BW LPG Limited

Condensed Consolidated
Interim Financial Information
Q4 2016 and FY 2016

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HIGHLIGHTS – Q4 2016 and FY 2016

- Time Charter Equivalent ("TCE") earnings were US$89.9 million in Q4 2016 (US$406.7 million in FY 2016), compared with US$159.8 million in Q4 2015 (US$626.5 million in FY 2015).

- VLGC TCE rates averaged US$20,900/day in Q4 2016 (US$27,100/day in FY 2016), compared with US$43,500/day in Q4 2015 (US$46,000/day in FY 2015).

- LGC TCE rates averaged US$26,400/day in Q4 2016 (US$23,400/day in FY 2016), compared with US$44,100/day in Q4 2015 (US$38,600/day in FY 2015).

- EBITDA of US$35.5 million in Q4 2016 (US$210.1 million in FY 2016) compared with EBITDA of US$111.3 million in Q4 2015 (US$430.3 million in FY 2015), primarily due to the decline in LPG spot earnings.

- Profit after tax was US$79.7 million in Q4 2016 (US$23.6 million in FY 2016) compared with US$82.0 million in Q4 2015 (US$326.1 million in FY 2015). Profit after tax for the quarter was lower mainly due to depressed LPG spot rates and impairment charges on certain vessels in the quarter, offset by the recognition of negative goodwill arising from the acquisition of Aurora LPG Holding ASA ("Aurora LPG") in December 2016.

- On 5 December 2016, the Group acquired 17,864,784 shares of Aurora LPG, of which 77,070 shares were fully settled in cash at NOK16.00 per share and 17,787,714 shares were settled part in cash at NOK7.40 per share and part in 5,647,543 new common shares in BW LPG. Together with the 9,730,654 shares of Aurora LPG already owned, the Group's ownership in Aurora LPG increased to 93.0% (96.4% excluding treasury shares).

  On 12 December 2016, the Group carried out a compulsory acquisition of the remaining 1,046,546 shares in Aurora LPG at NOK16.00 per share. Aurora LPG then became a 100.0% wholly-owned subsidiary of the Group.

  Total settlement for the acquisition of 18,911,330 shares in Aurora LPG amounted to a cash outlay of US$17.7 million (NOK149.6 million) and issuance of 5,647,543 new common shares in BW LPG of US$20.8 million (NOK177.7 million).

  Aurora LPG was delisted from the Oslo Axess on 27 December 2016.

- With the acquisition of Aurora LPG, the Group added nine VLGCs to its fleet. Effective 19 January 2017, all commercial and technical management of the nine Aurora LPG vessels are handled by the Group.

- On 9 December 2016, the Group upsized its two-year unsecured revolving credit facility with Overseas-Chinese Banking Corporation to US$150.0 million, maturing in March 2018.

- BW Borg, a VLGC vessel, was sold and leased back in November 2016. The transaction resulted in a gain of US$4.9 million in Q4 2016.

- BW Havfrost, a LGC vessel, was sold for recycling in January 2017.

HIGHLIGHTS – Q4 2016 and FY 2016 (continued)

- VLGC newbuilds, BW Mindoro and BW Messina, the final two of the four VLGCs from Daewoo Shipbuilding and Marine Engineering ("DSME") were delivered on 6 January 2017. Concurrently, BW Messina was sold and leased back to the Group, immediately upon delivery. Both vessels were deployed in the Group's contract portfolio upon delivery.

- At the date of report, the Group has a fleet of 53 vessels, comprising 49 VLGCs and four LGCs. In addition, the Group has two time charter-in VLGC newbuilds that are under construction.

- Subsequent to year end, the Group has prepaid Aurora LPG's bank borrowings of US$141.3 million and has repurchased US$3.3 million of the floating rate notes issued by Aurora LPG. The remaining outstanding bank borrowings and floating rate notes are US$191.0 million and US$1.4 million, respectively.

- No final dividend for FY 2016 will be recommended at the Company's forthcoming annual general meeting (FY 2015: US$0.68 per share, US$92.6 million).

SELECTED KEY FINANCIAL INFORMATION

	(Reviewed) Q4 2016	(Reviewed) Q4 2015	Decrease	(Audited) FY 2016	(Audited) FY 2015	Decrease
Income Statement	US$ million	US$ million	%	US$ million	US$ million	%
Revenue	117.3	191.9	(38.9)	506.5	773.3	(34.5)
TCE income	89.9	159.8	(43.7)	406.7	626.5	(35.1)
EBITDA	35.5	111.3	(68.1)	210.1	430.3	(51.2)
Profit after tax (NPAT)	79.7	82.0	(2.8)	23.6	326.1	(92.8)
(US$ per share)						
Basic and diluted EPS	0.58	0.61	(4.9)	0.18	2.44	(92.6)

	(Audited) 31 December 2016 US$ million	(Audited) 31 December 2015 US$ million
Balance Sheet		
Cash & cash equivalents	80.6	93.8
Total assets	2,593.9	2,109.8
Total liabilities	1,476.5	939.0

PERFORMANCE REVIEW: Q4 2016

Operating revenue was US$117.3 million in Q4 2016 (US$191.9 million in Q4 2015). TCE income decreased to US$89.9 million from US$159.8 million, mainly attributable to the decline in LPG spot rates. These factors resulted in a decrease in TCE income of US$61.8 million and US$8.1 million respectively, in the VLGC and LGC segments.

Charter hire expenses decreased to US$18.3 million in Q4 2016 (US$18.7 million in Q4 2015) due to one fewer chartered-in vessel. Other operating expenses increased to US$36.6 million in Q4 2016 (US$30.3 million in Q4 2015) due to the overall larger fleet size.

EBITDA decreased to US$35.5 million in Q4 2016 from US$111.3 million in Q4 2015, mainly due to lower TCE income.

