of 1 September 2008.

## 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 below 50,000 cbm). The BW Gas LPG vessels operate on spot voyages, contract of affreightments (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 21.8 million, compared to USD 32.5 million for the same period in 2007. The VLGCs experienced weaker freight rates. The freight rates for the LGCs remained stable while the MGCs showed an increase. Idle time declined for the VLGC and MGC segments and was stable for the LGC segment. The average number of owned LPG vessels decreased from 40.6 to 37.1 in the second quarter, while the average number of chartered-in vessels decreased by 1.8 vessels to 6.4 vessels. Sales gains amounted to USD 12.1 million in the second quarter 2008 compared to USD 11.8 million in the same period in 2007.

The operation of the BW Gas LPG fleet was satisfactory during the second quarter of 2008, but one vessel had to undergo repairs beyond scheduled maintenance. One LPG vessel was dry-docked for scheduled maintenance in the second quarter of 2008, compared to six vessels in the second quarter of 2007.

The BW Gas operated LGC pool was terminated 22 May 2008.

### SEGMENT ANALYSIS LPG

(Unaudited figures in USD million)	Second quarter	
	2008	2007
Operating revenue	121.8	117.0
Voyage expenses	-37.9	-24.1
<b>TC Income</b>	<b>83.9</b>	<b>92.9</b>
Charter hire expenses	-15.6	-18.0
Total operating expenses	-39.9	-35.4
<b>Operating profit before depreciation and disposals</b>	<b>28.4</b>	<b>39.5</b>
Depreciation	-18.7	-18.8
Net gain on sale of tangible fixed assets	12.1	11.8
<b>Operating profit</b>	<b>21.8</b>	<b>32.5</b>
<b>Key figures</b>		
Average number of owned and BB vessels (calendar days)	37.1	40.6
Average number of chartered in vessels on TC	6.4	8.2
TC income per calendar day (USD 1,000)	21.2	20.9
Operating expenses per day (USD 1,000)	11.8	9.6

### VARIANCE ANALYSIS LPG

(Unaudited figures in USD million)	
Operating profit second quarter 2007	32.5
Operating profit second quarter 2008	21.8
<b>Variance operating profit</b>	<b>-10.7</b>
Increase/decrease in spot and TC rates for LPG vessels	1.5
Net investment/increase in number of LPG vessels	-4.4
Increase/decrease in no. of chartered-in vessels	-0.6
Depreciation of USD vs NOK. effect on operating expenses	-2.5
Increase/decrease in net gain on sale of tangible fixed assets	0.3
Depreciation of vessels	0.1
Other	-5.1
<b>Total variance explained</b>	<b>-10.7</b>

### VLGC (>70,000 CBM)

TC income from the VLGCs amounted to USD 37.1 million in the second quarter of 2008, compared to USD 42.8 million in the second quarter of 2007. The decrease was primarily attributable to a sharp increase in bunker prices. The average number of VLGC vessels owned and chartered-in decreased from 23.6 in the second quarter of 2007 to 21.9 in the second quarter of 2008. Average TC income for the VLGC fleet decreased to USD 18,600/day in the second quarter of 2008 from USD 19,900/day in the same period in 2007. Idle time for the BW Gas operated VLGC fleet decreased to 6.2% in the second quarter of 2008, from 8.9% in the same period in 2007.

The second quarter saw a substantial increase in chartering activity due to improved cargo availability from the large LPG producers in the Middle East. VLGC spot rates were boosted by higher chartering activity and longer shipping distances as a greater share of Middle East output was shipped to Europe and the Americas. However, a steep rise in bunker prices driven by higher crude prices eroded some of the positive effects from the freight rate improvement on time charter earnings. Some of the fixtures to the West Coast of Latin America involved round trips of up to two months. The list of vessels waiting for cargo was gradually reduced with the up-tick in chartering activity and a relatively stable fleet development in the second quarter. The negative market impact from traders' relets that had further undermined the market early in the year disappeared. Preliminary shipment data show a substantial increase in exports from all the main Middle East exporters (Saudi Arabia, Qatar, Iran and Abu Dhabi) in the second quarter. Favourable propane prices relative to naphtha made imports to Europe from the Middle East profitable for petrochemical buyers. European imports were further boosted by maintenance in the North Sea and reduced intra-area LPG availability. Sale of VLGCs for demolition came to a halt in the second quarter with the improvement in freight rates despite scrap prices being maintained close to USD 700 per lightweight tonne.

Spot rates increased from about USD 35 pmt basis Middle East – Japan (approx. USD 15,000/day on a C-class VLGC excl. idle time) in early April to USD 60 pmt (approx. USD 35,000/day) in late June.

The market sentiment for period business in LPG has been relatively stable, although some improvement has been recorded with the firmer spot market condition. There is interest among charterers to secure period tonnage at recent levels of USD 23,000 - 24,000/day for a one year TC, which represents a substantial discount to current spot rates.

The clean petroleum products (CPP) market basis Middle East – Japan improved substantially from world scale 155 to world scale 300 over the quarter (USD 10,000-38,500/day on C-class vessels). During the second quarter 2008, BW Gas had three vessels employed in CPP which is the same as in second quarter of 2007.

In June, BW Gas and Maran Gas amicably terminated their 50/50 joint venture in four Daewoo VLGC newbuildings. Subsequently, an agreement was made with BW Gas taking 100% ownership in the Daewoo 2318 (tbn BW Lord) and Daewoo 2320 (tbn BW Duke) with delivery in 3Q2008 and 1Q2009 respectively.

In addition, two chartered-in VLGC newbuildings, of which BW Gas has 33% interest, will be delivered in 2009 and 2010.

The world VLGC fleet consisted of 115 vessels at the end of June 2008. One contract was placed in the second quarter. The order book numbered 42 vessels, of which 18 are for delivery in 2008, 15 in 2009, five in 2010, two in 2011 and two in 2012. 14 VLGCs are more than 25 years old.

### LGC (50-70,000)

TC income from the LGCs amounted to USD 22.5 million in the second quarter of 2008, compared to USD 24.1 million in the second quarter of 2007. The average number of LGC vessels decreased from 10.7 in the second quarter of 2007 to 10.0 in the second quarter of 2008. Average TC income for the group's LGC fleet decreased slightly to USD 24,700/day in the second quarter of 2008, from USD 24,800/day in the same period in 2007. Idle time decreased slightly to 11.0% in the second quarter of 2008, compared to 11.1% in the same period in 2007. The LGC pool operated by BW Gas was terminated in May.

The trans-Atlantic LPG market was quite active. LPG was shipped mainly from West and North Africa and Europe to Latin America. Mexico has seen a decline in the domestic LPG production and the country has moved to a year-round seaborne LPG importer. Chilean imports are also rising due to the decline in gas supplies from Argentina. A steady influx of VLGCs into the Atlantic market provided competition for LPG cargoes.

The second quarter started with weaker ammonia prices in the exports markets west which led to a build up in Black Sea and Middle East producers' inventories and resulted in lower achievable FOB prices. The situation was quickly reversed, driven by higher prices for natural gas feedstock and producers maintenance programs which reduced output. Maintenance programs in Trinidad opened up for more long haul imports to the US. In June, an explosion at the gas plant supplying the feed gas to the Burrup ammonia plant in Australia led to the closure of production. It is expected that the necessary repairs will take at least two months to complete, until then 70,000mt/month of exports will be shut in. These incidents, which have reduced exportable volumes considerably, have not yet had a notable effect on tonnage demand as volumes have been shipped longer distances.

The world LGC fleet consisted of 25 vessels at the end of June 2008. The order book numbered six vessels, of which three are for delivery in 2008 and three in 2009. Eleven LGCs are more than 25 years old.

#### MGC (<50.000 CBM)

TC income from MGCs decreased to USD 24.3 million in the second quarter of 2008, from USD 26.0 million in the second quarter of 2007. The decrease was due to fewer vessels offsetting the increase in freight rates. The average number of owned and chartered-in MGC vessels decreased from 14.5 in the second quarter of 2007 to 11.6 in the second quarter of 2008. The group's MGC fleet recorded second quarter average TC income of USD 23,000/day in 2008, up from USD 19,700/day in the same period in 2007. Idle time was 0.9% in the second quarter of 2008, compared to 4.6% in the second quarter of 2007.

The second quarter saw limited activity in the spot market both for LPG and ammonia. In the Atlantic there was competition for LPG cargoes from larger vessels while Indian imports were reduced following accident damage to the Kandla import terminal. The number of spot ammonia cargoes was reduced for the same reasons as mentioned under the LGC segment. However, BW Gas' extensive COA cover provided a high volume of nominations, which resulted in record high fleet utilisation at firm rate levels.

