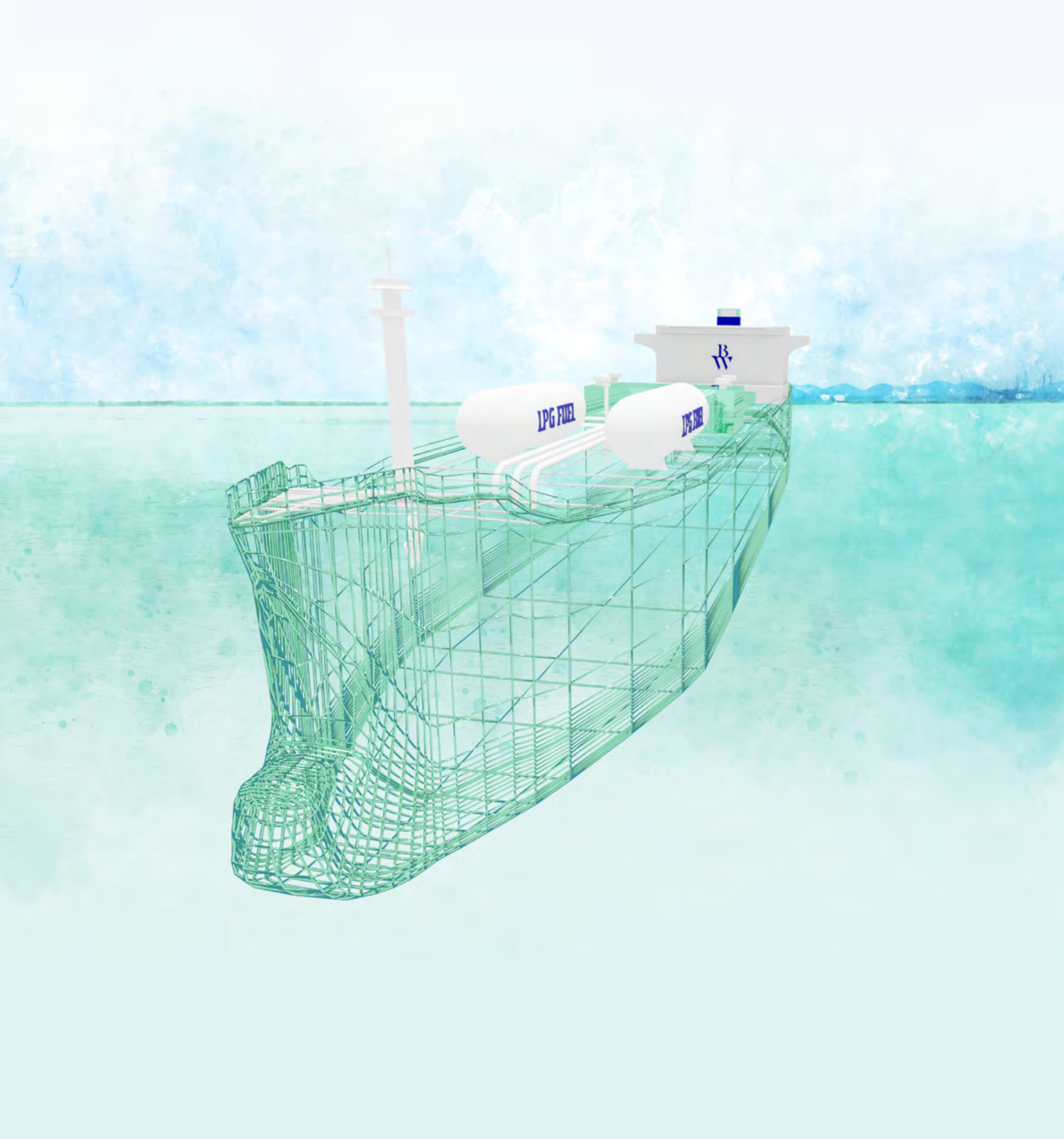
Charting
A Sustainable Future

BW LPG

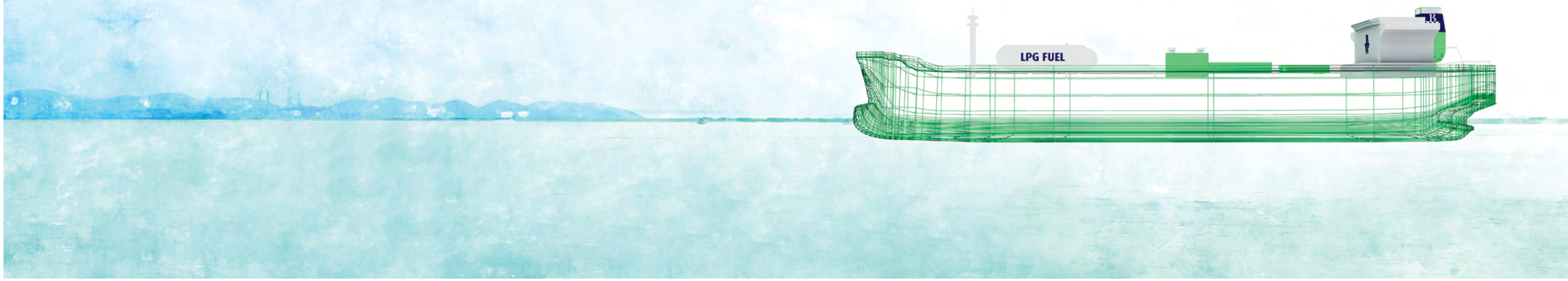
Annual Report 2018



Charting A Sustainable Future

At BW LPG, we act for the future. As we navigate the shipping cycle and the current global economic climate, we remain steadfast in our quest to create value on all fronts.

Fuelled by a dynamic vision, strong fundamentals and prudent capital management, we lead the way, championing people, profit and the planet to achieve business and environmental resilience. In doing so, we go beyond the bottom line to chart a sustainable future for all.



Contents

Chairman and CEO's Review

We remain committed

to delivering long-term value for our shareholders.

Andreas Sohmen-Pao
Chairman of the Board

Martin Ackermann
Chief Executive Officer

Charting a Sustainable Future

In FY 2018, BW LPG continued to maintain an even keel in the face of another challenging year. The LPG shipping sector faced sluggish VLGC day rates and ship oversupply during the year. This was mitigated by strong oil prices and US LPG production growth, which allowed the oversupply of VLGCs to be partially absorbed and the US-Far East LPG arbitrage to widen at times, which allowed for rates to improve towards year end.

Against the backdrop of volatile oil and shipping markets, we remain committed to delivering long-term value for our shareholders. Although our financial performance was impacted by challenging market conditions, and we ended the year with a loss, we focused on building better momentum in 2018, driving efficiencies and positioning ourselves for the future. BW LPG today boasts one of the lowest cash cost breakeven levels per vessel across the industry.

At the same time, we continued to work proactively on capital management strategies. During the financial year, we engaged in competitive refinancing and strategic vessel divestments, while maintaining a stable leverage ratio and liquidity runway. Through opportunistic divestments of older vessels, we reduced our average fleet age and generated US$113.6 million in sales proceeds.

BW LPG made an all-share offer to merge with Dorian LPG, aimed at creating a stronger company with a larger combined fleet and better geographical coverage to deliver enhanced value to stakeholders. However, the Dorian board appeared unwilling to engage in substantive discussions, and after several months with no formal response, we decided to withdraw the offer.

We have taken steps to be future ready. Taking an industry lead, we invested in the world's first LPG dual-fuel engine retrofitting. During the year, we committed to four engine conversions, secured options to convert additional vessels and now have 19 vessels in our owned fleet that are capable of being upgraded with LPG dual-fuel propulsion. By harnessing LPG as fuel, these engines will not only comply with the IMO 2020 0.5% sulphur regulations, but will also be in line with the existing and stricter 0.1% Emission Control Areas (ECA) and Sulphur Emission Control Areas (SECA). Furthermore, these engines will be 11% more efficient, owing to the higher energy content in LPG as opposed to fuel oil. In the long run, the move will result in cost savings for our clients while driving positive change in the world.

We are convinced that in light of strong global LPG production growth and heightened environmental awareness leading to cleaner fuel policies, LPG stands as an attractive fuel for the future, both environmentally and economically.

On the technological front, we recognise the value of technology to drive efficiency. We are developing smart ships that are connected to the digital cloud, and use automation and predictive analysis to gain operational benefits from reducing collisions, injury and cargo loss claims, to integrated ship management and remote monitoring and control.

In early 2019, we unveiled our integrated LPG delivery service which extends BW LPG's "best of class" reputation to product delivery services, enabling us to deliver LPG on time and to specification by utilising our own fleet. In doing so, we expect to improve fleet utilisation, drive shareholder value and enhance service quality for our customers across the globe.

Looking ahead, BW LPG is well-positioned to deliver value in 2019. We would like to thank our employees, shareholders and customers for their unwavering support.

2018 in Numbers

Financial Performance	Financial Position	Business Innovation and Sustainability	Operations and Safety
Revenue **US$522 million**	**US$114 million** Strategic Vessels Divestments from sale of 4 vessels	World's First Retrofitting of **4** LPG propelled dual-fuel engines	Safety Results TRCF Baseline **1.50** TRCF BW LPG **1.43**
TCE Income **US$301 million**	Strong Liquidity Runway **US$215 million** in undrawn facility and liquid cash	**19 VLGCs** on water that are capable of being **upgraded with LPG dual-fuel propulsion**	Exports Carried by BW LPG in 2018 **10.8 million tonnes**
EBITDA **US$104 million**	Strong Credit Profile BW LPG's Leverage **56%**	Reduced CO_2 Emission by **20%** since the implementation of BW's energy management program	Average Port Calls per day **3.9**

Market Review

Improved East - West Price Spread
US$89
US$78 (2017)

Improved Spot Market Time Charter Equivalent
>20% increase YoY

North America Seaborne VLGC Export Trade Growth
3.3 million tonnes

VLGC Fleet Growth
2% YoY

VLGC tonne mile has been increasing
3% YoY

Strong import growth driven by China and India
5% YoY (China)
12% YoY (India)

Safety Results

Maintaining Industry Leadership

Leading Safety Results

We believe in Zero Harm to People, Environment, Cargo and Property.