As at 31 December 2016, the market values of certain vessels were lower than their respective carrying values, resulting in the recognition of an impairment charge of US$38.3 million in Q4 2016. In addition, the Group also recognised a negative goodwill in the quarter of US$110.5 million, arising from the acquisition of Aurora LPG.

Net finance expense increased to US$10.0 million in Q4 2016 (US$5.5 million in Q4 2015), as a result of increased bank borrowings arising from the post-delivery financing of the VLGC newbuilds.

The Group reported a profit after tax of US$79.7 million in Q4 2016 (US$82.0 million in Q4 2015).

PERFORMANCE REVIEW: FY 2016

Operating revenue was US$506.5 million in FY 2016 (US$773.3 million in FY 2015). TCE income decreased to US$406.7 million from US$626.5 million, mainly attributable to the decline in LPG spot rates. These factors resulted in a decrease in TCE income of US$192.2 million and US$27.6 million respectively, in the VLGC and LGC segments.

Charter hire expenses decreased to US$69.5 million in FY 2016 (US$79.6 million in FY 2015) due to one fewer charter-in vessels. Other operating expenses increased to US$128.8 million in FY 2016 (US$118.6 million in FY 2015) mainly attributable to an overall larger fleet size.

EBITDA decreased to US$210.1 million in FY 2016 from US$430.3 million, mainly as a result of lower TCE income.

The Group recognized impairment charges on certain vessels and available-for-sale financial assets in FY 2016 of US$144.1 million and US$31.5 million, respectively, offset by the negative goodwill arising from the acquisition of Aurora LPG.

Net finance expense increased to US$29.5 million in FY 2016 (US$18.7 million in FY 2015), primarily due to increase of bank borrowings arising from the post-delivery financing for newbuilds.

The Group reported a profit after tax of US$23.6 million in FY 2016 (US$326.1 million in FY 2015).

BALANCE SHEET

As at 31 December 2016, total assets amounted to US$2,593.9 million (31 December 2015: US$2,109.8 million), of which US$2,412.7 million (31 December 2015: US$1,863.6 million) represented the carrying value of the Group's vessels (including dry docking) and vessels under construction as follows:

	(Audited) 31 December 2016		
	VLGC US$ million	LGC US$ million	Total US$ million
Vessels (including dry docking)	2,244.7	93.9	2,338.6
Vessels under construction	74.1	-	74.1
	2,318.8	93.9	2,412.7

The above carrying value of the vessels has taken into account an accumulated impairment charge of US$144.1 million on certain vessels.

Cash and cash equivalents amounted to US$80.6 million as at 31 December 2016 (31 December 2015: US$93.8 million). Cash flows from operating activities generated a net cash surplus of US$9.5 million in Q4 2016 (US$241.7 million in FY 2016). Together with proceeds from bank borrowings, cash flows from operating activities were principally utilised for instalment payments for newbuilds, acquisition of Aurora LPG, repayment of bank borrowings and interest payments, and payment of dividends in respect of FY 2015 and H1 2016.

As at 31 December 2016, the Group had unpaid capital commitments of US$68.7 million for the construction of two VLGCs, which were delivered in January 2017.

MARKET

Freight Rates & Global LPG Demand

VLGC rates averaged US$13,600 per day in the fourth quarter of 2016, or US$26.3 per ton on the benchmark Baltic route. Freight rates improved slightly due to an expansion of geographic LPG price spreads. This recovery in Asian LPG prices was led by significant restocking demand ahead of the winter heating season, as well as rising crude prices and delays in receiving U.S. sourced cargoes.

Seaborne LPG trade grew by 3.0% in the final quarter of 2016 compared to Q4 2015 led by import growth of 20.0% and 5.0% in India and China, respectively, and slightly offset by declines in Japanese imports. For full year 2016, seaborne trade increased by 6.0% to 90.7m tonnes, with Asian import growth of 15.0% more than offsetting import declines in the Mediterranean and Latin America.

U.S. seaborne LPG export volumes rebounded strongly to approximately 7m tonnes in Q4 2016, reaching 25.4m tonnes for the full year (+23% yoy). Middle Eastern LPG export volumes also registered healthy growth of 5.0% during the fourth quarter on the back of increased Saudi Arabian production, registering 39.3m tonnes for the full year.

U.S. LPG Production & Consumption

U.S. LPG production grew by 2.0% in 2016 while domestic U.S. consumption declined by 2.0%. For 2017, the EIA expects net U.S. LPG exports of 24.9m tonnes while production is forecast to grow by 2.9% to 78.6m tonnes and domestic consumption to remain flat at 54.2m tonnes. Looking ahead, the EIA has now released its 2018 forecast that calls for strong LPG production growth of 6.1% and minimal domestic consumption growth of 0.8%. Net exports are forecast to grow by 12.3% in 2018, hitting 28m tonnes.

VLGC Fleet Growth

The global VLGC fleet grew by five vessels in the fourth quarter of 2016, while no new orders were placed. Net fleet growth amounted to 43 VLGCs vessels in 2016. Three VLGCs have delivered this year while one has been sold for recycling. We expect a further 23 VLGCs to be delivered in 2017 and five in 2018.

Outlook

We remain cautious on the near term market outlook due to the end of the winter demand period, substantial newbuilding deliveries in the first half of the year and the potential for further inventory drawdowns in the U.S. keeping LPG prices elevated. However, the medium term fundamentals for VLGC trade are more positive. U.S. production should track the recovery in oil prices following the OPEC production cut, signaled by recent announcements of increased E&P spending by major producers and an increasing rig count in the U.S. A softening in the U.S. domestic LPG pricing as a result of renewed LPG production growth and a sharp drop off in newbuilding deliveries by late 2017 should allow for an improvement in freight rates in 2018 and beyond if more tonnage is not added.

REVIEWED AND AUDITED FINANCIAL REPORTS

The Condensed Consolidated Interim Financial information of the Group for Q4 2016, prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting", have been reviewed by our auditors. See page 8.

The Consolidated Financial Statements of the Group for the year ended 31 December 2016, prepared in accordance with International Financial Reporting Standards ("IFRS") have been audited by our auditors.