The period market also remained firm. AP Møller contracted four vessels (22,500 cbm) with options for two additional vessels at HHI in South Korea. The vessels are fully refrigerated and for delivery in 2010.

The North Sea LPG trade employed four vessels in the second quarter. Idle time was minimal during April and May, but increased in June with one vessel idle for most of the month. Second quarter rates were well supported.

The world MGC fleet of fully and semi refrigerated vessels consisted of 77 vessels at the end of June 2008. Four new orders were placed in the second quarter. The order book numbered 32 vessels, of which six are for delivery in 2008, 18 in 2009, seven in 2010 and one in 2011. Ten MGCs are more than 25 years old.

#### CHARTER-HIRE EXPENSES

The LPG charter-hire expenses decreased to USD 15.6 million in the second quarter of 2008, compared to USD 18.0 million in the second quarter of 2007. This decrease was primarily attributable to the number of chartered-in VLGCs, which declined to 6.4 vessels in the second quarter of 2008 from 8.2 vessels in 2007.

#### TOTAL OPERATING EXPENSES

Total operating expenses in the LPG segment increased to USD 39.9 million in the second quarter of 2008, compared to USD 35.4 million in 2007. The increase is mainly due to the effect of the depreciation of USD versus NOK related to the NOK denominated share of operating expenses, higher manning expenses, up-storing of spares related to storage contracts and unscheduled repairs being carried out on one VLGC vessel.

#### DEPRECIATION

The depreciation of LPG vessels decreased slightly to USD 18.7 million in the second quarter of 2008, compared to USD 18.8 million in the second quarter of 2007.

#### NET GAIN ON SALE OF VESSELS

The sale of one VLGC and two MGC vessels generated a net gain on sale of vessels of USD 12.1 million in the second quarter of 2008, compared to USD 11.8 million in the second quarter of 2007.

## LNG segment

The LNG segment provides transportation of liquefied natural gas, with vessel size ranging from 138,000 to 146,000 cbm. Since 2000, BW Gas has considerably expanded its presence in the LNG sector by making substantial investments in new LNG vessels.

The LNG fleet recorded a second quarter operating profit of USD 21.0 million, compared to USD 24.4 million in the second quarter of 2007. The LNG segment experienced eight technical offhire days not covered by the charterer in the second quarter of 2008, compared to 27 offhire days in the same period of 2007. The offhire in 2008 is related to scheduled maintenance, whereas the offhire in 2007 was due to unscheduled repairs of stern tube bearings, covered under insurance and guarantees.

At the end of the second quarter of 2008, the group's LNG business consisted of seven large LNG vessels: three 138,000 cbm and four 146,000 cbm. All of the LNG vessels operate under long-term time charters. Each vessel is chartered out to the customer at an agreed rate for an agreed period and BW Gas remains responsible for the technical management of the vessel. In addition, BW Gas manages four vessels for BW Group Limited both commercially and technically.

BW Gas has two vessels on firm order, scheduled for delivery in 2009. Both newbuildings will commence long-term time charters when delivered.

The operation of the BW Gas LNG fleet was satisfactory during the second quarter of 2008.

## SEGMENT ANALYSIS LNG

(Unaudited figures in USD million)	Second quarter	
	2008	2007
Operating revenue	35.1	35.6
Voyage expenses	-0.7	-1.2
<b>TC Income</b>	<b>34.4</b>	<b>34.4</b>
Financial lease interest income	2.3	2.4
<b>Total operating income</b>	<b>36.7</b>	<b>36.8</b>
Total operating expenses	-9.1	-7.9
<b>Operating profit before depreciation and disposals</b>	<b>27.6</b>	<b>28.9</b>
Depreciation	-6.6	-7.1
Net gain on sale of tangible fixed assets	0.0	2.6
<b>Operating profit</b>	<b>21.0</b>	<b>24.4</b>

### Key figures

Average number of owned and BB vessels (calendar days)	5.5	7.1
Average number of vessels leased out on financial lease	0.5	0.5
TC income per calendar day (USD 1,000)	68.7	53.2
Operating expenses per day (USD 1,000)	16.7	11.4

## VARIANCE ANALYSIS LNG

(Unaudited figures in USD million)	Second quarter
Operating profit second quarter 2007	24.4
Operating profit second quarter 2008	21.0
<b>Variance operating profit</b>	<b>-3.4</b>
Net investment/increase in number of LNG vessels	1.6
Depreciation of USD vs NOK. effect on operating expenses	-0.5
Depreciation of vessels	0.5
Increase/decrease in net gain on sale of tangible fixed assets	-2.6
Other	-2.4
<b>Total variance explained</b>	<b>-3.4</b>

TC income for the LNG fleet amounted to USD 34.4 million in the second quarter of 2008, the same as in the second quarter of 2007. Total operating income, including one vessel on financial lease, decreased slightly to USD 36.7 million in the second quarter of 2008 from USD 36.8 million in the second quarter of 2007. The LNG fleet generated an average TC income of USD 68,700/day in the second quarter of 2008, compared to USD 53,200/day in the same period in 2007. The increase in TC income per day is due to the sale of two small LNG vessels, generating lower earnings than the large vessels.

Interest in developing new LNG projects, both on the production and on the receiving (regasification) side, is still high. However, plans tend to be delayed due to sharp cost escalations, long lead times and uncertainty around the long term natural gas price in the US. NLNG Train 7 (re-tender from 2007) is expected to be further delayed with final investment decision slipping into 2009. Brass LNG could still receive final investment decision in 2008 and there is also a chance that Segas LNG in Egypt could make the final investment decision for a second train in 2008.

The world LNG fleet consisted of 271 vessels at the end of June 2008. Activity in the newbuilding market was limited to two new orders in the second quarter, both on behalf of BG Group. The order book numbered 118 vessels, of which 41 are for delivery in 2008, 45 in 2009, 21 in 2010, ten in 2011 and one in 2012.

#### TOTAL OPERATING EXPENSES

Total operating expenses increased to USD 9.1 million in the second quarter of 2008, compared to USD 7.9 million in the second quarter of 2007. The increase is due to the effect of the depreciation of USD versus NOK related to the NOK denominated share of operating expenses, generally higher operating expenses and repairs related to the dry-docking of one vessel.

#### DEPRECIATIONS

The depreciation of vessels decreased to USD 6.6 million in the second quarter of 2008, compared to USD 7.1 million in 2007. This decrease is attributable to the sale of Havfru in May 2007 and Century in February 2008.

#### NET GAIN ON SALE OF VESSELS

There was no sale of vessels during the second quarter of 2008, whilst the sale of Havfru for demolition generated a net gain of USD 2.6 million in the second quarter of 2007.

### MAJOR RELATED PARTY TRANSACTIONS

Note 16 to the consolidated financial statements in the Annual Report for 2007 provides details of related parties. During the first half of 2008 the group's debt has been refinanced with a credit facility from BW Group Limited. Reference is made to note 8 to the interim financial statements for additional information.

### RISKS AND UNCERTAINTIES

BW Gas' risk exposure is analysed and evaluated at group level to ensure sound internal control and appropriate risk management systems based on the group's values and code of ethics.

The most important market risk for BW Gas is related to the highly cyclical nature of the LPG shipping industry, which may lead to volatility in freight rates and vessel values.

Business activities expose the group to currency risk, credit risk, interest rate risk as well as other financial risks. A risk management program is in place, focusing on the unpredictability of financial markets and seeking to reduce potential adverse effects on the group's financial performance by entering into hedging instruments designed to partly mitigate interest rates, bunker prices and currency risk.

For additional information regarding risks and uncertainties, reference is made to the Board of Directors report in the Annual Report for 2007, section Risk Factors, as well as to note 3 Financial Instruments and Risk Management and note 20 Commitments and Contingencies to the consolidated financial statements in the same Annual Report.

### OUTLOOK FOR 2008

LPG trade volumes are expected to show firm growth in the second half of 2008. The growth would have been even higher if not for the substantial delays to new Saudi Arabian gas plants and new LNG trains caused by technical hurdles and severe constraints in the LNG equipment and construction industry. The new Qatar Gas LNG train, Sakhalin LNG and NLNG Train 6 are all experiencing delays. Snøhvit LNG has started up, but is experiencing a number of technical hurdles which limit output to 60% of capacity when operating. The recent increase in Saudi crude production is also expected to make more LPG available for export.