BW LPG has in place an established, holistic approach to Health, Safety, Security, Environment and Quality (HSSEQ) across our operations. Our safety vision of Zero Harm is a journey, and initiatives are put in place each year to support our ambition. Our current safety statistics, which are better than industry benchmarks, indicate that these efforts are having an impact.

ZERO HARM

Towards Zero Harm

2018
BW LPG Lost Time Injury Frequency (LTIF)
0.65

Lost Time Injury Frequency target 2018 was 0.4 which corresponded to 3 cases.

2018
BW LPG Total Recordable Case Frequency (TRCF)
1.43

Total Recordable Case Frequency target 2018 was 1.5 which corresponded to 10 cases.

Business Highlights

A World First in LPG Propulsion

On 30 August 2018, we inked contracts for the delivery and retrofitting of four LPG-propelled dual-fuel engines in our fleet, making us the global pioneer in LPG propulsion. Through next-generation, high-tech green ships, LPG propulsion embraces a low-carbon future and positions us to seize "green wave" business opportunities, while generating positive change for the environment.

At the same time, the move places us ahead of the global 0.5% fuel sulphur content cap instituted by the International Maritime Organisation (IMO), which will be enforced from 2020.

Building Business **Sustainability**

Increase in Efficiencies

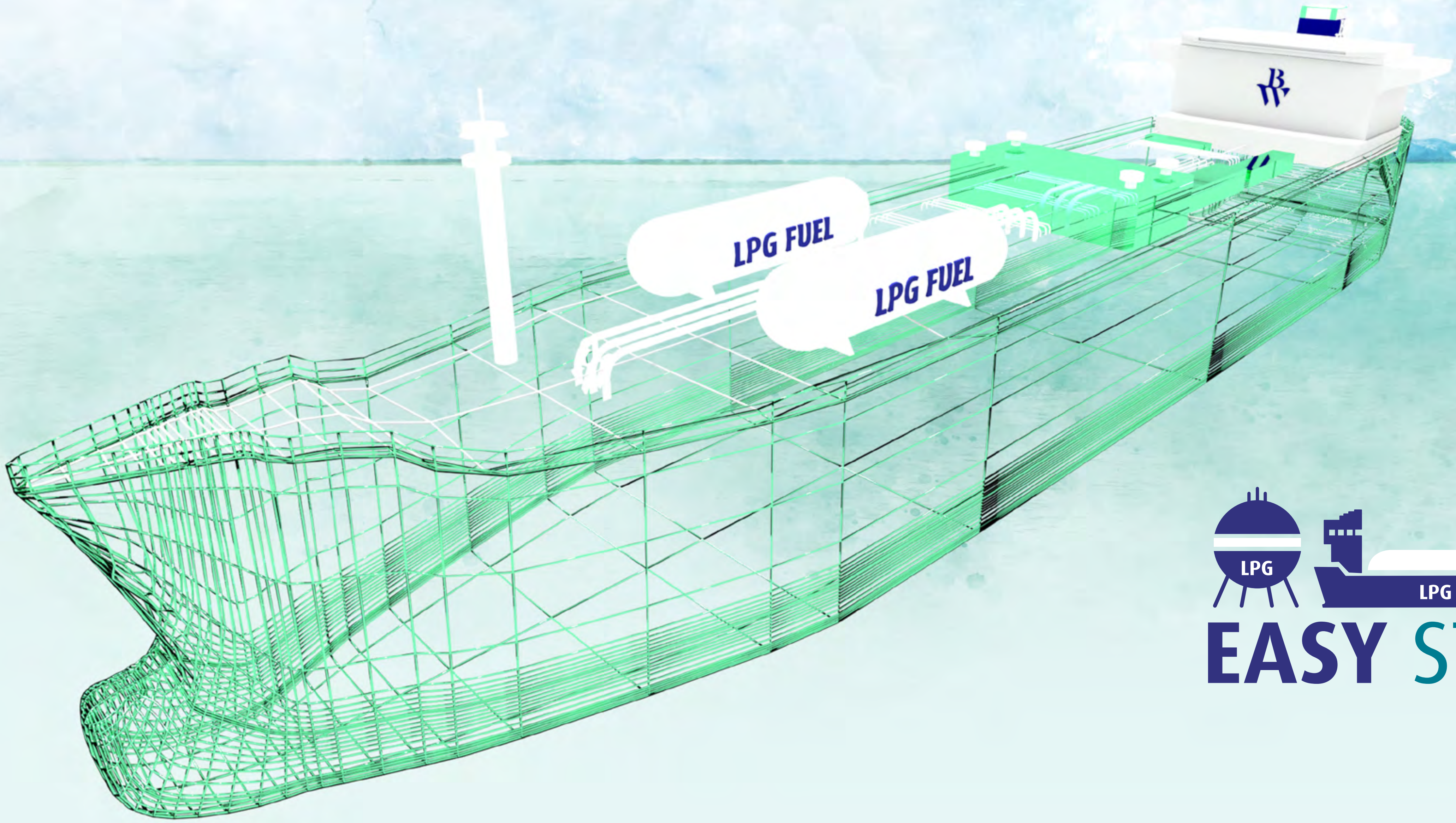
With LPG as a marine fuel, output efficiencies will rise by around 11% against compliant fuels, which will in turn generate notable gains in total voyage fuel economics. This, along with other advantages, secures LPG's position as a long-term sustainable marine fuel.

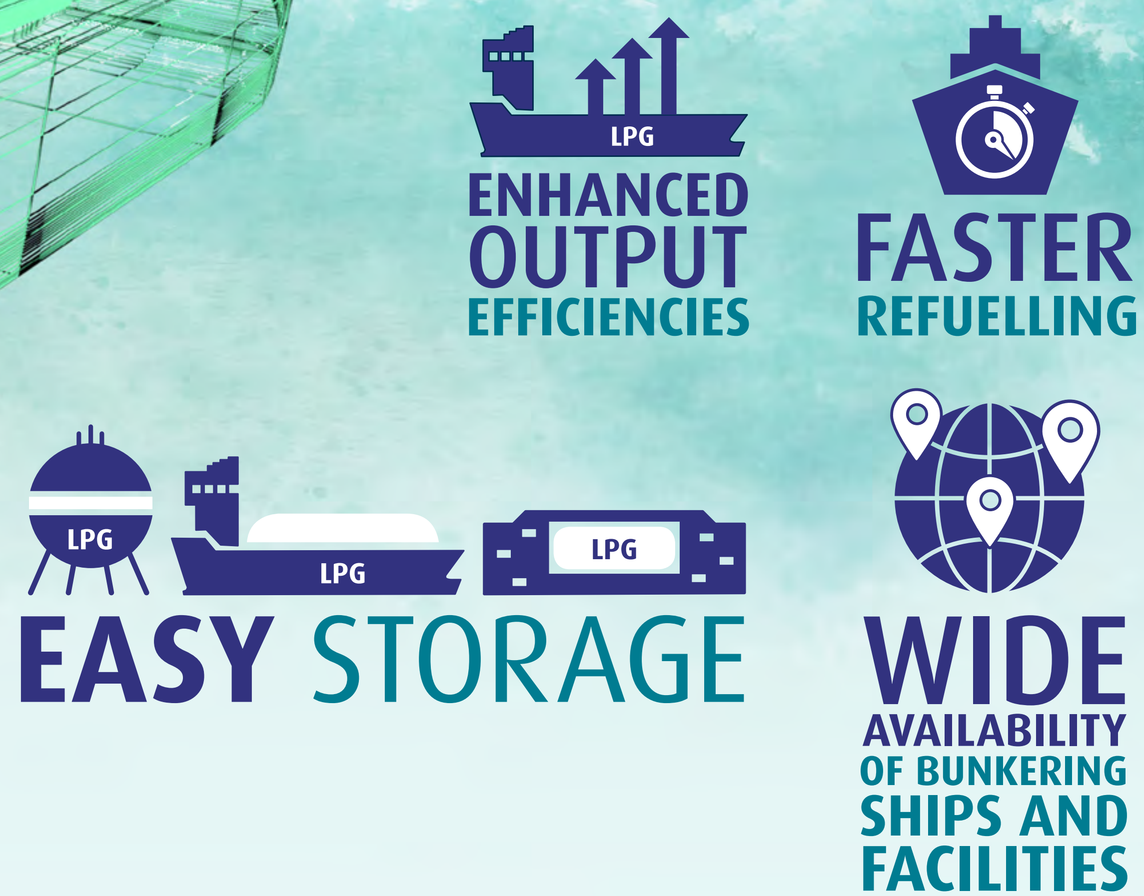
Lower Price Sensitivity, Higher Cost Efficiency

Cost-wise, LPG is also a better option than heavy fuel oil, with high life-time savings prospects. By leveraging LPG as a marine fuel, BW LPG benefits from savings due to lower fuel consumption and full dual-fuel flexibility, which guards against price sensitivity to post-2020 fuel prices, thereby future-proofing the company.

More Reliable, Fully Flexible and Cleaner Alternative with Dual-Fuel Engines

Harnessing LPG propulsion translates into cleaner, more efficient engines that are cheaper to maintain. In addition, the fuel flexibility of dual-fuel engines ensures full redundancy for uninterrupted operations.