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

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of BW LPG Limited (the "Company") and its subsidiaries (the "Group") as at 31 December 2016 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period from 1 October 2016 to 31 December 2016 that are set out on page 9 to 34. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 24 February 2017

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	(Reviewed) Q4 2016 US$'000	(Reviewed) Q4 2015 US$'000	(Audited) FY 2016 US$'000	(Audited) FY 2015 US$'000
Revenue		117,288	191,850	506,466	773,335
Voyage expenses		(27,348)	(32,030)	(99,811)	(146,843)
TCE income#		89,940	159,820	406,655	626,492
Other operating income		429	525	1,776	2,016
Charter hire expenses		(18,318)	(18,732)	(69,454)	(79,609)
Other operating expenses		(36,566)	(30,304)	(128,836)	(118,639)
Operating profit before depreciation, amortisation and impairment (EBITDA)		35,485	111,309	210,141	430,260
Amortisation charge	3	(1,227)	(1,227)	(4,910)	(4,910)
Depreciation charge	6	(24,951)	(22,320)	(94,566)	(79,806)
		9,307	87,762	110,665	345,544
Loss on disposal of other property, plant and equipment		-	-	(312)	-
Gain on disposal of a vessel		4,874	-	4,874	-
Impairment charge on vessels	6	(38,347)	-	(144,147)	-
Gain on disposal of available-for-sale financial assets		3,197	-	3,197	-
Impairment loss on available-for-sale financial assets		-	-	(31,461)	-
Negative goodwill arising from acquisition of a subsidiary	17(c)	110,538	-	110,538	-
		80,262	-	(57,311)	-
Operating profit (EBIT)		89,569	87,762	53,354	345,544
Foreign currency exchange (loss)/gain - net		(30)	(88)	680	(192)
Interest income		48	64	188	143
Interest expense		(9,380)	(5,150)	(27,572)	(16,844)
Other finance expense		(671)	(299)	(2,785)	(1,764)
Finance expense – net		(10,033)	(5,473)	(29,489)	(18,657)
Profit before tax for the financial quarter/year		79,536	82,289	23,865	326,887
Income tax credit/(expense)		159	(275)	(233)	(749)
Profit after tax for the financial quarter/ year (NPAT)		79,695	82,014	23,632	326,138

"TCE income" denotes "time charter equivalent income" which represents revenue from time charters and voyage charters less voyage expenses comprising primarily fuel oil, port charges and commission.

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

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	(Reviewed) Q4 2016 US$'000	(Reviewed) Q4 2015 US$'000	(Audited) FY 2016 US$'000	(Audited) FY 2015 US$'000
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Available-for-sale financial assets					
- fair value losses, net		(675)	(2,625)	(25,639)	(2,625)
- reclassification to profit or loss		-	-	28,264	-
Cash flow hedges					
- fair value gains/(losses)		10,984	4,849	1,916	(4,923)
- reclassification to profit or loss		1,185	677	4,488	2,448
Other comprehensive income/(loss), net of tax		11,494	2,901	9,029	(5,100)
Total comprehensive income for the financial quarter/year		91,189	84,915	32,661	321,038
Profit attributable to:					
Equity holders of the Company		79,659	81,222	24,279	323,967
Non-controlling interests		36	792	(647)	2,171
		79,695	82,014	23,632	326,138
Total comprehensive income attributable to:					
Equity holders of the Company		91,153	84,123	33,308	318,867
Non-controlling interests		36	792	(647)	2,171
		91,189	84,915	32,661	321,038
Earnings per share attributable to the equity holders of the Company					
(expressed in US$ per share)					
Basic/Diluted earnings per share		0.58	0.61	0.18	2.44

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

CONSOLIDATED BALANCE SHEET

	Note	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
Charter hire contracts acquired	3	7,561	12,471
Intangible assets		7,561	12,471
Derivative financial instruments	4	7,695	601
Available-for-sale financial assets	5	-	31,580
Vessels	6	2,278,309	1,662,116
Vessels under construction	6	74,061	161,762
Dry docking	6	60,350	39,683
Furniture and fixtures	6	274	373
Total property, plant and equipment		2,412,994	1,863,934
Total non-current assets		2,428,250	1,908,586
Inventories		12,687	9,072
Trade and other receivables		67,577	98,319
Derivative financial instruments	4	539	-
Asset held-for-sale	7	4,245	-
Cash and cash equivalents	8	80,563	93,784
Total current assets		165,611	201,175
Total assets		2,593,861	2,109,761
Share capital	9	1,419	1,363
Share premium		289,812	269,103
Treasury shares	10	(457)	(457)
Contributed surplus		685,913	685,913
Other reserves		(33,980)	(43,130)
Retained earnings		167,626	248,238
		1,110,333	1,161,030
Non-controlling interests		7,043	9,689
Total shareholders' equity		1,117,376	1,170,719
Borrowings	11	979,590	766,937
Deferred income		-	248
Derivative financial instruments	4	389	1,207
Total non-current liabilities		979,979	768,392
Borrowings	11	431,245	120,060
Deferred income		248	496
Derivative financial instruments	4	5,306	5,900
Current income tax liabilities		188	822
Trade and other payables		59,519	43,372
Total current liabilities		496,506	170,650
Total liabilities		1,476,485	939,042
Total equity and liabilities		2,593,861	2,109,761

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Audited)