Relatively weak domestic LPG prices in the US, impacted by low domestic natural gas prices, could limit Middle East producers' volume of spot sales to the US in the short term as higher prices are achievable in Asia and in Europe. This could continue to have a negative effect on tonne-mile demand.

The VLGC fleet is poised for rapid expansion this year with 28 newbuildings to be delivered, 18 of which are for delivery in the second half of the year. Seven VLGCs have been sold for scrap, and one for conversion so far in 2008. In addition, three vessels have been withdrawn from active trading to be employed as storage units. However, the improvement in the spot market recently has slowed scrapping activity to a halt. The VLGC market saw a substantial rate increase in the second quarter which is expected to last through the third quarter. Market conditions may ease again in the fourth quarter as more Middle East cargoes are directed East ahead of the winter season.

For 2008, 30% of the BW Gas VLGC fleet capacity has been booked on fixed contracts cover at an average TC level of USD 27,200 per voyage day. 11% of the VLGC fleet capacity has been booked on floating freight rates, while COA cover is estimated to be 25%, and 34% is unfixed.

Increased LPG production from Algeria, Nigeria and elsewhere in West Africa is expected to result in some growth in LGC cargoes in 2008. The world LGC fleet is expected to see moderate expansion. Competition from VLGCs operating in the Atlantic LPG market is expected to increase. LPG trade has typically represented 60-70% of all LGC cargoes.

The ammonia trade outlook for 2008 is favourable, but third quarter trade volumes will be negatively affected by plant maintenance and short term closures. Shipping demand will be sensitive to the development in long haul trades from producers in Middle East, Black Sea and Australia to consumers in Europe, the US, South Korea and China. Firm demand for ammonia is expected to be driven by increasing prices for agricultural products resulting in strong fertilizer demand. New ammonia production capacity is located mainly in countries with large inexpensive reserves of untapped gas. New export related ammonia capacity phased in over the last two years in Trinidad, Egypt and Iran has still not reached full operational capacity.

The outlook for the LGC fleet is slightly negative due to an expected slow development in LPG cargo availability and the fact that a large share of the expansion in ammonia exports has already secured shipping, mainly MGCs.

For 2008, 89% of the BW Gas LGC fleet capacity has been booked on fixed contracts cover at an average TC level of USD 27,800 per voyage day. 11% of the LGC fleet is unfixed.

The outlook for the MGC segment in 2008 is slightly negative for much the same reasons as mentioned under the LGC segment. Most of the newbuildings to be delivered in 2008 have been tied up on long term TC business and the bulk of the orderbook will not be delivered until 2009.

For 2008, 89% of the BW Gas MGC fleet capacity has been booked on fixed contracts cover at an average TC level of USD 22,000 per voyage day. 11% of the MGC fleet is unfixed.

The board of directors expects a lower operating profit for 2008 compared to 2007 due to expected delays in LPG production associated with new LNG projects, influx of new VLGC vessels and high fuel costs.

Copenhagen / Hamilton, Bermuda, 12 August 2008  
The board of directors

## SEPARATE SHIPPING SEGMENT REPORT

## SHIPPING SEGMENT REPORTS

(Unaudited figures in USD million)	Second quarter		6 months		Full year 2007
	2008	2007	2008	2007	
<b>LPG</b>					
Operating revenue	121.8	117.0	224.5	234.5	480.4
Voyage expenses	-37.9	-24.1	-69.1	-45.7	-102.4
<b>TC Income</b>	<b>83.9</b>	<b>92.9</b>	<b>155.4</b>	<b>188.8</b>	<b>378.0</b>
Charter hire expenses	-15.6	-18.0	-30.1	-39.5	-78.2
Salaries and other operating expenses	-39.9	-35.4	-77.1	-70.2	-137.7
<b>Operating profit before depreciation and disposals</b>	<b>28.4</b>	<b>39.5</b>	<b>48.2</b>	<b>79.1</b>	<b>162.1</b>
Depreciation	-18.7	-18.8	-37.2	-37.3	-74.3
Impairment charges	0.0	0.0	0.0	0.0	-4.5
Net gain on sale of tangible fixed assets	12.1	11.8	21.6	18.3	29.3
<b>Operating profit</b>	<b>21.8</b>	<b>32.5</b>	<b>32.6</b>	<b>60.1</b>	<b>112.6</b>
<b>Key figures</b>					
Average number of owned and BB vessels (calendar days)	37.1	40.6	38.3	41.4	40.5
Average number of owned and BB vessels (voyage days)	35.2	38.5	36.4	39.6	39.2
Average number of chartered in vessels on TC	6.4	8.2	6.1	8.4	8.0
TC income per calendar day (USD 1,000) <sup>1)</sup>	21.2	20.9	19.2	20.9	21.4
TC income per voyage day (USD 1,000) <sup>2)</sup>	22.2	21.9	20.1	21.7	21.9
Operating expenses per day (USD 1,000) <sup>3)</sup>	11.8	9.6	11.1	9.4	9.3
Carrying value vessels	1,224.6	1,253.1	1,224.6	1,253.1	1,211.4
<b>LPG - VLGC</b>					
Operating revenue	63.1	62.3	114.9	118.6	255.3
Voyage expenses	-26.0	-19.5	-50.8	-35.0	-77.6
<b>TC Income</b>	<b>37.1</b>	<b>42.8</b>	<b>64.1</b>	<b>83.6</b>	<b>177.7</b>
Charter hire expenses	-13.4	-16.5	-27.9	-36.4	-73.8
Salaries and other operating expenses	-20.7	-16.5	-38.0	-32.4	-64.7
<b>Operating profit before depreciation and disposals</b>	<b>3.0</b>	<b>9.8</b>	<b>-1.8</b>	<b>14.8</b>	<b>39.2</b>
Depreciation	-7.7	-6.9	-15.2	-13.6	-26.8
Net gain on sale of tangible fixed assets	6.9	7.3	16.4	13.8	14.9
<b>Operating profit</b>	<b>2.2</b>	<b>10.2</b>	<b>-0.6</b>	<b>15.0</b>	<b>27.3</b>
<b>Key figures</b>					
Average number of owned and BB vessels (calendar days)	16.5	16.4	17.0	17.0	17.0
Average number of owned and BB vessels (voyage days)	15.8	16.3	16.2	16.5	16.7
Average number of chartered in vessels on TC	5.4	7.2	5.6	7.4	7.3
TC income per calendar day (USD 1,000) <sup>1)</sup>	18.6	19.9	15.6	18.9	20.0
TC income per voyage day (USD 1,000) <sup>2)</sup>	19.2	20.0	16.2	19.3	20.3
Operating expenses per day (USD 1,000) <sup>3)</sup>	13.8	11.1	12.3	10.5	10.4
Carrying value vessels	595.1	469.9	595.1	469.9	513.1
<b>LPG - LGC</b>					
Operating revenue	27.3	26.6	55.5	56.4	109.3
Voyage expenses	-4.8	-2.5	-10.5	-5.4	-11.8
<b>TC Income</b>	<b>22.5</b>	<b>24.1</b>	<b>45.0</b>	<b>51.0</b>	<b>97.5</b>
Charter hire expenses	0.0	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-10.0	-8.8	-19.0	-17.6	-33.6
<b>Operating profit before depreciation and disposals</b>	<b>12.5</b>	<b>15.3</b>	<b>26.0</b>	<b>33.4</b>	<b>63.9</b>
Depreciation	-5.2	-5.1	-10.1	-10.3	-20.7
Net gain on sale of tangible fixed assets	0.0	4.5	0.0	4.5	4.4
<b>Operating profit</b>	<b>7.3</b>	<b>14.7</b>	<b>15.9</b>	<b>27.6</b>	<b>47.6</b>
<b>Key figures</b>					
Average number of owned and BB vessels (calendar days)	10.0	10.7	10.0	10.9	10.4
Average number of owned and BB vessels (voyage days)	9.6	9.8	9.8	10.2	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) <sup>1)</sup>	24.7	24.8	24.7	25.9	25.7
TC income per voyage day (USD 1,000) <sup>2)</sup>	25.8	27.0	25.2	27.6	27.0
Operating expenses per day (USD 1,000) <sup>3)</sup>	11.0	9.0	10.4	8.9	8.9
Carrying value vessels	369.6	386.7	369.6	386.7	378.2