Business Highlights

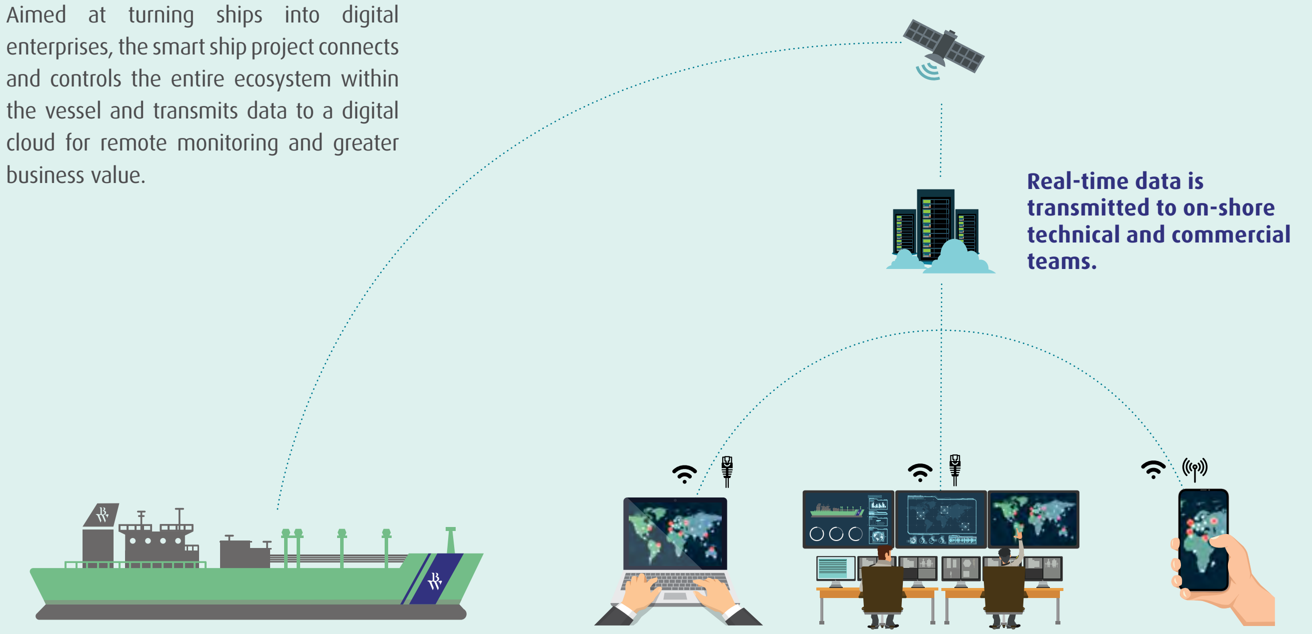
Maintaining Industry Leadership

Embracing Innovation with Smart Ships

With digitalisation disrupting entire industries, we seek to realise the competitive advantages it can bring to BW LPG. To this end, we have been working with Alpha Ori, our preferred partner, on various digital initiatives to make our ships smarter and implement on board the latest technologies to benefit our crew, shore staff and clients.

Smart Ships in Action

Aimed at turning ships into digital enterprises, the smart ship project connects and controls the entire ecosystem within the vessel and transmits data to a digital cloud for remote monitoring and greater business value.



Sensors are connected to critical parts of the ship.

Data is analysed by smart algorithms and technical personnel.

Instructions are conveyed to the crew where necessary.

The system supports direct alerts for immediate communication between ship and shore.

Key Advantages

↑

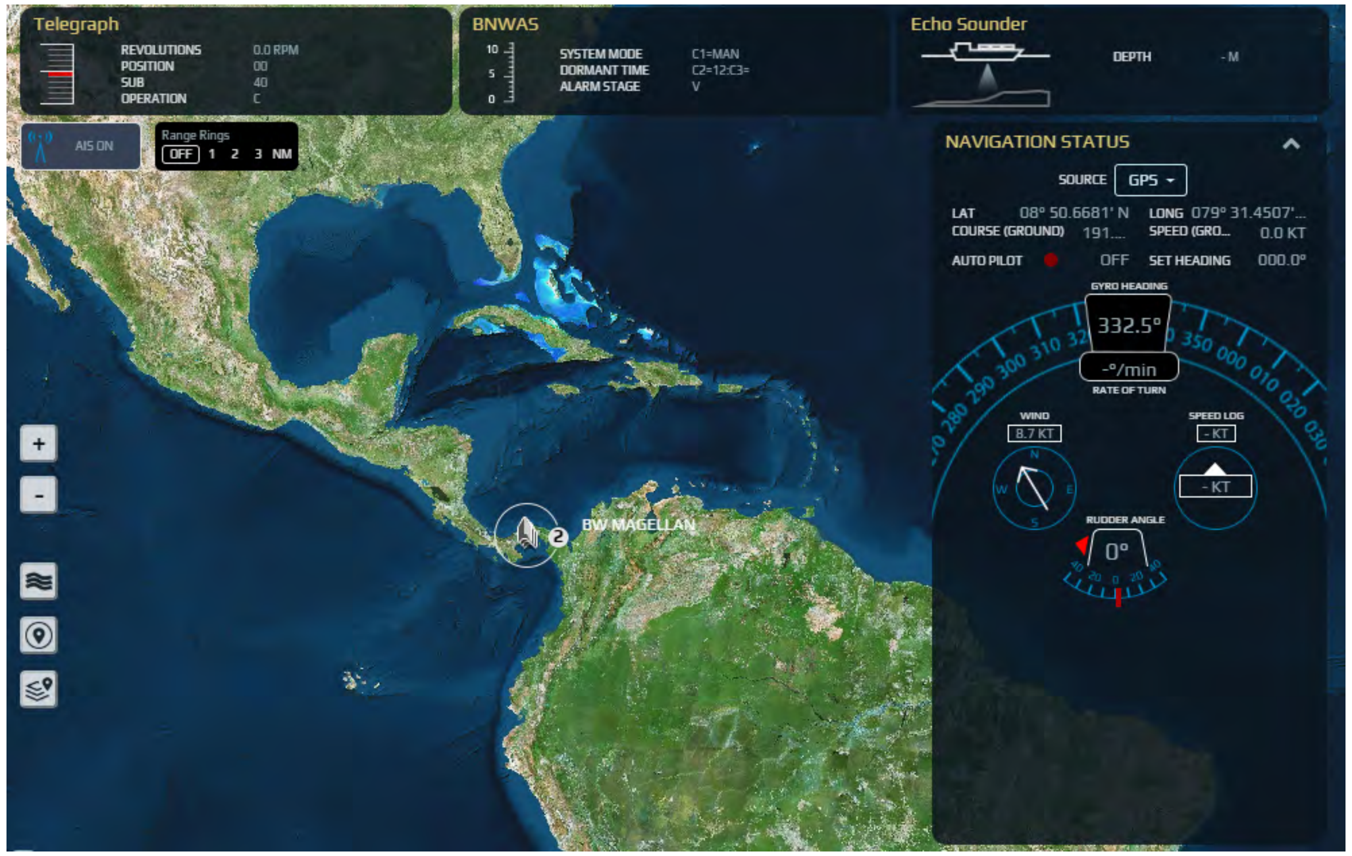
- Improved fuel consumption
- Enhanced operational efficiency
- Increased compliance
- Improved crew safety

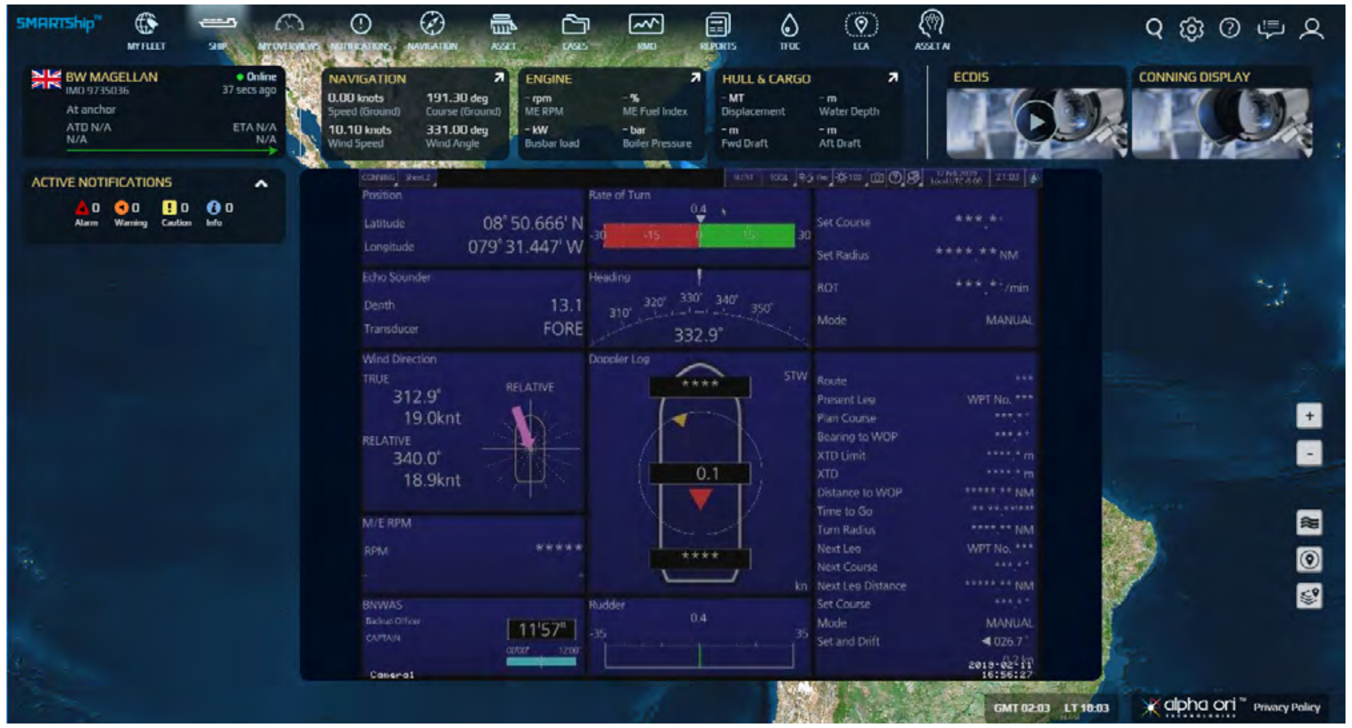
↓

- Reduced risk of collisions
- Lower manpower needs
- Lower OPEX expenses
- Reduced injury and cargo loss claims
- Reduced human error with greater automation