		Attributable to equity holders of the Company											
	Note	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserves US$'000	Fair value reserves US$'000	Hedging reserves US$'000	Share-based payment reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2016		1,363	269,103	(457)	685,913	(36,259)	(2,625)	(4,281)	35	248,238	1,161,030	9,689	1,170,719
Profit/(Loss) for the financial year		-	-	-	-	-	-	-	-	24,279	24,279	(647)	23,632
Other comprehensive income for the financial year		-	-	-	-	-	2,625	6,404	-	-	9,029	-	9,029
Total comprehensive income/(loss) for the financial year		-	-	-	-	-	2,625	6,404	-	24,279	33,308	(647)	32,661
Share-based payment reserves - Value of employee services		-	-	-	-	-	-	-	121	-	121	-	121
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(1,999)	(1,999)
Dividends paid	16	-	-	-	-	-	-	-	-	(104,891)	(104,891)	-	(104,891)
Issue of new common shares	9	56	20,714	-	-	-	-	-	-	-	20,770	-	20,770
Share issue expenses		-	(5)	-	-	-	-	-	-	-	(5)	-	(5)
Total transactions with owners, recognised directly in equity		56	20,709	-	-	-	-	-	121	(104,891)	(84,005)	(1,999)	(86,004)
Balance at 31 December 2016		1,419	289,812	(457)	685,913	(36,259)	-	2,123	156	167,626	1,110,333	7,043	1,117,376

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Audited)

	Note	Attributable to equity holders of the Company											
		Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserves US$'000	Fair value reserves US$'000	Hedging reserves US$'000	Share-based payment reserves US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2015		1,363	269,103	(22,445)	685,913	(41,480)	-	(1,806)	-	180,747	1,071,395	9,559	1,080,954
Profit for the financial year		-	-	-	-	-	-	-	-	323,967	323,967	2,171	326,138
Other comprehensive loss for the financial year		-	-	-	-	-	(2,625)	(2,475)	-	-	(5,100)	-	(5,100)
Total comprehensive (loss)/income for the financial year		-	-	-	-	-	(2,625)	(2,475)	-	323,967	318,867	2,171	321,038
Share-based payment reserves - Value of employee services		-	-	-	-	-	-	-	35	-	35	-	35
Sale of treasury shares	10	-	-	21,988	-	5,221	-	-	-	-	27,209	-	27,209
Distributions to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(2,041)	(2,041)
Dividends paid	16	-	-	-	-	-	-	-	-	(256,476)	(256,476)	-	(256,476)
Total transactions with owners, recognised directly in equity		-	-	21,988	-	5,221	-	-	35	(256,476)	(229,232)	(2,041)	(231,273)
Balance at 31 December 2015		1,363	269,103	(457)	685,913	(36,259)	(2,625)	(4,281)	35	248,238	1,161,030	9,689	1,170,719

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

	Note	(Reviewed) Q4 2016 US$'000	(Reviewed) Q4 2015 US$'000	(Audited) FY 2016 US$'000	(Audited) FY 2015 US$'000
Cash flows from operating activities					
Profit before tax for the financial quarter/year		79,536	82,289	23,865	326,887
Adjustments for:					
- negative goodwill arising from acquisition of a subsidiary		(110,538)	-	(110,538)	-
- amortisation charge		1,227	1,227	4,910	4,910
- amortisation of deferred income		(124)	(124)	(496)	(496)
- depreciation charge		24,951	22,320	94,566	79,806
- derivative (gain)/loss		(520)	1,147	(2,641)	2,225
- gain on disposal of a vessel		(4,874)	-	(4,874)	-
- gain on disposal of available-for-sale financial assets		(3,197)	-	(3,197)	-
- loss on disposal of other property, plant and equipment		-	-	312	-
- impairment charge on vessels		38,347	-	144,147	-
- impairment loss on available-for-sale financial assets		-	-	31,461	-
- interest income		(48)	(64)	(188)	(143)
- interest expense		9,380	5,150	27,572	16,844
- other finance expense		646	278	2,658	1,666
- share-based payments		36	8	121	35
- unrealised currency translation gain		(239)	-	(239)	-
Operating cash flow before working capital changes		34,583	112,231	207,439	431,734
Changes in working capital:					
- inventories		(4,577)	2,910	(3,615)	6,557
- trade and other receivables		(13,471)	5,495	36,537	(11,143)
- trade and other payables		(7,097)	7,234	2,219	(6,023)
Cash generated from operations		9,438	127,870	242,580	421,125
Tax refunded/(paid)		19	31	(867)	(602)
Net cash provided by operating activities		9,457	127,901	241,713	420,523
Cash flow from investing activities					
Purchases of property, plant and equipment		(71,368)	(107,568)	(229,878)	(467,322)
Proceeds from sale of a vessel		43,186	-	43,186	-
Acquisition of a subsidiary, net of cash acquired	17	(15,041)	-	(15,041)	-
Investment in available-for-sale financial assets		(8,523)	(34,205)	(27,919)	(34,205)
Interest paid (capitalised interest expense)		(776)	(913)	(3,232)	(3,152)
Interest received		48	64	188	143
Net cash used in investing activities		(52,474)	(142,622)	(232,696)	(504,536)

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS (continued)

	Note	(Reviewed) Q4 2016 US$'000	(Reviewed) Q4 2015 US$'000	(Audited) FY 2016 US$'000	(Audited) FY 2015 US$'000
Cash flows from financing activities					
Proceeds from bank borrowings		259,998	104,953	488,054	650,687
Payment of financing fees		(374)	(403)	(6,044)	(4,331)
Repayments of bank borrowings		(179,309)	(101,435)	(369,711)	(282,383)
Repayment of finance lease		-	-	-	(9,556)
Interest paid		(9,934)	(4,169)	(25,090)	(14,032)
Dividends paid		-	-	(104,891)	(256,476)
Other finance expense paid		(722)	(219)	(2,552)	(1,525)
Share issue expenses		(5)	-	(5)	-
Sale of treasury shares		-	27,209	-	27,209
Distributions to non-controlling interests		(545)	(545)	(1,999)	(2,041)
Net cash provided by/(used in) financing activities		69,109	25,391	(22,238)	107,552
Net increase/(decrease) in cash and cash equivalents		26,092	10,670	(13,221)	23,539
Cash and cash equivalents at beginning of the financial quarter/year	8	54,471	83,114	93,784	70,245
Cash and cash equivalents at end of the financial quarter/year	8	80,563	93,784	80,563	93,784

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

1. General information

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

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

This Condensed Consolidated Interim Financial Information was approved for issue by the Board of Directors of the Company on 24 February 2017.