## SHIPPING SEGMENT REPORTS

(Unaudited figures in USD million)	Second quarter		6 months		Full year 2007
	2008	2007	2008	2007	
<b>LPG - MGC</b>					
Operating revenue	31.4	28.1	54.1	59.5	115.8
Voyage expenses	-7.1	-2.1	-7.8	-5.3	-13.0
<b>TC Income</b>	<b>24.3</b>	<b>26.0</b>	<b>46.3</b>	<b>54.2</b>	<b>102.8</b>
Charter hire expenses	-2.2	-1.5	-2.2	-3.1	-4.4
Salaries and other operating expenses	-9.2	-10.1	-20.1	-20.2	-39.4
<b>Operating profit before depreciation and disposals</b>	<b>12.9</b>	<b>14.4</b>	<b>24.0</b>	<b>30.9</b>	<b>59.0</b>
Depreciation	-5.8	-6.8	-11.9	-13.4	-26.8
Impairment charges	0.0	0.0	0.0	0.0	-4.5
Net gain on sale of tangible fixed assets	5.2	0.0	5.2	0.0	10.0
<b>Operating profit (loss)</b>	<b>12.3</b>	<b>7.6</b>	<b>17.3</b>	<b>17.5</b>	<b>37.7</b>
<b>Key figures</b>					
Average number of owned and BB vessels (calendar days)	10.6	13.5	11.3	13.5	13.1
Average number of owned and BB vessels (voyage days)	9.8	12.4	10.4	12.9	12.6
Average number of chartered in vessels on TC	1.0	1.0	0.5	1.0	0.7
TC income per calendar day (USD 1,000) <sup>1)</sup>	23.0	19.7	21.6	20.7	20.4
TC income per voyage day (USD 1,000) <sup>2)</sup>	24.7	21.3	23.3	21.5	21.2
Operating expenses per day (USD 1,000) <sup>3)</sup>	9.5	8.2	9.8	8.3	8.2
Carrying value vessels	259.9	396.5	259.9	396.5	320.1
<b>LNG</b>					
Operating revenue	35.1	35.6	70.9	69.2	143.2
Voyage expenses	-0.7	-1.2	-1.6	-2.2	-3.7
<b>TC Income</b>	<b>34.4</b>	<b>34.4</b>	<b>69.3</b>	<b>67.0</b>	<b>139.5</b>
Financial lease interest income	2.3	2.4	4.7	4.8	9.6
<b>Total operating income</b>	<b>36.7</b>	<b>36.8</b>	<b>74.0</b>	<b>71.8</b>	<b>149.1</b>
Charter hire expenses	0.0	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-9.1	-7.9	-16.3	-16.0	-32.5
<b>Operating profit before depreciation and disposals</b>	<b>27.6</b>	<b>28.9</b>	<b>57.7</b>	<b>55.8</b>	<b>116.6</b>
Depreciation	-6.6	-7.1	-13.3	-14.0	-27.8
Net gain on sale of tangible fixed assets	0.0	2.6	3.1	2.6	2.7
<b>Operating profit</b>	<b>21.0</b>	<b>24.4</b>	<b>47.5</b>	<b>44.4</b>	<b>91.5</b>
<b>Key figures</b>					
Average number of owned and BB vessels (calendar days)	5.5	7.1	5.7	7.3	6.9
Average number of owned and BB vessels (voyage days)	5.5	6.5	5.6	6.6	6.5
Average number of vessels leased out on financial lease	0.5	0.5	0.5	0.5	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) <sup>1)</sup>	68.7	53.2	66.8	50.7	55.4
TC income per voyage day (USD 1,000) <sup>2)</sup>	68.7	58.2	68.0	56.1	58.8
Operating expenses per day (USD 1,000) <sup>3)</sup>	16.7	11.4	14.4	11.3	12.0
Carrying value vessels	850.5	879.4	850.5	879.4	866.1
Financial lease receivable	85.2	86.5	85.2	86.5	85.8
<b>UNALLOCATED</b>					
Operating revenue	14.3	14.3	28.5	32.4	71.0
Voyage expenses	0.0	0.1	-0.1	0.0	0.0
<b>TC Income</b>	<b>14.3</b>	<b>14.4</b>	<b>28.4</b>	<b>32.4</b>	<b>71.0</b>
Charter hire expenses	-4.5	-6.9	-9.2	-13.9	-29.0
Salaries and other operating expenses	-12.2	-10.9	-26.5	-22.1	-51.6
<b>Operating profit before depreciation and disposals</b>	<b>-2.4</b>	<b>-3.4</b>	<b>-7.3</b>	<b>-3.6</b>	<b>-9.6</b>
Depreciation	-1.3	-1.2	-2.7	-2.4	-5.3
Net gain on sale of tangible fixed assets	0.0	0.0	0.0	0.0	0.0
<b>Operating profit (loss)</b>	<b>-3.7</b>	<b>-4.6</b>	<b>-10.0</b>	<b>-6.0</b>	<b>-14.9</b>

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2008	2007	2008	2007	
<b>RECONCILIATION TO CONSOLIDATED INCOME STATEMENT</b>					
<b>Operating revenue</b>					
LPG	121.8	117.0	224.5	234.5	480.4
LNG	37.4	38.0	75.6	74.0	152.8
Unallocated	14.3	14.3	28.5	32.4	71.0
<b>Total</b>	<b>173.5</b>	<b>169.2</b>	<b>328.6</b>	<b>340.8</b>	<b>704.1</b>
Correction related to financial lease	0.0	0.0	0.0	0.0	0.0
Reconciled to consolidated profit and loss statement	173.5	169.2	328.6	340.8	704.1
<b>Operating profit</b>					
LPG	21.8	32.5	32.6	60.1	112.6
LNG	21.0	24.4	47.5	44.4	91.5
Unallocated	-3.7	-4.6	-10.0	-6.0	-14.9
<b>Total</b>	<b>38.9</b>	<b>52.0</b>	<b>69.9</b>	<b>98.3</b>	<b>189.1</b>
Correction related to financial lease	0.0	0.0	0.0	0.0	0.0
Reconciled to consolidated profit and loss statement	38.9	52.0	69.9	98.3	189.1

#### Definitions key figures

- <sup>1)</sup>  $[\text{TC income}]^*1,000/[\text{Average number of owned and BB vessels (calendar days)} + \text{Average number of chartered in vessels on TC}]/[\text{Number of days in period}]$
- <sup>2)</sup>  $[\text{TC income}]^*1,000/[\text{Average number of owned and BB vessels (voyage days)} + \text{Average number of chartered in vessels on TC}]/[\text{Number of days in period}]$   
Voyage days = Calendar days – Technical Offhire days
- <sup>3)</sup>  $([\text{Salaries, social security and pensions} + \text{Other operating expenses}])^*1,000/[\text{Average number of owned and BB vessels (calendar days)} + \text{Average number of vessels leased out}]/[\text{Number of days in period}]$



CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million, except for earnings per share and average number of shares outstanding)	Second quarter		6 months		Full year
	2008	2007	2008	2007	2007
Operating revenue	173.5	169.2	328.6	340.8	704.1
Voyage expenses	-38.6	-25.2	-70.8	-47.9	-106.2
Charter hire expenses	-20.1	-24.9	-39.3	-53.3	-107.1
Salaries, social security and pensions	-27.5	-23.5	-56.1	-49.4	-107.4
Other operating expenses	-33.8	-30.7	-63.8	-59.0	-114.5
<b>Operating profit before depreciation and disposals</b>	<b>53.5</b>	<b>64.9</b>	<b>98.6</b>	<b>131.2</b>	<b>268.9</b>
Depreciation	-26.7	-27.2	-53.4	-53.7	-107.4
Impairment charges	0.0	0.0	0.0	0.0	-4.5
Net gain/loss on sale of tangible fixed assets	12.1	14.3	24.7	20.8	32.1
<b>Operating profit</b>	<b>38.9</b>	<b>52.0</b>	<b>69.9</b>	<b>98.3</b>	<b>189.1</b>
Interest income	5.1	5.0	10.6	10.5	23.8
Interest expenses	-29.0	-20.9	-57.8	-41.6	-86.9
Net foreign exchange gain/loss	3.6	1.6	-33.2	0.5	0.1
Share of profit from associates	1.2	0.2	1.9	0.9	1.7
Other financial items	19.9	17.6	0.5	14.9	-13.6
<b>Net financial items</b>	<b>0.8</b>	<b>3.5</b>	<b>-78.0</b>	<b>-14.8</b>	<b>-74.9</b>
<b>Profit (loss) before tax</b>	<b>39.7</b>	<b>55.5</b>	<b>-8.1</b>	<b>83.5</b>	<b>114.2</b>
Income tax expense	-1.7	-6.0	-20.8	-13.6	-535.1
<b>Net profit (loss)</b>	<b>38.0</b>	<b>49.5</b>	<b>-28.9</b>	<b>69.9</b>	<b>-420.9</b>
<b>Attributable to</b>					
Minority interest	4.4	3.7	5.6	6.4	7.4
Majority interest	33.6	45.8	-34.5	63.5	-428.3
Basic and diluted <sup>1)</sup> earnings per share in USD	0.3	0.4	-0.3	0.5	-3.3
Average number of shares outstanding <sup>2)</sup>	128,147,145	128,147,145	128,147,145	128,147,145	128,147,145

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

<sup>2)</sup> Average number of shares are not adjusted to reflect redeemed shares following the exchange offer.