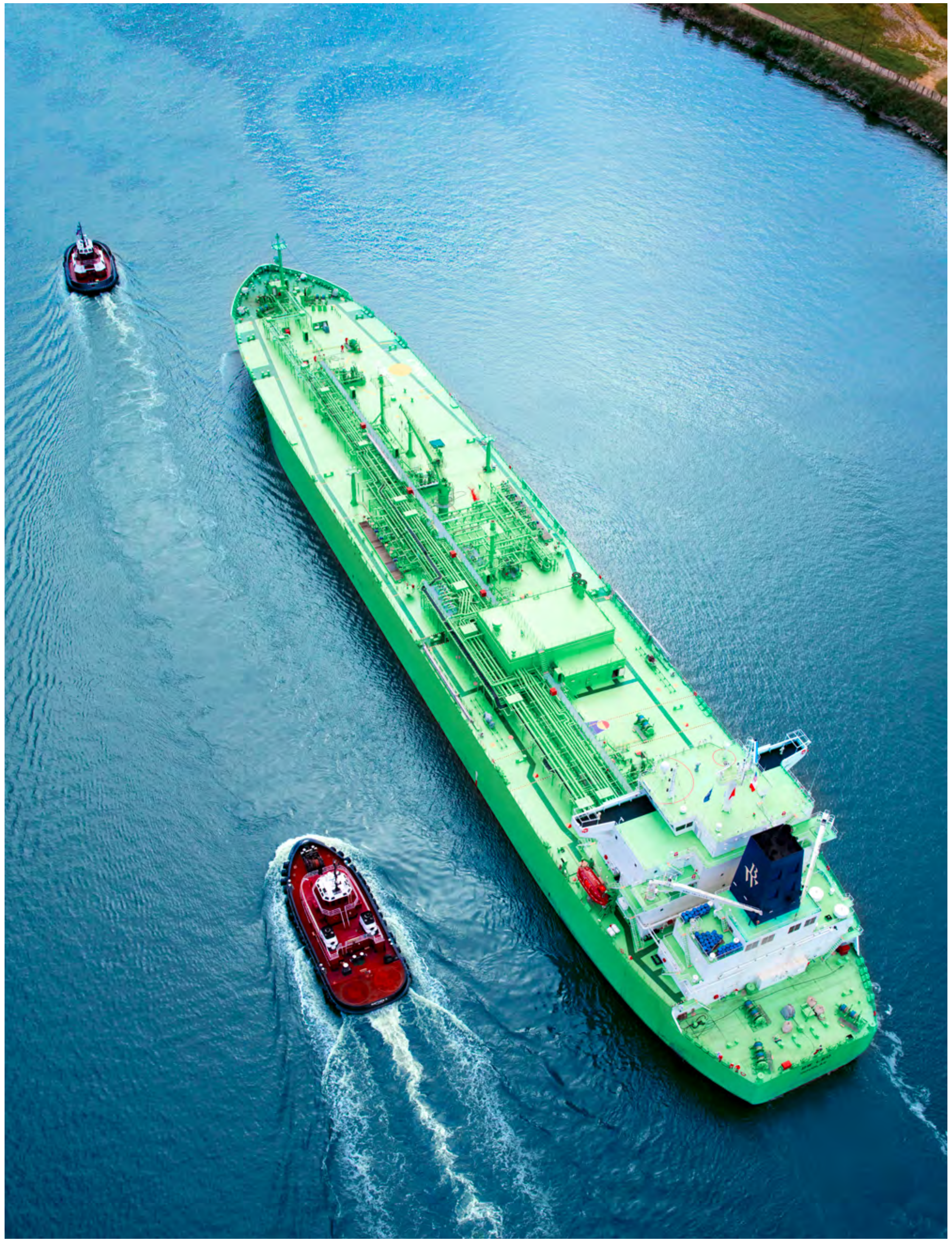
Looking Ahead

As the digital journey has just begun for the maritime industry, we will continue innovating and investing in technologies to drive value and propel BW LPG into the future.





Commercial Performance



Strategic Asset Management Sale of Four Vessels at US$114 Million, Generating US$28 Million of Free Cash and US$6 Million Book Gain

March 2018

The Company committed the 1993-built LGC BW Havis[1] for recycling to a Ship Recycling Facility that is compliant with the IMO Hong Kong Convention of 2009 and completed the sale of the 2001-built VLGC BW Denise.

[1] *Sold in April 2018*

July 2018

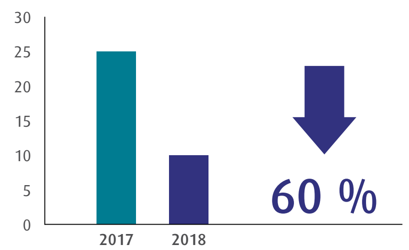
The Company completed a sale-and-leaseback of the 2005-built VLGC BW Empress.

December 2018

The Company committed the 1992-built LGC BW Helios[2] for recycling to a Ship Recycling Facility that is compliant with the IMO Hong Kong Convention of 2009.

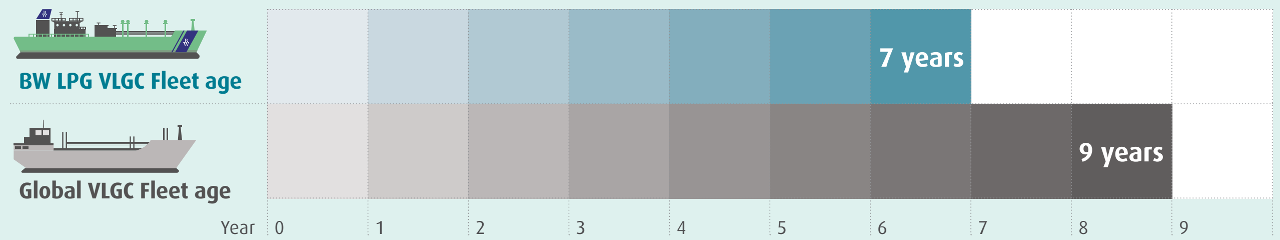
[2] *Sold in January 2019*

No. of Global Delivered VLGCs



Total number of VLGCs delivered decreased by 60% from 25 vessels in 2017 to 10 vessels in 2018. The number of ships recycled increased from 2 vessels to 5 vessels from 2017 to 2018.

The divestment of these vessels were part of our strategy to rejuvenate our fleet. As a result of these sales, the average fleet age of BW LPG's 100% owned vessels improved to **7** years against the global fleet average age of **9** years



Navigating Through The Cycle

Revenue
US$522 million

TCE income
US$301 million

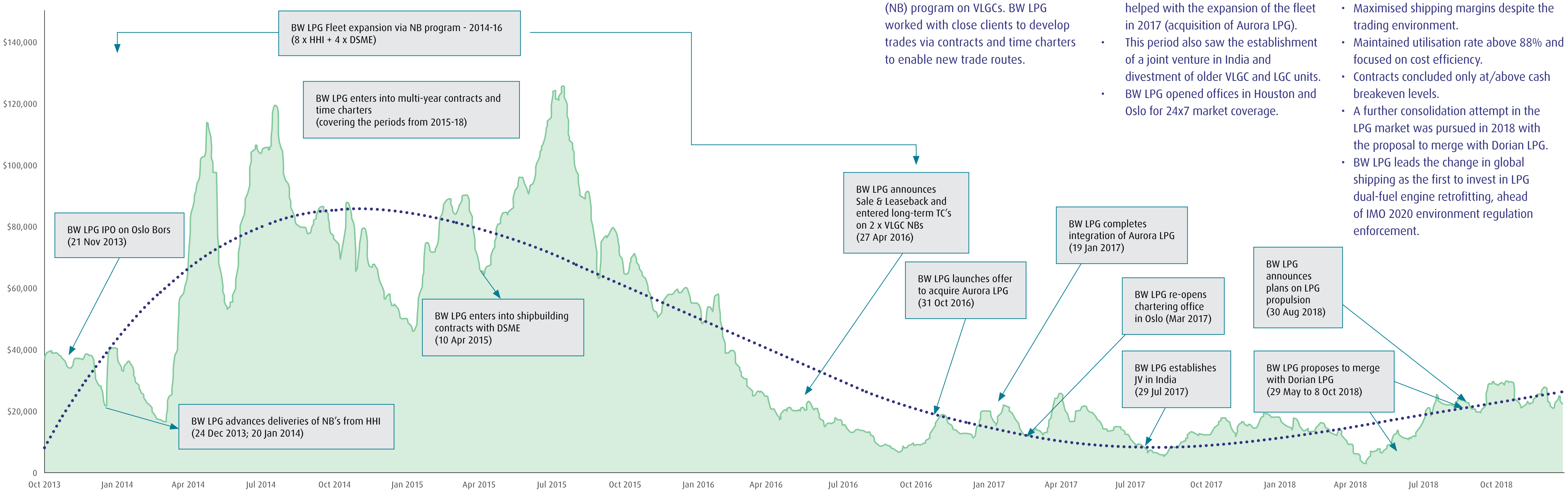
EBITDA
US$104 million

Total Assets
US$2.3 billion

VLGC TCE Per Day
US$18,400

Net Loss after Tax
US$72.4 million

Baltic Index (US$ Per Day)



Shipping markets are cyclical
A review of the first 5 years of BW LPG as a publicly listed company:

2013-15

- The first 2 years saw strong freight rates due to the massive expansion in US exports of LPG into an expanding market in the Far East. This period coincided with BW LPG's newbuilding (NB) program on VLGCs. BW LPG worked with close clients to develop trades via contracts and time charters to enable new trade routes.