2. Significant accounting policies

Basis of preparation

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

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

The Group has not early adopted the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant to the Group's annual accounting periods beginning on 1 January 2017 or later periods. Except for IFRS 16 Leases, the Group does not anticipate the adoption of these changes to have a material impact on the Condensed Consolidated Interim Financial Information. IFRS 16 is applicable for annual period commencing 1 January 2019 but may be early adopted. The Group expects to recognise its operating lease commitments (note13(c)) and a corresponding right-of-use asset on its balance sheet on the adoption of IFRS16.

Critical accounting estimates, assumptions and judgements

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

2. Significant accounting policies (continued)

Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

In preparing this Condensed Consolidated Interim Financial Information, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015 except for the estimation of the residual values of the vessels and recognition of demurrage income.

The estimated residual values for the vessels were revised as at 1 January 2016. The change in these estimates had increased depreciation expense of vessels from 1 January 2016 onwards. The effect of the change was an increase on depreciation expense of approximately US$1.0 million for Q4 2016 and US$3.7 million for FY 2016.

The Group revised its accounting policy for the timing of recognition of demurrage income from upon completion of a voyage to percentage of completion basis, consistent with the basis of recognising voyage freight revenue. The effect of the change is not material for the Condensed Consolidated Interim Financial Information for the current and prior period.

3. Intangible assets

	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
Charter hire contracts acquired		
At beginning of the financial year	12,471	17,381
Amortisation charge	(4,910)	(4,910)
At end of the financial year	7,561	12,471

4. Derivative financial instruments

	(Audited) 31 December 2016		(Audited) 31 December 2015	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Interest rate swaps	7,695	(5,572)	601	(4,882)
Bunker swap	539	-	-	(2,225)
Forward foreign exchange contracts	-	(123)	-	-
	8,234	(5,695)	601	(7,107)

4. **Derivative financial instruments** (continued)

As at 31 December 2016, the Group had interest rate swaps with total notional principal amounting to US$626.5 million, of which US$170.2 million had a contract date starting in 2017.

Interest rate swaps were transacted to hedge interest rate risk on bank borrowings. After taking into account the effects of these contracts, for part of the bank borrowings, the Group would effectively pay fixed interest rates ranging from 1.5% per annum to 2.2% per annum and would receive a variable rate equal to either US$ three-month LIBOR or US$ six-month LIBOR. Hedge accounting was adopted for these contracts.

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

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

5. **Available-for-sale financial assets**

	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
At beginning of the financial year	31,580	-
Additions	27,919	34,205
Fair value losses recognised in other comprehensive income	(25,639)	(2,625)
Consideration for acquisition of a subsidiary (note 17(a))	(19,105)	-
Redemption of floating rate notes	(14,755)	-
At end of the financial year	-	31,580

As at 31 December 2015, the Group held 15.0% equity interest in Aurora LPG Holding ASA ("Aurora LPG").

During 2016 and prior to the Group obtaining control of Aurora LPG (note 17), the Group acquired an additional 17.8% equity interest in the company for US$13.1 million (NOK108.1 million) and US$14.8 million (NOK122.3 million) of floating rate notes ("Aurora FRN") issued by the company. The Group also recognised US$31.5 million of impairment loss and US$0.5 million of dividend income on the Aurora LPG shares in the profit or loss during the nine month period ended 30 September 2016.

Upon acquisition of Aurora LPG as a subsidiary of the Group on 5 December 2016:

- The 32.8% equity interest in Aurora LPG held as available-for-sale financial assets was accounted for as part of the purchase consideration at its last transacted market price of NOK16.8 per share, amounting to US$19.1 million (NOK163.5 million) (note 17);
- The fair value gain on Aurora LPG shares of US$3.2 million during the fourth quarter of 2016 was reclassified to profit or loss; and
- The Aurora FRN held by the Group was accounted for as a redemption of liabilities at their fair value.

6. **Property, plant and equipment (Audited)**

	Vessels US$'000	Dry docking US$'000	Vessels under construction US$'000	Furniture and fixtures US$'000	Total US$'000
Cost					
At 1 January 2016	1,967,321	68,521	161,762	620	2,198,224
Additions	2,585	17,886	212,368	305	233,144
Acquisition of a subsidiary (note 17(c))	583,247	14,251	-	-	597,498
Disposals	(55,175)	(1,566)	-	(620)	(57,361)
Transfer on delivery of vessels	291,069	9,000	(300,069)	-	-
Reclassified to asset held-for-sale (note 7)	(65,688)	(3,045)	-	-	(68,733)
Write off on completion of dry docking costs	-	(13,391)	-	-	(13,391)
At 31 December 2016	2,723,359	91,656	74,061	305	2,889,381
Accumulated depreciation and impairment charge					
At 1 January 2016	305,205	28,838	-	247	334,290
Depreciation charge	75,659	18,815	-	92	94,566
Impairment charge	144,147	-	-	-	144,147
Reclassified to asset held-for-sale (note 7)	(61,629)	(2,859)	-	-	(64,488)
Disposals	(18,332)	(97)	-	(308)	(18,737)
Write off on completion of dry docking costs	-	(13,391)	-	-	(13,391)
At 31 December 2016	445,050	31,306	-	31	476,387
Net book value					
At 31 December 2016	**2,278,309**	**60,350**	**74,061**	**274**	**2,412,994**

6. **Property, plant and equipment** (continued)
(Audited)

	Vessels US$'000	Dry docking US$'000	Vessels under construction US$'000	Furniture and fixtures US$'000	Total US$'000
Cost					
At 1 January 2015	1,523,570	53,223	153,838	620	1,731,251
Additions	76,688	7,883	386,237	-	470,808
Transfer on delivery of vessels	367,063	11,250	(378,313)	-	-
Write off on completion of dry docking costs	-	(3,835)	-	-	(3,835)
At 31 December 2015	1,967,321	68,521	161,762	620	2,198,224
Accumulated depreciation and impairment charge					
At 1 January 2015	241,146	17,050	-	123	258,319
Depreciation charge	64,059	15,623	-	124	79,806
Write off on completion of dry docking costs	-	(3,835)	-	-	(3,835)
At 31 December 2015	305,205	28,838	-	247	334,290
Net book value					
At 31 December 2015	1,662,116	39,683	161,762	373	1,863,934

(a) Vessels with an aggregate carrying amount of US$2,051.0 million as at 31 December 2016 (2015: US$1,261.7 million) were secured on borrowings amounting to US$1,286.1 million (2015: US$837.3 million) (note 11).