The accompanying notes are an integral part of these condensed interim financial statements

## CONSOLIDATED BALANCE SHEET

(Unaudited figures in USD million)	30.06.08	30.06.07	31.12.07
<b>ASSETS</b>			
Tangible fixed assets	2,438.5	2,377.1	2,324.3
Intangible fixed assets	5.0	5.0	5.9
Investments in associates	1.8	2.4	1.5
Other financial long-term assets	230.1	239.1	245.0
<b>Total non-current assets</b>	<b>2,675.4</b>	<b>2,623.6</b>	<b>2,576.7</b>
Inventories	18.4	13.9	16.0
Receivables	107.3	86.0	94.6
Short-term investments	0.4	0.4	0.4
Cash and cash equivalents	354.1	211.9	302.0
<b>Total current assets</b>	<b>480.2</b>	<b>312.2</b>	<b>413.0</b>
<b>Total assets</b>	<b>3,155.6</b>	<b>2,935.8</b>	<b>2,989.7</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital	16.8	16.8	16.8
Retained earnings	501.3	1 037.9	533.9
Minority interests	57.4	65.4	57.8
<b>Total equity</b>	<b>575.5</b>	<b>1 120.1</b>	<b>608.5</b>
Long-term interest-bearing debt	1,772.6	1,667.3	1,481.7
Net pension liabilities	11.0	8.7	13.3
Long-term tax liability	501.8	13.5	485.3
Other non interest-bearing debt and provisions	35.9	2.1	31.6
<b>Total non-current liabilities</b>	<b>2,321.3</b>	<b>1,691.6</b>	<b>2,011.9</b>
Short-term interest-bearing debt	64.6	26.4	242.8
Tax and public duties payable	116.6	12.4	66.6
Other non interest-bearing liabilities and provisions	77.6	85.3	60.0
<b>Total current liabilities</b>	<b>258.8</b>	<b>124.1</b>	<b>369.4</b>
<b>Total equity and liabilities</b>	<b>3,155.6</b>	<b>2,935.8</b>	<b>2,989.7</b>

## CONSOLIDATED CASH FLOW STATEMENT

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2008	2007	2008	2007	2007
Net profit (loss) before tax	39.7	55.5	-8.1	83.5	114.2
Adjustment for:					
Gain on disposal of assets and shares	-12.1	-20.0	-24.7	-26.5	-37.7
Depreciation and impairment charges	26.7	27.2	53.4	53.7	111.9
Change in inventories, receivables and payables	-24.6	12.0	47.9	-16.0	-29.3
<b>Net cash flow from operations <sup>1)</sup></b>	<b>29.7</b>	<b>74.7</b>	<b>68.5</b>	<b>94.7</b>	<b>159.1</b>
Investments in operating fixed assets	-139.8	-79.0	-226.6	-137.9	-247.2
Sales of operating fixed assets (at sales value)	70.5	20.0	87.4	28.9	146.1
Change in other investments and financial assets	-13.1	-17.3	14.5	-7.8	-13.7
<b>Net cash flow from investing activities <sup>2)</sup></b>	<b>-82.4</b>	<b>-76.3</b>	<b>-124.7</b>	<b>-116.8</b>	<b>-114.8</b>
New long-term debt	1,472.0	98.1	1,698.0	126.5	350.9
Repayments of debt	-1,288.3	-9.1	-1,584.0	-38.5	-232.1
Net paid-in (distributed) equity	-3.3	-100.3	-5.7	-102.9	-110.0
<b>Net cash flow from financing activities</b>	<b>180.4</b>	<b>-11.3</b>	<b>108.3</b>	<b>-14.9</b>	<b>8.8</b>
<b>Net change in cash during period</b>	<b>127.7</b>	<b>-12.9</b>	<b>52.1</b>	<b>-37.0</b>	<b>53.1</b>
Cash at beginning of period	226.4	224.8	302.0	248.9	248.9
Cash at end of period	354.1	211.9	354.1	211.9	302.0

The accompanying notes are an integral part of these condensed interim financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2008	2007	2008	2007	2007
Equity at the beginning of period	527.7	1,171.9	608.5	1,142.5	1,142.5
Net profit (loss)	38.0	49.5	-28.9	69.9	-420.9
Dividend paid	0.0	-93.2	0.0	-93.2	-93.2
Net gain/loss on available for sale financial assets	0.0	-7.4	0.0	-7.5	-7.5
Net paid to/from minority interests	-3.3	-7.1	-5.7	-9.7	-16.8
Share based compensation effect	0.2	0.3	0.2	0.6	1.2
Hedge accounting	13.0	4.7	-1.1	6.1	-10.7
Exchange rate adjustments	-0.2	0.0	2.4	0.0	4.7
Other	0.1	1.4	0.1	11.4	9.2
Equity at the end of period	575.5	1 120.1	575.5	1 120.1	608.5

According to the established share scheme the company has allocated 31,725 treasury shares in first quarter and 17,535 in second quarter.

### 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 condensed consolidated interim financial information 'interim financial information' has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. This financial information should be read together with the consolidated financial statements of BW Gas and all its subsidiaries (the group) as of 31 December 2007, 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 and preliminary annual financial information was approved by the board of directors on 12 August 2008.

The preparation of the 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.

This interim financial information has not been audited or reviewed by our independent auditor.

#### CHANGES IN THE GROUP

There are no major changes in the group during first half of 2008. Reference is made to the subsequent event note below for information related to the exchange offer that was completed in July 2008.

### 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 2007.

#### 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.

### NOTE 4 | SEGMENT INFORMATION

The group had in the period four reportable business segments: LPG-VLGC, LPG-LGC, LPG-MGC 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 reportable business segments. 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, while Century was disposed in first quarter 2008).

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 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

(Unaudited figures in USD million)	Second quarter		6 months		Full year 2007
	2008	2007	2008	2007	
<b>LPG</b>					
Operating revenue	121.8	117.0	224.5	234.5	480.4
Voyage expenses	-37.9	-24.1	-69.1	-45.7	-102.4
Charter hire expenses	-15.6	-18.0	-30.1	-39.5	-78.2
Salaries and other operating expenses	-39.9	-35.4	-77.1	-70.2	-137.7
Depreciation	-18.7	-18.8	-37.2	-37.3	-74.3
Impairment charges	0.0	0.0	0.0	0.0	-4.5
Net gain on sale of tangible fixed assets	12.1	11.8	21.6	18.3	29.3
<b>Operating profit</b>	<b>21.8</b>	<b>32.5</b>	<b>32.6</b>	<b>60.1</b>	<b>112.6</b>
Carrying value vessels	1,224.6	1,253.1	1,224.6	1,253.1	1,211.4
<b>LPG - VLGC</b>					
Operating revenue	63.1	62.3	114.9	118.6	255.3
Voyage expenses	-26.0	-19.5	-50.8	-35.0	-77.6
Charter hire expenses	-13.4	-16.5	-27.9	-36.4	-73.8
Salaries and other operating expenses	-20.7	-16.5	-38.0	-32.4	-64.7
Depreciation	-7.7	-6.9	-15.2	-13.6	-26.8
Net gain on sale of tangible fixed assets	6.9	7.3	16.4	13.8	14.9
<b>Operating profit</b>	<b>2.2</b>	<b>10.2</b>	<b>-0.6</b>	<b>15.0</b>	<b>27.3</b>
Carrying value vessels	595.1	469.9	595.1	469.9	513.1
<b>LPG - LGC</b>					
Operating revenue	27.3	26.6	55.5	56.4	109.3
Voyage expenses	-4.8	-2.5	-10.5	-5.4	-11.8
Charter hire expenses	0.0	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-10.0	-8.8	-19.0	-17.6	-33.6
Depreciation	-5.2	-5.1	-10.1	-10.3	-20.7
Net gain on sale of tangible fixed assets	0.0	4.5	0.0	4.5	4.4
<b>Operating profit</b>	<b>7.3</b>	<b>14.7</b>	<b>15.9</b>	<b>27.6</b>	<b>47.6</b>
Carrying value vessels	369.6	386.7	369.6	386.7	378.2
<b>LPG - MGC</b>					
Operating revenue	31.4	28.1	54.1	59.5	115.8
Voyage expenses	-7.1	-2.1	-7.8	-5.3	-13.0
Charter hire expenses	-2.2	-1.5	-2.2	-3.1	-4.4
Salaries and other operating expenses	-9.2	-10.1	-20.1	-20.2	-39.4
Depreciation	-5.8	-6.8	-11.9	-13.4	-26.8
Impairment charges	0.0	0.0	0.0	0.0	-4.5
Net gain on sale of tangible fixed assets	5.2	0.0	5.2	0.0	10.0
<b>Operating profit (loss)</b>	<b>12.3</b>	<b>7.6</b>	<b>17.3</b>	<b>17.5</b>	<b>37.7</b>
Carrying value vessels	259.9	396.5	259.9	396.5	320.1

SEGMENT REPORTS – cont.