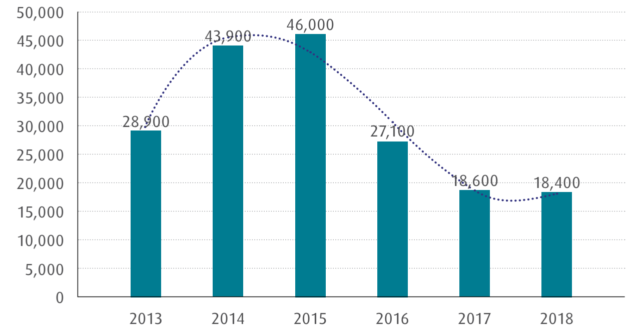
2016-17

- Taking advantage of poor market conditions, BW LPG set about consolidating the market. A strong balance sheet, good commercial, operational and technical performance helped with the expansion of the fleet in 2017 (acquisition of Aurora LPG).
- This period also saw the establishment of a joint venture in India and divestment of older VLGC and LGC units.
- BW LPG opened offices in Houston and Oslo for 24x7 market coverage.

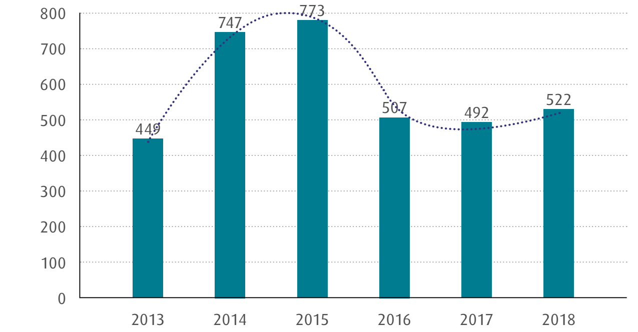
2018

- BW LPG continued its strong focus on reliablity and cost effectiveness.
- Positioned a larger proportion of the fleet on the spot market to take advantage of improving freight economics.
- Maximised shipping margins despite the trading environment.
- Maintained utilisation rate above 88% and focused on cost efficiency.
- Contracts concluded only at/above cash breakeven levels.
- A further consolidation attempt in the LPG market was pursued in 2018 with the proposal to merge with Dorian LPG.
- BW LPG leads the change in global shipping as the first to invest in LPG dual-fuel engine retrofitting, ahead of IMO 2020 environment regulation enforcement.

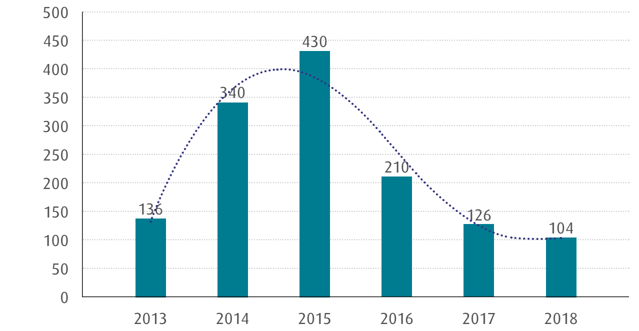
VLGC TCE (US$ Per Day)



Revenue (US$ million)



EBITDA (US$ million)



Commercial Performance

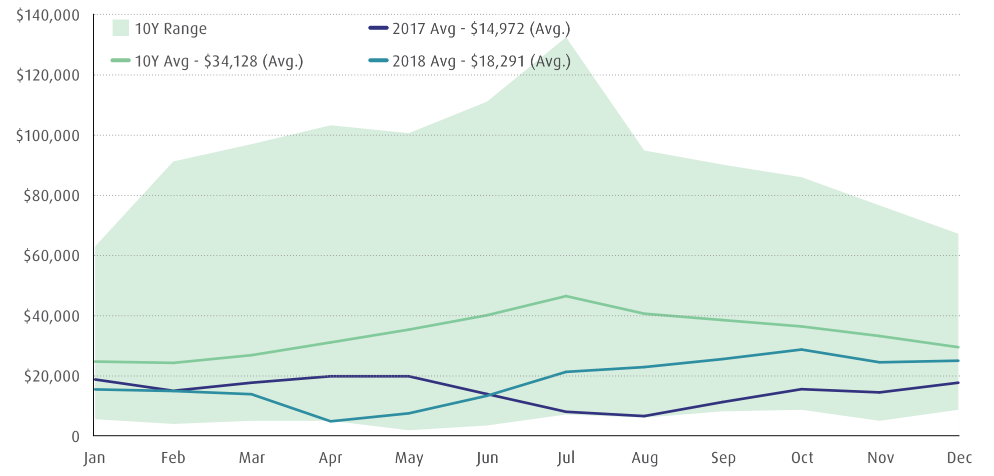
2018 in Six Graphs

VLGC spot rates in 2018 dampened in 1H 2018, and slightly recovered in 2H 2018. Overall, spot rate has increased YoY but is still below break-even levels.

1

Source: Clarksons

VLGC Spot Rates (US$ per day)

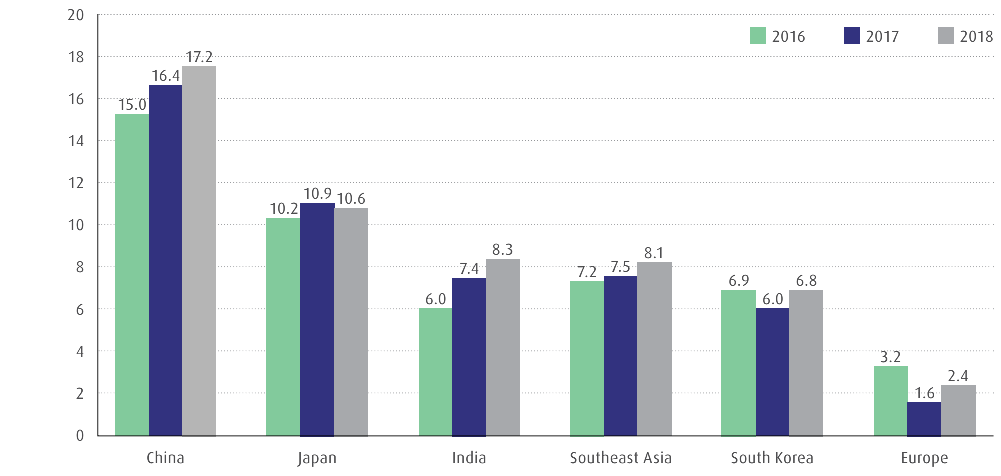


China (5% YoY) and India (12% YoY) continue to be the key drivers of LPG import markets.

4

Source: IHS Waterborne

VLGC LPG Imports By Importers (Million Metric Tons)

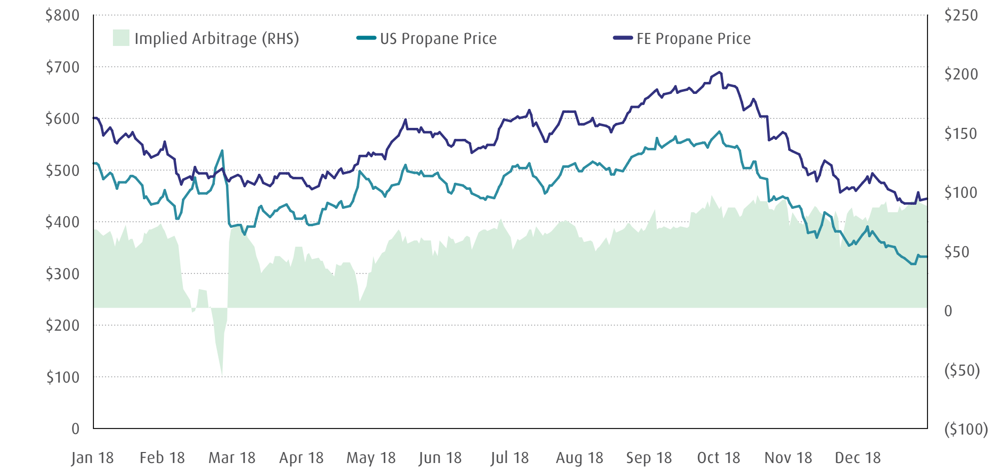


Propane price in 2018 dampened in Q4 2018. Average arbitrage from US to Asia settles at approximately US$60/ton for 2018.

2

Source: Argus

US and Far East Propane Price & Arbitrage via Panama Canal (US$ Per Ton)

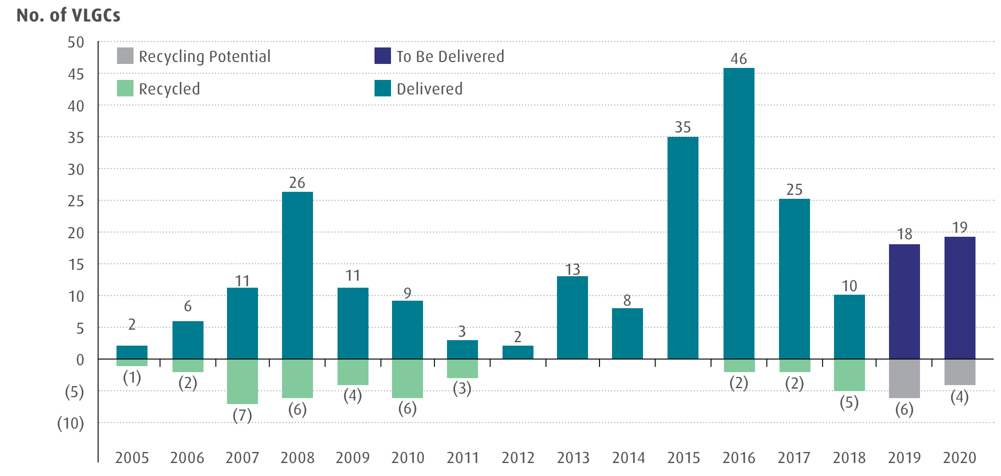


Total of 10 ships were delivered as of 31 December 2018. Orderbook stands at 37 with expected deliveries from 2019 to 2020.