(b) For the year ended 31 December 2016, interest amounting to US$3.3 million (2015: US$3.5 million) had been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.2% (2015: 2.1%) per annum.

(c) The Group recognised an impairment charge of US$144.1 million (2015: nil) to write down the carrying amount of certain vessels in the VLGC and LGC segments to their recoverable amounts. The assessment of the recoverable amounts of the vessels were based on the higher of fair value less cost to sell and value-in-use calculation, with each vessel being regarded as one cash generating unit. The fair value less cost to sell was determined based on independent third party valuation reports, which made reference to comparable transaction prices of similar vessels. These are regarded as Level 2 fair values under the fair value hierarchy of IFRS 13 Fair value measurement, that is also applicable for financial assets/liabilities (note 14(d)). The spread of values given by the third party valuers was no higher than US$3.0 million per vessel. The Group has assessed that the brokers had the required competency and capability to perform the valuations. The Group had also considered the appropriateness of the valuation methodologies and assumptions used by the brokers.

7. Asset held-for-sale

	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
Vessel (note 6)	4,245	-

The vessel was sold for recycling in January 2017.

8. Cash and cash equivalents

	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
Cash at bank and on hand	52,989	38,061
Short-term bank deposits	27,574	55,723
	80,563	93,784

Please refer to note 17 for the effects of acquisition of a subsidiary on the cash flows of the Group.

9. Share capital

As at 31 December 2016, the Company's share capital comprised of 141,938,998 (31 December 2015: 136,291,455) fully paid common shares with a par value of US$0.01 (31 December 2015: US$0.01) per share.

The Company issued 5,647,543 new common shares amounting to US$20.8 million (NOK177.7 million) as part consideration for the acquisition of Aurora LPG (note 17), thereby increasing the outstanding common shares in issue to 141,938,998 as at 31 December 2016.

10. Treasury shares

(Audited)

	No. of shares		Amount	
	2016 '000	2015 '000	2016 US$'000	2015 US$'000
At the beginning of the financial year	69	3,400	457	22,445
Sale	-	(3,331)	-	(21,988)
At the end of the financial year	69	69	457	457

11. Borrowings

	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
Non-current		
Bank borrowings	979,590	766,937
Current		
Interest payable	4,869	2,792
Bank borrowings	421,393	117,268
Floating rate notes	4,983	-
	431,245	120,060
Total borrowings	1,410,835	886,997

Movements in borrowings are analysed as follows:

	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
At the beginning of the financial year	886,997	529,434
Proceeds from bank borrowings	488,054	650,687
Financing fees	(6,044)	(4,331)
Interest expense	27,572	16,844
Interest capitalised	3,266	3,486
Acquisition of a subsidiary (note 17(c))	424,017	-
Redemption of floating rate notes	(14,755)	-
Unrealised currency translation gain	(239)	-
Less: Interest paid	(28,322)	(17,184)
Less: Principal repayments of bank borrowings	(369,711)	(282,383)
Less: Repayment of finance lease	-	(9,556)
At the end of the financial year	1,410,835	886,997

Bank borrowings as at 31 December 2016 amounting to US$1,286.1 million (31 December 2015: US$837.3 million) are secured by mortgages over certain vessels of the Group (note 6).

The Group's borrowings are subject to covenants compliance. The Group had complied with these covenants except for bank borrowings and floating rate notes of Aurora LPG amounting to US$332.3 million and US$5.0 million, respectively. As a result of the breaches of the covenants relating to the borrowings of Aurora LPG, the banks and the notes holders are contractually entitled to request for immediate repayment of these borrowings. Accordingly, Aurora LPG's borrowings have been presented as current liability on the balance sheet as at 31 December 2016. As of the date of issuance of these condensed consolidated interim financial statements, US$141.3 million of the borrowings and US$3.3 million of floating rate notes relating to Aurora LPG have been prepaid. The Group has adequate cash from operations and undrawn credit facilities as well as committed new loan facilities to re-finance Aurora LPG's remaining unpaid borrowings.

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

12. Related party transactions

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

(a) Services

	(Reviewed)	(Reviewed)	(Audited)	(Audited)
	Q4 2016 US$'000	Q4 2015 US$'000	FY 2016 US$'000	FY 2015 US$'000
Support service fees charged by related parties*	1,040	1,266	4,370	4,466
Ship management fees charged by related parties*	1,316	2,274	8,688	8,549

	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
Trade and other payables - Related parties*	(186)	(18)
Other receivables - Related parties*	5,789	4,083

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

(b) Key management's remuneration

	(Reviewed)	(Reviewed)	(Audited)	(Audited)
	Q4 2016 US$'000	Q4 2015 US$'000	FY 2016 US$'000	FY 2015 US$'000
Salaries and other short-term employee benefits	453	384	1,780	1,535
Post-employment benefits-contributions to defined contribution plans, share-based payment and termination benefits	15	6	137	78
Directors' fees	124	55	497	428
	592	445	2,414	2,041

13. Commitments

(a) Capital commitments

As of 31 December 2016, the Group had shipbuilding contracts for the construction of two VLGC newbuilds (31 December 2015: six VLGC newbuilds), which were delivered in January 2017.