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2008	2007	2008	2007	2007
<b>LNG</b>					
Operating revenue	35.1	35.6	70.9	69.2	143.2
Financial lease interest income	2.3	2.4	4.7	4.8	9.6
Voyage expenses	-0.7	-1.2	-1.6	-2.2	-3.7
Charter hire expenses	0.0	0.0	0.0	0.0	0.0
Salaries and other operating expenses	-9.1	-7.9	-16.3	-16.0	-32.5
Depreciation	-6.6	-7.1	-13.3	-14.0	-27.8
Net gain on sale of tangible fixed assets	0.0	2.6	3.1	2.6	2.7
<b>Operating profit</b>	<b>21.0</b>	<b>24.4</b>	<b>47.5</b>	<b>44.4</b>	<b>91.5</b>
Carrying value vessels	850.5	879.4	850.5	879.4	866.1
Financial lease receivable	85.2	86.5	85.2	86.5	85.8
<b>UNALLOCATED</b>					
Operating revenue	14.3	14.3	28.5	32.4	71.0
Voyage expenses	0.0	0.1	-0.1	0.0	0.0
Charter hire expenses	-4.5	-6.9	-9.2	-13.9	-29.0
Salaries and other operating expenses	-12.2	-10.9	-26.5	-22.1	-51.6
Depreciation	-1.3	-1.2	-2.7	-2.4	-5.3
Net gain on sale of tangible fixed assets	0.0	0.0	0.0	0.0	0.0
<b>Operating profit (loss)</b>	<b>-3.7</b>	<b>-4.6</b>	<b>-10.0</b>	<b>-6.0</b>	<b>-14.9</b>

RECONCILIATION TO CONSOLIDATED INCOME STATEMENT

	Second quarter		6 months		Full year
	2008	2007	2008	2007	2007
<b>Operating revenue</b>					
LPG	121.8	117.0	224.5	234.5	480.4
LNG	37.4	38.0	75.6	74.0	152.8
Unallocated	14.3	14.3	28.5	32.4	71.0
<b>Total</b>	<b>173.5</b>	<b>169.2</b>	<b>328.6</b>	<b>340.8</b>	<b>704.1</b>
Reconciled to consolidated profit and loss statement	173.5	169.2	328.6	340.8	704.1
<b>Operating profit</b>					
LPG	21.8	32.5	32.6	60.1	112.6
LNG	21.0	24.4	47.5	44.4	91.5
Unallocated	-3.7	-4.6	-10.0	-6.0	-14.9
<b>Total</b>	<b>38.9</b>	<b>52.0</b>	<b>69.9</b>	<b>98.3</b>	<b>189.1</b>
Reconciled to consolidated profit and loss statement	38.9	52.0	69.9	98.3	189.1

## NOTE 5 | TANGIBLE AND INTANGIBLE FIXED ASSETS

(Unaudited figures in USD million)	Second quarter		6 months		Full year
	2008	2007	2008	2007	2007
Carrying value at the beginning of the period	2,388.7	2,335.1	2,330.2	2,295.3	2,295.3
Additions	140.9	78.8	227.0	146.8	256.2
Disposals	-59.3	-5.7	-62.8	-8.1	-114.1
Foreign exchange rate adjustments	-0.2	1.1	2.4	1.8	4.7
Depreciations in the period	-26.6	-27.2	-53.3	-53.7	-107.4
Impairment charges in the period	0.0	0.0	0.0	0.0	-4.5
<b>Carrying value at the end of the period</b>	<b>2,443.5</b>	<b>2,382.1</b>	<b>2,443.5</b>	<b>2,382.1</b>	<b>2,330.2</b>

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

Disposal of vessels	Type	Size	Delivery	Ownership share
Century	LNG	29,589 cbm	08.02.2008	75%
Berge Eagle	VLGC	75,649 cbm	15.02.2008	100%
BW Munin	MGC	27,980 cbm	02.04.2008	53%
BW Strand	VLGC	75,849 cbm	02.04.2008	100%
BW Helen	MGC	6,060 cbm	20.05.2008	100%

Newbuildings at balance sheet date	Type	Size	Delivery	Ownership share
Hull no 2258 Daewoo	LNG Carrier	162,400 cbm	05.2009	100%
Hull no 2259 Daewoo	LNG Carrier	162,400 cbm	05.2009	100%
Hull no 2318 Daewoo	VLGC	83,800 cbm	09.2008	100%
Hull no 2320 Daewoo	VLGC	83,800 cbm	02.2009	100%
NB Mitsubishi 2239 (TC/Purchase option)	VLGC	83,800 cbm	2Q-2009	0%
NB Mitsubishi 2247 (TC/Purchase option)	VLGC	83,800 cbm	2H-2010	0%

### Total investment in vessels under construction was (in USD million)

First quarter 2008	78.0
Second quarter 2008	135.7
<b>Total year to date</b>	<b>213.7</b>

Delivery of newbuildings	Type	Size	Delivered	Ownership share
BW Princess	VLGC	82,383 cbm	22.02.2008	100%

## NOTE 6 | INTEREST-BEARING DEBT

(Unaudited figures in USD million)	30.06.08	30.06.07	31.12.07
Unsecured credit facility (limit 1,500) <sup>1)</sup>	0.0	1,145.4	1,064.3
Unsecured credit facility (limit 1,500) from BW group <sup>1)</sup>	1,246.7	0.0	0.0
Bond loan <sup>2)</sup>	0.0	195.3	211.3
Financial lease/ Tax lease liabilities <sup>3)</sup>	252.2	88.2	82.0
Mortgage bank borrowings	328.7	264.8	357.4
Other interest-bearing debt	9.5	0.0	9.5
<b>Total interest-bearing debt</b>	<b>1,837.2</b>	<b>1,693.7</b>	<b>1,724.5</b>
- Hereof classified as long-term	1,772.6	1,667.3	1,481.7
- Hereof classified as short-term	64.6	26.4	242.8

Reference is made to note 7 for interest-bearing tax liabilities

- <sup>1)</sup> In second quarter 2008 the group refinanced the unsecured credit facility entered into in 2005 with a new unsecured credit facility from BW Group Limited (the holding company of BW Gas ASA's main shareholder). The credit limit remains at USD 1,500 million. The credit facility is unsecured, but the group is required to comply with financial covenants. The group is in compliance with these covenants. The credit facility has a term of five years from when it was established on 13 May 2008. The interest charge on the credit facility is LIBOR + 125 basis points, decreasing to LIBOR + 100 basis points during the period of five years. Even though the facility is unsecured, the group is required to comply with a number of financial covenants. The key financial covenants are as follows:
- the group must make sure that it always has unencumbered assets (measured by market value) worth more than 1.5 times its unsecured borrowings;
  - the value of the group's adjusted equity (equity measured by adjusting the market values of the vessels to fair market value) can not, at all times up to and including January 31, 2011 fall below 25 percent of the sum of liabilities and adjusted equity, and at all times after January 31, 2011 fall below 35 percent of the sum of liabilities and adjusted equity; and
  - the group's adjusted equity must not at any time be less than USD 900 million.
- <sup>2)</sup> The group issued two bond loans with three and five year maturities in July 2006. Throughout first half of 2008 these bonds have all been redeemed at par value.
- <sup>3)</sup> The group has financed the two LNG newbuildings with lease financing facilities guaranteed by the parent company (BW Gas ASA). These guarantees are required to comply with financial covenants similar to the previous credit facility. Following the impact from the changes in the Norwegian tonnage tax regime in 2007, the group obtained a 15 months waiver on the minimum equity and the minimum equity ratio covenants in December 2007. Following a successful completion of the exchange offer (see Subsequent events below), BW Group Limited will replace BW Gas ASA as guarantor upon receiving a counter-guarantee from BW Gas. The counter-guarantee will not be subject to covenants.