5

Source: Clarksons, BW LPG Internal Analysis

VLGC Fleet Development 2005 - 2020

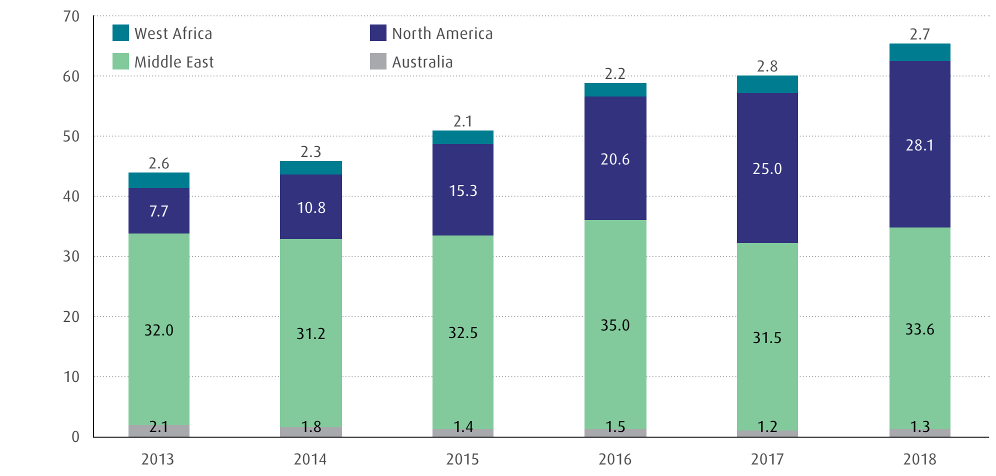


Middle East and North America exports continue to grow, with total US Seaborne VLGC trade increased by 12.4%.

3

Source: IHS Waterborne

VLGC LPG Exports By Exporters (Million Metric Tons)

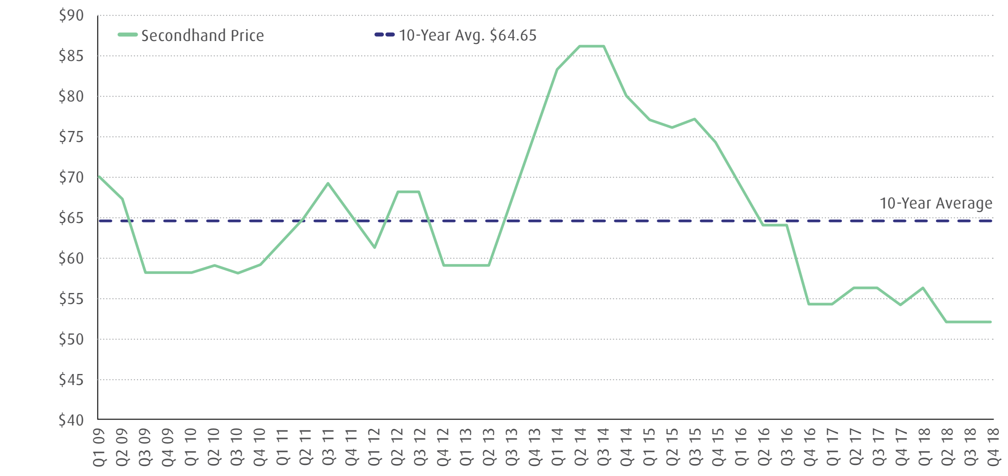


Secondhand prices stabilised at cyclical low levels since 2017.

6

Source: Clarksons

Secondhand price for 5-year old VLGCs (US$ million)



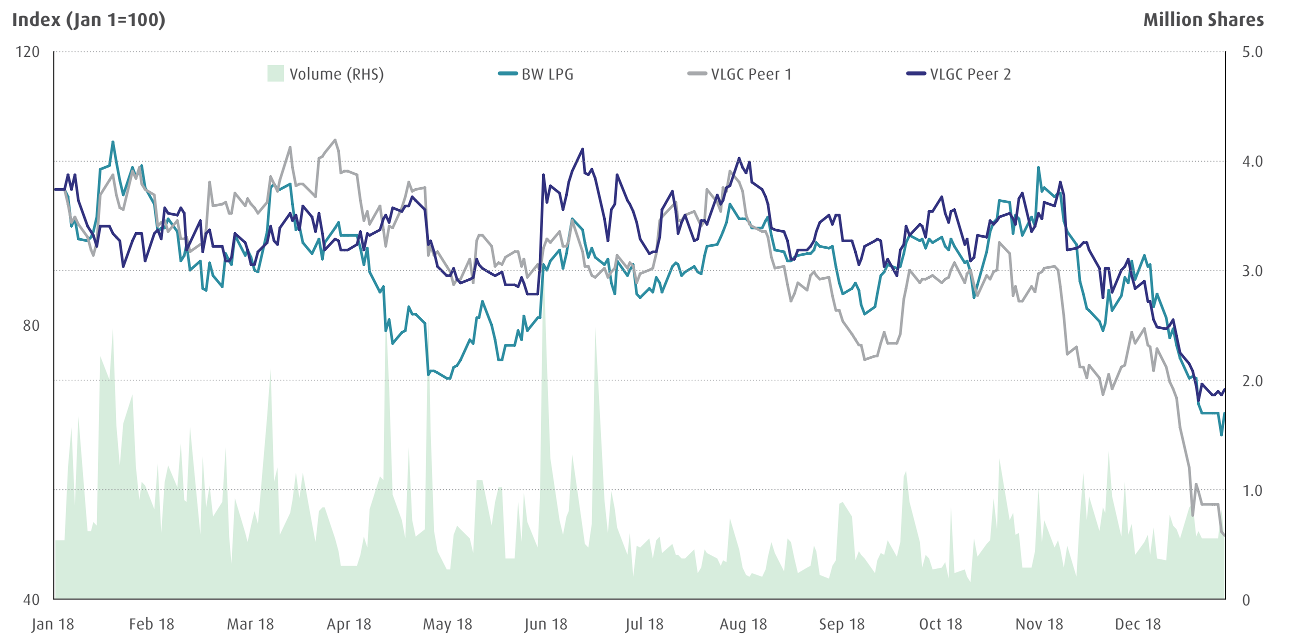
Share Performance

2018 Relative and Absolute Performance of Shares

Overview

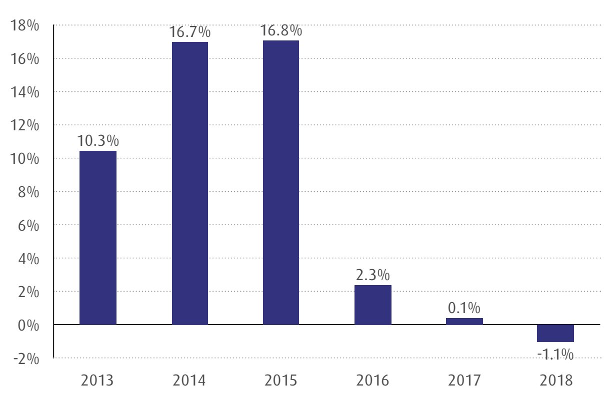
BW LPG share price started at NOK 38.64 and ended the year at NOK 26.09, down by 32.5% for the year. In March 2018, pursuant to the Company's share buy-back programme, a total of 2,122,000 shares was purchased at an average price of NOK 35.96 per share for an aggregate consideration of NOK 76.40 million. In April 2018 BW LPG shares traded down to NOK 28.02 due to weakness in the freight market with the Baltic VLGC benchmark index reaching its bottom at TCE rate of US$5,088/day for the year. At the end of May, BW LPG launched its proposal to combine with Dorian, and later in June, the share price recovered to NOK 36.99. In early July, BW LPG increased its offer to Dorian shareholders and share price stayed relatively stable until end of August. BW LPG withdrew its offer to Dorian in early October and share price remained stable before reaching a high in October at NOK 39.89. Due to deteriorating macro-economic outlook, the oil price and freight rate fell sharply from November and through December, causing a sell down in the stock market and sharp declines in the share price of BW LPG and its peers.