The total cost of the two VLGC newbuilds amounted to US$138.2 million (31 December 2015: US$424.4 million for six newbuilds). As at 31 December 2016, the Group had paid US$69.5 million (31 December 2015: US$156.5 million) in instalments and these payments had been capitalised and included in 'vessels under construction'. Capital commitments contracted for these two VLGC newbuilds at the balance sheet date but not recognised as at the balance sheet date are as follows:

	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
Vessels under construction	68,704	267,921

One of the two VLGC newbuilds was sold and leased back under an operating lease arrangement immediately upon delivery.

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

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

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

	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
Not later than one year	96,846	109,815
Later than one year but not later than five years	69,670	146,578
	166,516	256,393

13. Commitments (continued)

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

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

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

	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
Not later than one year	67,528	70,161
Later than one year but not later than five years	180,708	166,323
Later than five years	192,147	135,079
	440,383	371,563

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

A lease commitment of approximately US$63.0 million on a VLGC that was sold and leased back has not been included in the above as the contract was entered into in January 2017.

14. Financial risk management

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

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

14. Financial risk management (continued)

(a) Market risk - interest rate risk

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

The Group's bank borrowings are at variable rates. The Group has entered into interest rate swaps to swap floating interest rates to fixed interest rates for certain portions of the bank borrowings (note 11). If US$ interest rates increase/decrease by 50 basis points (2015: 50 basis points) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by approximately US$2.7 million (2015: US$2.7 million) as a result of higher/lower interest expense on these borrowings; the total comprehensive income will be higher/lower by approximately US$8.0 million (2015: US$9.7 million).

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains sufficient cash for its daily operations via short-term cash deposit at banks and has access to unutilised portion of revolving facilities offered by financial institutions.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date on an undiscounted basis.

(Audited)

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
At 31 December 2016				
Trade and other payables	59,519	-	-	-
Bank borrowings	455,896	235,507	470,418	418,933
	515,415	**235,507**	**470,418**	**418,933**
At 31 December 2015				
Trade and other payables	43,372	-	-	-
Bank borrowings	134,191	92,222	375,437	372,850
	177,563	92,222	375,437	372,850

14. Financial risk management (continued)

(c) Financial instruments by category

The aggregate carrying amounts of loans and receivables, available-for-sale financial assets, financial derivative instruments and financial liabilities at amortised cost are as follows:

	(Audited) 31 December 2016 US$'000	(Audited) 31 December 2015 US$'000
Loans and receivables	140,843	183,015
Available-for-sale financial assets	-	31,580
Financial derivative instruments assets/(liabilities) - net	2,539	(6,506)
Financial liabilities at amortised cost	1,467,835	917,599

(d) Fair value measurements

Financial assets and liabilities are measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(Audited)

	Level 1 US$'000	Level 2 US$'000	Total US$'000
2016			
Assets			
Derivative financial instruments	-	8,234	8,234
Liabilities			
Derivative financial instruments	-	5,695	5,695

14. Financial risk management (continued)

(d) Fair value measurements (continued)

(Audited)

	Level 1 US$'000	Level 2 US$'000	Total US$'000
2015			
Assets			
Available-for-sale financial assets	31,580	-	31,580
Derivative financial instruments	-	601	601
Liabilities			
Derivative financial instruments	-	7,107	7,107

The Group's available-for-sale financial assets fair value US$31.6 million was based on quoted market prices at the balance sheet date in 2015 (note 5). The quoted market price used for the available-for-sale financial assets held by the Group in 2015 was the current bid price. These instruments were included in Level 1.

The Group's financial derivative instruments measured at fair value are within Level 2 of the fair value hierarchy (note 4). The fair value of the financial derivative instruments that are not traded in an active market is determined by using valuation techniques. The fair values of interest rate swaps and bunker swaps are calculated as the present value of estimated future cash flows based on observable yield curves.

15. Segment information

The Group has two main operating segments:

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

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

15. Segment information (continued)

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

	VLGC US$'000	LGC US$'000	Total US$'000
Q4 2016			
Revenue	106,895	10,393	117,288
Voyage expenses	(29,103)	1,755	(27,348)
TCE income	**77,792**	**12,148**	**89,940**
EBITDA	32,547	8,391	40,938
Gain on disposal of a vessel	4,874	-	4,874
Finance expense - net	39	106	145
Depreciation charge	(22,310)	(2,626)	(24,936)
Amortisation charge	(1,227)	-	(1,227)
Impairment charge on vessels	(28,470)	(9,877)	(38,347)
	(14,547)	(4,006)	(18,553)
Unallocated items			
- negative goodwill arising from acquisition of a subsidiary			110,538
- others			(12,449)
Profit before tax			**79,536**
FY 2016			
Revenue	459,766	46,700	506,466
Voyage expenses	(95,902)	(3,909)	(99,811)
TCE income	**363,864**	**42,791**	**406,655**
EBITDA	200,357	25,645	226,002
Gain on disposal of a vessel	4,874	-	4,874
Finance expense - net	22	102	124
Depreciation charge	(82,016)	(12,458)	(94,474)
Amortisation charge	(4,910)	-	(4,910)
Impairment charge on vessels	(105,770)	(38,377)	(144,147)
	12,557	(25,088)	(12,531)
Unallocated items			
- negative goodwill arising from acquisition of a subsidiary			110,538
- others			(74,142)
Profit before tax			**23,865**
Segment assets as at 31 December 2016	**2,393,897**	**95,114**	**2,489,011**
Segment assets include:			
Additions to:			
- vessels	585,832	-	585,832
- vessels under construction	212,368	-	212,368
- dry docking	30,552	1,585	32,137
Segment liabilities as at 31 December 2016	**1,437,655**	**2,133**	**1,439,788**