## NOTE 7 | TAX

The group operates in several jurisdictions and under several tax systems, but a major part of the business is owned and operated from Norway, being taxed under either the Norwegian ordinary corporate taxation regime or under the Norwegian tonnage tax regime. The description below sets forth the taxation of the group's business in Norway.

### ORDINARY TAXED COMPANIES IN NORWAY

In Norway, companies are currently taxed at nominal tax rate of 28 percent on the net result. Due to losses carried forward, these companies 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. Losses carried forward can be utilised within the group of ordinary taxed companies by group contribution transfer. As the temporary differences exceed the losses carried forward, a deferred tax has been accrued at balance sheet date. The deferred tax is recognised at nominal value.

### TONNAGE TAXED COMPANIES UNDER THE NEW NORWEGIAN TONNAGE TAX REGIME

The companies are taxed at a nominal tax rate of 28 percent on net financial items only, which normally are insignificant. Losses on net financial items can be carried forward. 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 can be only be utilised to off-set taxable profits in the same company. Losses carried forward in each single company exceed net temporary differences in the same company, and no provision for deferred tax has been made at balance sheet date.

### TRANSITION TAX RELATED TO THE TRANSIT FROM THE PREVIOUS NORWEGIAN TONNAGE TAX REGIME

The Norwegian Government amended the Norwegian tonnage tax regime during the fourth quarter of 2007, with a retroactive effect from 1 January 2007. Under the previous tonnage tax regime, operating profits of companies participating in the Norwegian tonnage tax regime were tax exempt unless distributed to shareholders outside the tonnage tax regime or an exit from the tonnage tax regime took place either voluntarily or as a result of being in breach of the rules governing the regime. Under the new tonnage tax regime, operating profit of companies participating in the tonnage tax regime will be fully exempt from taxation on a permanent basis.

The previous tonnage tax regime was closed on 1 January 2007, requiring participating companies either to withdraw from the regime or transfer to the new regime as of this date. The group decided to transit to the new regime for the companies included in the previous Norwegian tonnage taxation, as a withdrawal would have caused significantly higher exit taxes than the transition tax attached to the transition. The transition tax is based on untaxed profits accumulated under the previous tonnage tax regime, resulting in a total tax of approximately NOK 3.9 billion, of which 67 percent is payable with ten equal instalments over 10 years and the remaining 33 percent will be waived by the tax authorities, provided that an equal amount is spent by the group on qualifying environmental investments within fifteen years.

The group has accrued for the tax liability related to the 67 percent tax payable and the 33 percent environmental fund as liabilities at present value at balance sheet date. The present value is calculated based on a discount rate of 5.4 percent, and a calculated interest expense is accrued and charged to the income statement for future periods until the liabilities are settled at their nominal amount. The calculated interest expense is presented as interest expense in the income statement. As the tax liability is denominated in Norwegian krone, the liability reported in USD will fluctuate with the changes in the USD/NOK exchange rate.

Distribution of the previously untaxed equity to companies outside the tonnage tax regime in a greater extent than the transition tax paid will cause an accelerated payment of the transition tax. Accumulated profits earned after 1 January 2007 may be distributed without any taxation.

The group has challenged the legality of the transition rules in relation to the Norwegian Constitution.

Tax expense	Second quarter		6 months		Full year
	2008	2007	2008	2007	2007
Tax payable, ordinary taxed companies	0.0	0.0	0.0	0.0	0.0
Deferred tax expense, ordinary taxed companies	-4.5	-5.9	-23.4	-13.5	-45.2
Tax payable, tonnage taxed companies	-0.4	-0.1	-0.6	-0.1	-2.2
Deferred tax expense, tonnage taxed companies	0.0	0.0	0.0	0.0	0.0
Transition tax, tonnage taxed companies	3.2	0.0	3.2	0.0	-379.7
Environmental fund, tonnage taxed companies	0.0	0.0	0.0	0.0	-108.0
<b>Total tax expense</b>	<b>-1.7</b>	<b>-6.0</b>	<b>-20.8</b>	<b>-13.6</b>	<b>-535.1</b>
<b>Deferred tax position</b>			<b>30.06.08</b>	<b>31.12.07</b>	<b>Change (expense)</b>
Deferred tax asset / (liability), ordinary taxed companies			-71.7	-45.2	
Deferred tax asset / (liability), tonnage taxed companies			0.0	0.0	
<b>Net deferred tax asset / (liability) recognised in balance sheet</b>			<b>-71.7</b>	<b>-45.2</b>	<b>-26.5</b>
<b>Reconciliation of change (expense):</b>					
Foreign exchange loss charged to income statement					3.1
Tax expense charged to income statement					-23.4
<b>Total expense</b>					<b>-26.5</b>

The net deferred tax position is mainly related to temporary differences on vessels and unrealised foreign exchange gains on debt in the tax accounts (NOK-based) in the ordinary taxed companies in the group. The latter is 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 a realisation can be deferred by the group. The temporary differences are partly offset by losses carried forward, and 28% tax on the net amount is recognised as deferred tax.

Tax payable position	30.06.08	31.12.07	Change
			(expense)
Transition tax payable, due in more than one year - at present value	-312.1	-332.1	
Transition tax payable, due within one year	-101.5	-47.6	
Transition tax - environmental fund - at present value	-118.0	-108.0	
Other tax payable	-1.1	-1.7	
<b>Total tax payable liability recognised in balance sheet</b>	<b>-532.7</b>	<b>-489.4</b>	<b>-43.3</b>
<b>Reconciliation of change (expense):</b>			
Foreign exchange loss charged to income statement			-33.2
Adjustment in transition tax due to final regulations			3.2
Interest expense charged to income statement			-12.7
Tax expense charged to income statement			-0.6
<b>Total</b>			<b>-43.3</b>

## NOTE 8 | RELATED PARTY TRANSACTIONS

Reference is made to note 16 in the consolidated financial statements for the year ended 31 December 2007 for a description of the recurring transactions with other companies within BW Group Limited. Reference is made to note 6 above for information about refinancing and borrowings from BW Group Limited.

	Second quarter		6 months		Full year
	2008	2007	2008	2007	2007
Revenues from related parties	4.7	3.2	9.2	9.0	19.0
Expenses to related parties	-8.0	-6.9	-16.1	-13.9	-28.6

	30.06.08	31.12.07
Receivables from related parties	9.5	10.2
Payables to related parties	0.2	0.0
Loan from related party (reference to note 6 above)	1,246.7	0.0

## NOTE 9 | CONTINGENCIES AND COMMITMENTS

### CAPITAL COMMITMENTS

Capital expenditures regarding newbuildings contracted for at the balance sheet date, but not recognised in the financial statements, amounts to USD 336.6 million, whereof USD 141.3 million relates to the two LNG newbuildings and are fully financed through lease financing facilities.

### LEGAL CLAIMS AND DISPUTES

In February 2007, the wholly owned subsidiary 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 Central Tax Office later concluded to increase the taxable income for the fiscal year 2000 with additional NOK 3.2 billion. The tax assessment board of the Central Tax Office rendered its resolution in October 2007, confirming that the original tax assessment for 2000 should stand but maintaining that the income of Bergesen dy Shipping AS for fiscal year 2004 should be increased by NOK 30.5 million BW Gas appealed the resolution related to fiscal year 2004. Reference is made to note 20 (j) in the annual report for 2007. In June 2008, BW Gas received a positive resolution from the Appeal tax assessment board of the Central Tax Office confirming that the original tax assessment for 2004 for Bergesen d.y Shipping AS also shall stand. The positive resolution has no impact on the financial statements since no provisions had been made.

The vessel BW Hebris experienced damage to the propeller hub in February 2008. BW Gas and the Insurance Company are in discussions whether the damage can be considered covered under the insurance.

There are no other significant changes for the group regarding legal claims and disputes in the first half of 2008.