2018 Indexed BW LPG Share Price Performance Relative to Listed VLGC Peers

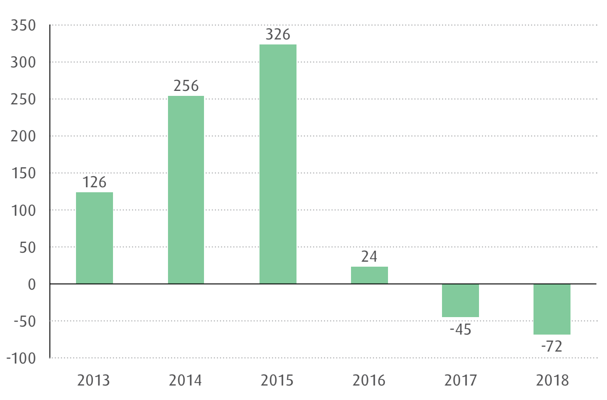


Note: Share price not adjusted for dividends, buybacks or share issuance.
Source: Bloomberg

Return On Capital Employed (%)

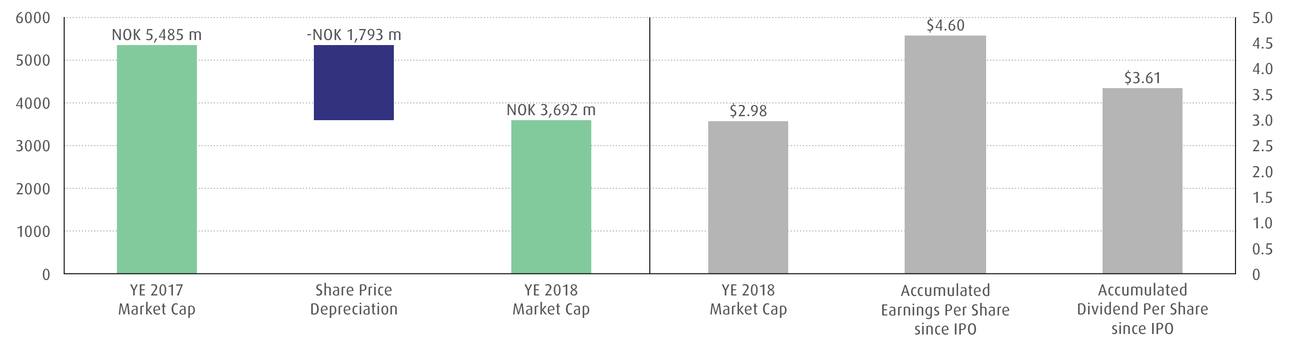


Net Profit After Tax (US$ million)



Source: BW LPG Analysis

2018 Total Shareholder Return (NOK Million) and Accumulated Earnings and Dividends (US$ per Share)



Source: Bloomberg, BW LPG Analysis

Dividends at Stated Policy of 50% of Profits

The Company remains committed to its dividend policy of 50% of profits. However, with the dampening freight market and loss incurred, the Board has recommended that no dividend be paid for 2018.

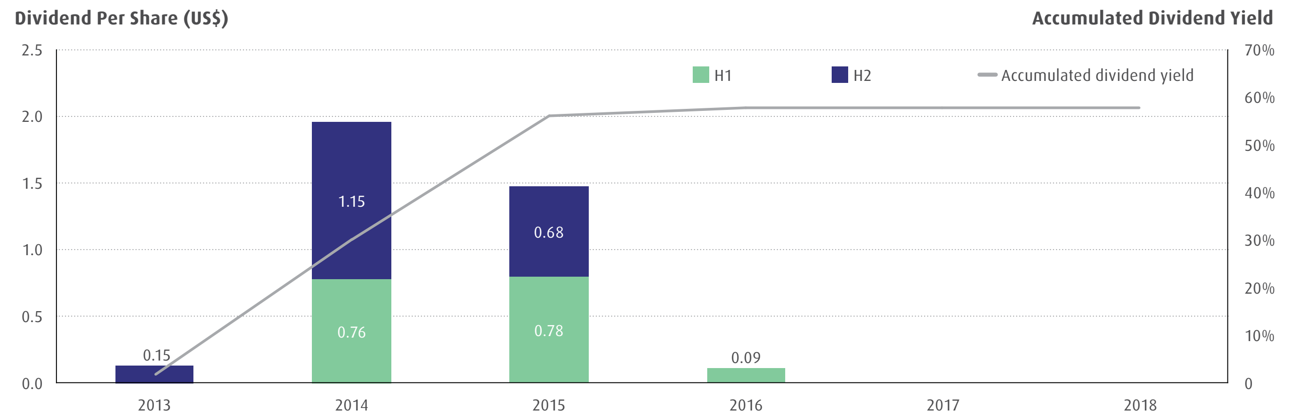
	Earnings per share (US$)	Dividend per share (US$)	Share Price at period End (US$)	Annualised Earnings Yield[1] (%)	Annualised Dividend Yield[2] (%)
Total	**$4.60**	**$3.61**	**-**	**-**	**-**
2H 2018	($0.26)	$0.00	$2.98	-17%	-
1H 2018	($0.25)	$0.00	$4.00	-13%	-
2H 2017	($0.31)	$0.00	$4.71	-13%	-
1H 2017	$0.02	$0.00	$3.47	1%	-
2H 2016	$0.14	$0.00	$4.20	7%	-
1H 2016	$0.04	$0.09	$3.79	2%	5%
2H 2015	$1.41	$0.68	$8.30	34%	16%
1H 2015	$1.03	$0.78	$8.54	24%	18%
2H 2014	$1.11	$1.15	$7.05	31%	33%
1H 2014	$0.76	$0.76	$14.67	10%	10%
2H 2013	$0.92	$0.15	$9.51	19%	3%

1 Annualised Earnings yield=((Earnings per share)×2)/(Share Price at Period End)
2 Annualised Dividend yield=((Dividends per share)×2)/(Share Price at Period End)

Accumulated Dividend Yield of 58%

Since listing in 2013, we have paid out dividends of NOK 27.15 (US$ 3.61) per share with an accumulated dividend yield of 58% on the IPO price of NOK 47 per share (US$ 7.72).

History of dividend payments since IPO



Source: BW LPG Analysis. Accumulated dividend yield calculated based on NOK

Share Performance

Investor Relations Policy

We always:

- Respect the principle of equal treatment of all market players to ensure fair pricing of BW LPG's shares
- Maintain an open and continuous dialogue with existing and potential shareholders, stakeholders and the public
- Aim for a high degree of openness and communicate information in compliance with the disclosure requirements of the Oslo Stock Exchange
- Communicate about our business performance and developments with all our investors and analysts via:
  1. Annual and quarterly reports and press releases
  2. Annual General Meetings, Investor & Analyst presentations and information sessions
  3. Industry seminars and events where industry participants and investors are represented
- Maintain a Primary Insider Register with any changes to primary insiders' shareholdings published on the Oslo Stock Exchange's internet news platform and on our website

Diverse Shareholder Base

BW LPG has a total of 3,940 shareholders at 31 December 2018. Of the total shareholders, the 20 largest shareholders (including the BW Group), held 80.3% of the shares outstanding.

Top 20 BW LPG Shareholders	Shares	% Ownership
BW Group	66,458,211[1]	46.82%
Columbia Management Investment Advisers	7,193,312	5.07%
Folketrygdfondet	7,022,818	4.95%
Capital Group	6,819,788	4.80%
KLP	3,486,686	2.46%
Handelsbanken Asset Management	3,127,066	2.20%
Dimensional Fund Advisors	2,819,593	1.99%
SIX SIS (Custodian)	2,132,069	1.50%
NFU Mutual	2,050,000	1.44%
BlackRock	1,615,375	1.14%
Nordea Asset Management	1,606,742	1.13%
Mr Peter C G Sundt	1,600,000	1.13%
Sissener Sirius	1,504,602	1.06%
Vanguard Group	1,172,413	0.83%
JP Morgan Securities (Custodian)	993,436	0.70%
DNB Asset Management	973,434	0.69%
Transpetrol Shipping Limited	926,990	0.65%
Stavern Helse Og Forvaltning AS	910,000	0.64%
Storebrand Asset Management	792,339	0.56%
CQS Asset Management	722,122	0.51%
Remaining shares	28,012,002	19.74%
Total	**141,938,998**	**100.00%**

Source: RD:IR Shareholder Analysis dated 1 Jan 2019

1 In aggregate BW Group Limited holds 66,774,611 shares. The balance of shares disclosed above, 66,458,211 is distributed among nominee accounts.

Sustainability Report

Driving Force For Change

Through this Report, BW LPG demonstrates commitment to keep our stakeholders informed about the economic, environmental and social impact from our business activities. It also details what we are doing to mitigate these impacts, to play our part in using our maritime expertise to serve society and to be a driving force for change.

> "Responsible operations and profitable growth are not conflicting goals - rather, they are preconditions for each other. Megatrends such as global warming impact our industry, and we cannot worry about it later."
>
> Martin Ackermann,
> BW LPG CEO

It is encouraging to see increasing awareness on sustainability and sustainable practices in our industry. We want to move beyond risk management and a reactive mindset, and towards identifying business opportunities in the area of sustainability. Being a sustainable company is to create value for society – continuing to remain committed in our efforts to make people's lives better, enable economies to grow, and protect the environment for future generations.

Berge Summit delivering clean and affordable energy to U.S. Virgin Islands.

Sustainability Report

MATERIALITY ASSESSMENT AND 2018 MATERIAL ISSUES

As a maritime energy transportation company specialising in the safe and efficient carriage of LPG, many topics BW LPG considers material are aligned with the United Nations Sustainable Development Goals (UN SDGs). These topics can reasonably be considered important for reflecting BW LPG's economic, environmental, and social impacts, or influencing the decisions of stakeholders. In 2017, BW LPG structured its Sustainability Report loosely along the principles provided by the Global Reporting Initiative (GRI). A material assessment was conducted and seven topics of materiality were highlighted, which were aligned with seven UN SDGs.

Materiality is a critical input into this Sustainability Report as it ensures we provide our stakeholders with the sustainability information most relevant to them and our business. Material topics are those that can reasonably be considered important for reflecting BW LPG's economic, environmental, and social impacts, or influencing the decisions of stakeholders. Materiality can also be determined by international standards and agreements, broader societal expectations, and by our influence on upstream entities, such as suppliers, or downstream entities, such as customers. The following are the topics of materiality that BW LPG has prioritised for inclusion in the 2018 Sustainability Report, using the materiality principle. The materiality principle identifies material topics based on the following two dimensions, i) the significance of BW LPG's economic, environmental, and social impacts; and ii) their substantive influence on the assessments and decisions of our stakeholders.