15. Segment information (continued)

	VLGC US$'000	LGC US$'000	Total US$'000
Q4 2015			
Revenue	170,372	21,478	191,850
Voyage expenses	(30,845)	(1,185)	(32,030)
TCE income	139,527	20,293	159,820
EBITDA	98,776	15,664	114,440
Finance expense - net	19	3	22
Depreciation charge	(18,503)	(3,786)	(22,289)
Amortisation charge	(1,227)	-	(1,227)
	79,065	11,881	90,946
Unallocated items			(8,657)
Profit before tax			82,289
FY 2015			
Revenue	694,664	78,671	773,335
Voyage expenses	(138,598)	(8,245)	(146,843)
TCE income	556,066	70,426	626,492
EBITDA	390,801	52,203	443,004
Finance expense - net	(182)	(1)	(183)
Depreciation charge	(65,613)	(14,069)	(79,682)
Amortisation charge	(4,910)	-	(4,910)
	320,096	38,133	358,229
Unallocated items			(31,342)
Profit before tax			326,887
Segment assets as at 31 December 2015	1,816,302	150,642	1,996,944
Segment assets include:			
Additions to:			
- vessels	76,688	-	76,688
- vessels under construction	386,237	-	386,237
- dry docking	4,498	3,385	7,883
Segment liabilities as at 31 December 2015	898,617	3,615	902,232

15. **Segment information** (continued)

Reportable segments' assets

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

	31 December 2016	31 December 2015
	US$'000	US$'000
Segment assets	**2,489,011**	1,966,944
Unallocated items:		
Cash and cash equivalents	**80,563**	93,784
Derivative financial instruments	**8,234**	601
Available-for-sale financial assets	**-**	31,580
Other receivables	**15,779**	16,479
Property, plant and equipment	**274**	373
Total assets	**2,593,861**	2,109,761

Reportable segments' liabilities

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

	31 December 2016	31 December 2015
	US$'000	US$'000
Segment liabilities	**1,439,788**	902,232
Unallocated items:		
Derivative financial instruments	**5,695**	7,107
Other payables	**30,814**	28,881
Current income tax liabilities	**188**	822
Total liabilities	**1,476,485**	939,042

Geographical information

Non-current assets comprise mainly vessels and related capitalised dry docking expenses, and operate on an international platform with individual vessels calling at various ports across the globe. The Group does not consider the domicile of its customers as a relevant decision making guideline and hence does not consider it meaningful to allocate vessels and revenue to specific geographical locations.

16. Dividends paid

	31 December 2016 US$'000	31 December 2015 US$'000
Final dividend in respect of FY 2015 of US$0.68 (2015: In respect of FY 2014: US$1.15 per share)	92,631	152,818
Interim dividend in respect of H1 2016 of US$0.09 per share (2015: In respect of H1 2015 of US$0.78 per share)	12,260	103,658
	104,891	256,476

No final dividend for FY 2016 will be recommended at the Company's forthcoming annual general meeting (FY 2015: US$0.68 per share, US$92.6 million).

17. Business combinations

On 5 December 2016, the Group obtained control of Aurora LPG Holding ASA ("Aurora LPG") listed on the Oslo Axess at the closing of a voluntary unconditional tender offer for all the shares in Aurora LPG. On 12 December 2016, the Company implemented a compulsory acquisition of all remaining shares in Aurora LPG which resulted in the Company owning 100% equity interest in Aurora LPG.

The principal activity of Aurora LPG is that of vessel owning and chartering. As a result of the acquisition, the Group is expected to increase its market share. It also expects to reduce costs through economies of scale.

Details of the consideration paid, the assets acquired and liabilities assumed, the effects on the cash flows of the Group, determined provisionally at the acquisition date, were as follows:

		2016 US$'000
(a)	Purchase consideration	
	Cash paid	17,686
	Previously held interest (note 5)	19,105
	Consideration in common shares of the Company	20,770
	Total purchase consideration transferred for the business	57,561
(b)	Effect on cash flows of the Group	
	Cash paid (as above)	17,686
	Add: Transaction costs	1,386
	Less: Cash and cash equivalents in subsidiary acquired	(4,031)
	Cash outflow on acquisition	15,041

17. Business combinations (continued)

(c) Identifiable assets acquired and liabilities assumed

	At fair value US$'000
Cash and cash equivalents	4,031
Property, plant and equipment (note 6)	597,498
Trade and other receivables	5,796
Total assets	607,325
Borrowings (note 11)	(424,017)
Trade and other payables	(15,209)
Total liabilities	(439,226)
Identifiable net assets acquired	168,099
Less: Negative goodwill (note 17(e))	(110,538)
Consideration transferred for the business	57,561

(d) Acquisition-related costs

Acquisition-related costs of US$1.4 million are included in "other operating expenses" in the consolidated interim statement of comprehensive income and in investing cash flows in the consolidated condensed statement of cash flows.

(e) Negative goodwill

The negative goodwill of US$110.5 million arising from the acquisition is mainly attributable to the share price of Aurora LPG being traded at a discount to the fair value of their net assets at acquisition date which comprise mainly of vessels and bank borrowings.

(f) Revenue and profit contribution

The acquired business contributed revenue of US$4.5 million and net loss of US$0.1 million to the Group from the period from 5 December 2016 to 31 December 2016.

Had Aurora LPG been consolidated from 1 January 2016, the Group's consolidated revenue and consolidated net loss for the year ended 31 December 2016, excluding the effects of acquisition accounting would have been US$547.6 million and US$116.6 million, respectively.

18. Subsequent events

(a) The final two of the four VLGCs newbuilds from Daewoo Shipbuilding and Marine Engineering (DSME) were delivered in January 2017. Concurrently, one was sold and leased back to the Group immediately upon delivery. Both vessels were deployed in the Group's contract portfolio upon delivery.

(b) One LGC was sold for recycling in January 2017.

18. Subsequent events (continued)

(c) Subsequent to year end, the Group has prepaid Aurora LPG's bank borrowings of US$141.3 million and has repurchased US$3.3 million of the floating rate notes issued by Aurora LPG. The remaining outstanding bank borrowings and floating rate notes are US$191.0 million and US$1.4 million, respectively.