## NOTE 10 | SUBSEQUENT EVENTS

On 30 May 2008, the newly established company BW Gas Limited launched a voluntary share-for-share exchange offer to acquire all issued and outstanding shares in BW Gas ASA. The offer period expired on 3 July, and the large majority of the shareholders in BW Gas ASA accepted the share-for-share exchange. BW Gas Limited acquired 123,329,109 of the shares in BW Gas ASA, representing approximately 96.1% of the total issued and outstanding shares. BW Gas Limited was listed on Oslo Stock Exchange on 11 July. As a consequence of having acquired more than 90% of the shares and the votes in BW Gas ASA, BW Gas Limited effected a compulsory acquisition for cash of all the BW Gas ASA shares not already owned by BW Gas Limited, i.e. 3.9% of the shares. Oslo Stock Exchange approved a guarantee in accordance with the Securities Trading Act Section 6-22 third paragraph no. 3, in connection with the compulsory acquisition of the shares, without a prior mandatory bid having been made. Oslo Stock Exchange furthermore verified that the conditions for compulsory acquisition without a prior mandatory bid as set out in the

Securities Trading Act Section 6-22 third paragraph were met. The shares in BW Gas ASA were de-listed from Oslo Stock Exchange on 30 July. The immediate consequence of the transaction is that BW Gas Limited has replaced the BW Gas ASA as holding company of BW Gas group and as the listed company on Oslo Stock Exchange. With an acceptance ratio of approximately 96.1%, the shareholders in BW Gas have to a large extent remained unchanged by the exchange offer. For further details and background for the transaction, reference is made to the prospectus dated 30 May 2008 related to the exchange offer and listing of BW Gas Limited.

According to the current IFRS regulations, the share swap arrangement where the new holding company offered to buy all issued and outstanding shares in BW Gas ASA, is considered to be a reverse acquisition. Therefore, the transaction will be accounted for in a manner similar to pooling-of-interests in which the BW Gas ASA book values in the historical financial statements will also be the values used prospectively in the BW Gas Limited financial statements. Estimated transaction costs related to the Exchange Offer and listing of BW Gas Limited, exclusive of arrangement fees on the new financing, and subsequent acquisition of the outstanding BW Gas ASA Shares are estimated to amount to USD 4 million and will be recorded as a reduction in retained earnings in BW Gas Limited.

Following the acquisition, BW Gas ASA has novated the unsecured credit facility to BW Gas Limited, whereby BW Gas Limited has become the borrower under the loan agreement with BW Group Limited.

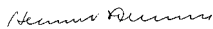
In August, BW Gas received conditional offers for its LPG fleet from interested buyers. After due consideration, the board of directors decided not to respond positively to any of them.

It has been decided to terminate the VLGC pool and the MGC pool as of 1 September 2008.

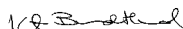
#### RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2008 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated set of interim financial information, a description of the principal risks and uncertainties for the remaining six months of the financial year and major related party transactions.

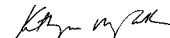
Copenhagen / Hamilton, Bermuda, 12 August 2008  
The board of directors



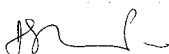
DR HELMUT SOHMEN OBE  
Chairman of the board



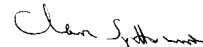
KNUT BRUNDTLAND  
Board member



KATHRYN M. BAKER  
Board member



ANDREAS SOHMEN-PAO  
Deputy chairman



CLARE M. J. SPOTTISWOODE CBE  
Board member



## FLEET LIST

Name	Year built/ To be delivered	Capacity (cbm)	Ownership (%)/ TC/Pool	TC/BB expiry	TC/BB rate (USD/day)
<b>VLGCs (&gt;70,000 CBM)</b>					
<b>Owned/bareboat</b>					
BW Borg	2001	84,333	100.00		
BW Boss	2001	84,301	100.00		
BW Princess	2008	82,383	100.00		
BW Prince	2007	82,383	100.00		
Berge Racine	1985	81,698	100.00		
BW Ragnhild	1986	81,640	100.00		
BW Rachel	1984	81,599	100.00		
BW Denise	2001	78,637	100.00		
Berge Danuta	2000	78,552	100.00		
BW Clipper	1992	78,549	100.00		
BW Challenger	1992	78,539	100.00		
BW Captain	1991	78,530	100.00		
BW Trader	2006	78,631	50.00		
BW Saga	1979	75,853	100.00		
BW Sund	1981	75,823	100.00		
BW Broker	2007	80,138	BB/Purchase option	Jun 2017	23,014
Berge Summit	1990	78,488	BB/Purchase option	Jun 2015	
<b>Chartered-in</b>					
Berge Ningbo	2006	82,258	TC/Purchase option	Feb 2018	21,546
Berge Nantong	2006	82,244	TC/Purchase option	Jul 2018	21,546
Yuyo Berge	2005	78,908	TC/Purchase option	Mar 2013	23,520
Leto Providence	2003	78,908	Short-term TC to BW Gas (33%)	Dec 2008	27,942
Chelsea Bridge	1987	77,749	TC	Feb 2010	22,521
Tower Bridge	1991	75,352	TC	Mar 2010	24,000
<b>Newbuildings</b>					
NB Daewoo 2318	Nov 2008	83,800	100.00		
NB Daewoo 2320	May 2009	83,800	100.00		
NB Mitsubishi 2239	2Q 2009	83,000	TC/Purchase option (33%)	2Q 2024	29,600
NB Mitsubishi 2247	2H 2010	83,000	TC/Purchase option (33%)	2H 2025	29,800
<b>Total (27 VLGCs)</b>		<b>2,169,096</b>			
<b>Operated</b>					
Flanders Harmony	1993	85,826	Pool		
Flanders Tenacity	1996	84,269	Pool		
Berge Frost	1983	85,662	Pool		
Flanders Loyalty	2007	84,597	Pool		
Flanders Liberty	2008	84,000	Pool		
Hellas Nautilus	2003	82,195	Pool		
Berge Commander	1991	78,543	Pool		
<b>Total (7 VLGCs)</b>		<b>585,092</b>			
<b>LGCs (70-50,000 CBM)</b>					
<b>Owned</b>					
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		
BW Hemina	1979	54,226	86.17		
Havglimit	1978	52,408	62.50		
<b>Total (11 LGCs)</b>		<b>625,795</b>			

Name	Year built/ To be delivered	Capacity (cbm)	Ownership (%)/ TC/Pool	TC/BB expiry	TC/BB rate (USD/day)
<b>MGCs (&lt;50,000 CBM)</b>					
<b>Owned</b>					
BW Sombeke	2006	38,436	50.00		
BW Odin	2005	38,501	50.00		
Havrim	1980	37,829	55.00		
BW 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 Hebris	1983	24,012	69.50		
BW Hermes	1983	24,981	100.00		
BW Havsol	1997	18,152	50.00		
BW Havlur	1997	18,152	50.00		
BW Havlys	1983	17,640	100.00		
<b>Chartered-in</b>					
Viking River	2007	38,458	TC	May 2022	19,068
Nordic River	2007	38,458	TC	Jul 2022	19,068
Marola	2003	37,314	TC	Mar 2016	19,397
Henley Bridge	1989	27,980	TC	Apr 2011	23,014
<b>Total (16 MGCs)</b>		<b>495,105</b>			

Note: Fleet list does not include 3 part-owned semi-refrigerated vessels.

Name	Year built/ To be delivered	Capacity (cbm)	Ownership (%)	Charterer	CP expiry
<b>LNG vessels</b>					
<b>Owned</b>					
LNG Benue	2006	145,952	100.00	Nigeria LNG	Sep 2026
LNG Enugu	2005	145,926	100.00	Nigeria LNG	Apr 2026
LNG River Orashi	2004	145,914	100.00	Nigeria LNG	May 2025
LNG Oyo	2005	145,842	100.00	Nigeria LNG	Jun 2026
Berge Arzew	2004	138,089	50.00	Sonatrach	Jul 2024
BW Suez Boston	2003	138,059	51.00	Suez Energy	Jan 2023
BW Suez Everett	2003	138,028	100.00	Suez Energy	Jun 2023
<b>Newbuildings</b>					
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
<b>Total (9 LNG vessels)</b>		<b>1,322,610</b>			
<b>Operated</b>					
LNG Kano	2007	148,565		Nigeria LNG	Jul 2027
LNG Ondo	2007	148,534		Nigeria LNG	Sep 2028
LNG Lokoja	2006	148,471		Nigeria LNG	May 2027
LNG IMO	Jun 2008	148,452		Nigeria LNG	Dec 2028
<b>Total (4 LNG vessels)</b>		<b>594,022</b>			

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