3 Good Health and Well-Being	5 Gender Equality	7 Affordable and Clean Energy
Ensure continued company-wide emphasis to deliver great solutions to our customers with **Zero Harm**, and continued guarding against **piracy**.	Foster **workforce diversity**, including at leadership levels.	Increase our advocacy of **LPG** as an affordable and clean energy.
8 Decent Work and Economic Growth / 9 Industry, Innovation and Infrastructure	**13 Climate Action**	**16 Peace, Justice and Strong Institutions**
With business decisions, we help push efforts to build better infrastructure and promote inclusive and sustainable industrialisation.	Through innovation such as **dual-fuel propulsion engines**, we ensure that we play our part in reducing our environmental footprint.	We highlight renewed efforts at stamping out **bribery** in the industry, through company-wide initiatives, and through participation in industry bodies.

This year, the Report provides updates on our commitment towards seven UNSDGs. We continue to improve on gender representation especially in leadership roles. We organised a Zero Harm art competition to involve family members in the discussion of safety onboard and on shore. On the important matter of governance, we show our strong support towards the industry's effort to stamp out bribery, especially facilitation payments. The crew onboard BW Frigg demonstrated how training and good teamwork can be a strong tool against piracy. Our emphasis on LPG as an affordable and clean energy is renewed with our CEO Martin Ackermann assuming a board membership at the World LPG Association.

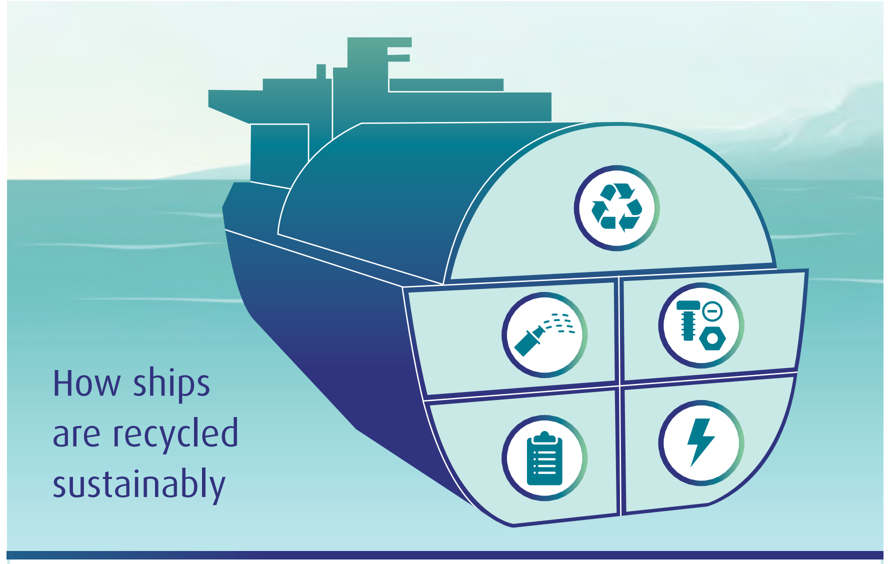
8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Economic Enhancement

FROM STEEL TO STEEL: DRIVING CHANGE IN THE SHIP RECYCLING INDUSTRY IN INDIA

How can BW LPG as a company create value for society – making people's lives better, enabling economies to grow, and protecting the environment for future generations? Is it an oxymoron to seek ways to create value for society in the very area where there is so much controversy, particularly for its negative impact on society and the environment? BW LPG aims to be a driving force for change – focusing on the positive impact shipping companies can have on local communities who rely on ship recycling for decent work and economic growth, by doing it in a safe and responsible manner and playing a part to improve industry, innovation and infrastructure in developing countries.

Shipping is a global industry and it is only with international legislation can we enforce a standard approach to responsible ship recycling. In the absence of such global legislation, companies must step up. The ship recycling industry is in a period of transition with an increasing number of yards being certified in line with the Hong Kong Convention. In anticipation of ratification of the Hong Kong Convention, dozens of shipyards in Alang and other locations in South East Asia and Turkey have invested heavily and already reached a level that guarantees Hong Kong Convention standards to ensure ships are recycled sustainably.



Hazardous materials
- Provide Inventory of Hazardous Materials and Waste Certificate (IHM)
- Remove insulation and asbestos

Preparation
- Pre-cleaning of ship

Loose items
- Remove loose items and all hydro carbon

Electrical equipment
- Disassemble and sort electrical components

Steel
- Separate removal of steel for re-use

The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships was adopted at a diplomatic conference in 2009. The Convention requires facilities to recycle vessels in a responsible manner that do not pose unnecessary risks to human health, safety and the environment, by providing guidelines on the safe handling of environmentally hazardous substances, as well as mandating a minimal standard of working and environmental conditions at recycling yards with appropriate enforcement mechanism such as certification and reporting requirements.

Sustainability Report

Calculated Move

Ship recycling is a fundamental part of the shipping value chain. Newbuildings are delivered from yards, and chartered and traded as vessels. At the end of their commercially-viable life, they are sold to be recycled, where steel and useful parts of the vessels are dismantled and reused. The danger is that vessels are recycled in places which offer the highest prices for steel, and higher prices are offered at the expense of operating standards. What happens then is a persistent lack of progress in health and safety standards in developing countries where communities can truly benefit from responsible recycling.

Rather than to exclude facilities based on their geographical location, the only way to ensure health and safety of workers is to impose global legislation. This global legislation will stimulate all countries and individual shipbreaking yards to raise their standards and make substantial progress in the areas of safe and environmentally-friendly ship recycling. If we abandon ship recycling breaking yards where the communities rely heavily on recycling, the international community does not help those yards to improve and prosper. By working with yards in Alang, we can make a direct impact on working conditions, and change the industry for the better.

Recycling BW Havis

The 1992-built LPG Carrier BW Havis was recycled in 2018. BW LPG identified the Hari Krishna Steel Corporation facility in Bhavnagar, Gujarat, India for this recycling. The yard was fully inspected and certified by an International Class Society that it met the requirements of the Hong Kong Convention. BW LPG provided an inventory of all hazardous materials and waste (Green Passport), certified by DNVGL, to the yard to facilitate the safe handling, separation, transportation and storage with no harm to the work force and minimal contact with the sea or unprotected soil. A comprehensive recycling plan was prepared and provided to the yard to ensure strict compliance with BW LPG's policy. An observer and company supervisor from BW LPG remained on site and provided daily reports on progress, compliance and that the recycling plan was being applied. The recycling of BW Havis was successfully completed after a year at the yard.

BW LPG cannot solve a global, industry-wide challenge on its own. By being transparent in our approach towards responsible ship recycling, legally requiring that yards work with our representatives on the ground to raise and meet our work standards, we hope to be a catalyst and change sentiment towards recycling in South Asia. Responsible ship recycling in full compliance with global standards of health and safety is possible, and it starts with us choosing to work with yards to implement real changes to conditions on the ground.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

A COMMITMENT TO STAMP OUT BRIBERY IN THE INDUSTRY: A RENEWED FOCUS ON OUR STAND ON BRIBERY

At BW LPG, we are committed to combatting bribery and corruption. In our quest to become the world's leading provider of maritime energy transportation services, we strive to deliver superior financial results and adhere to safe operating standards, while upholding strong ethical principles.

The Situation

Bribery is a global concern, with the International Monetary Fund estimating that bribery tainted approximately US$2 trillion of transactions globally in 2017, accounting for roughly 2% of the world's Gross Domestic Product.

Beyond incurring a higher production cost of goods and services, bribery and corruption have negative impacts on the shipping industry. They create uncertainties in operations and place the safety of the crew at risk.

The BW LPG Solution

Policy Guidelines

BW LPG has established an anti-bribery policy that guides our interactions with stakeholders at all levels of the organisation.

- Comply with applicable laws relating to anti-bribery and corruption in the jurisdictions in which we operate, with respect to the UK Bribery Act, 2010.
- Support any employee who passes up an opportunity or advantage that would compromise our standards.
- Ensure that our reputation for ethical behaviour and fair dealing with suppliers, customers, members of the industry and other stakeholders is maintained.
- Expect all employees to conduct themselves with high standards of integrity.
- Prohibit the giving or receiving of any gift, cash, entertainment or hospitality where the intention is to influence a business decision.
- Prohibit unofficial payments or gifts made to facilitate routine government action (facilitation payments) where there is an intention to influence a public official in the performance of his/her official function and gain an advantage in the conduct of business.
- Prohibit employees from asking for or suggesting any gifts and/or entertainment of any kind or amount from suppliers or any other person.

Sustainability Report

Anti-Bribery Initiatives

BW LPG expects all employees to conduct themselves with the highest standards of integrity and uphold our stance on bribery and corruption. Employees are responsible for reporting infringements of any applicable laws in the jurisdictions in which the Company operates, particularly with respect to the UK Bribery Act, 2010.

Our ongoing anti-bribery initiatives include:

- Providing training and guidance to employees on BW LPG's anti-bribery policy;
- Requiring staff to report and record all gifts and entertainment received;
- Supporting any employee who uses our Whistleblowing policy to report any instances of bribery and corruption; and
- An anti-bribery poster that was distributed to all BW vessels and offices to raise awareness.

A Member of the Maritime Anti-Corruption Network (MACN)

BW LPG is a member of MACN, a global business network that works towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. Apart from promoting good corporate practices in the maritime industry for tackling bribes, facilitation payments and other forms of corruption, MACN collaborates with key stakeholders, ranging from governments to international organisations, to identify and mitigate the root causes of corruption within the industry.

The Impact

As a responsible employer, our anti-bribery guidelines and initiatives ensure a supportive environment for our people to carry out their duties with integrity and purpose.

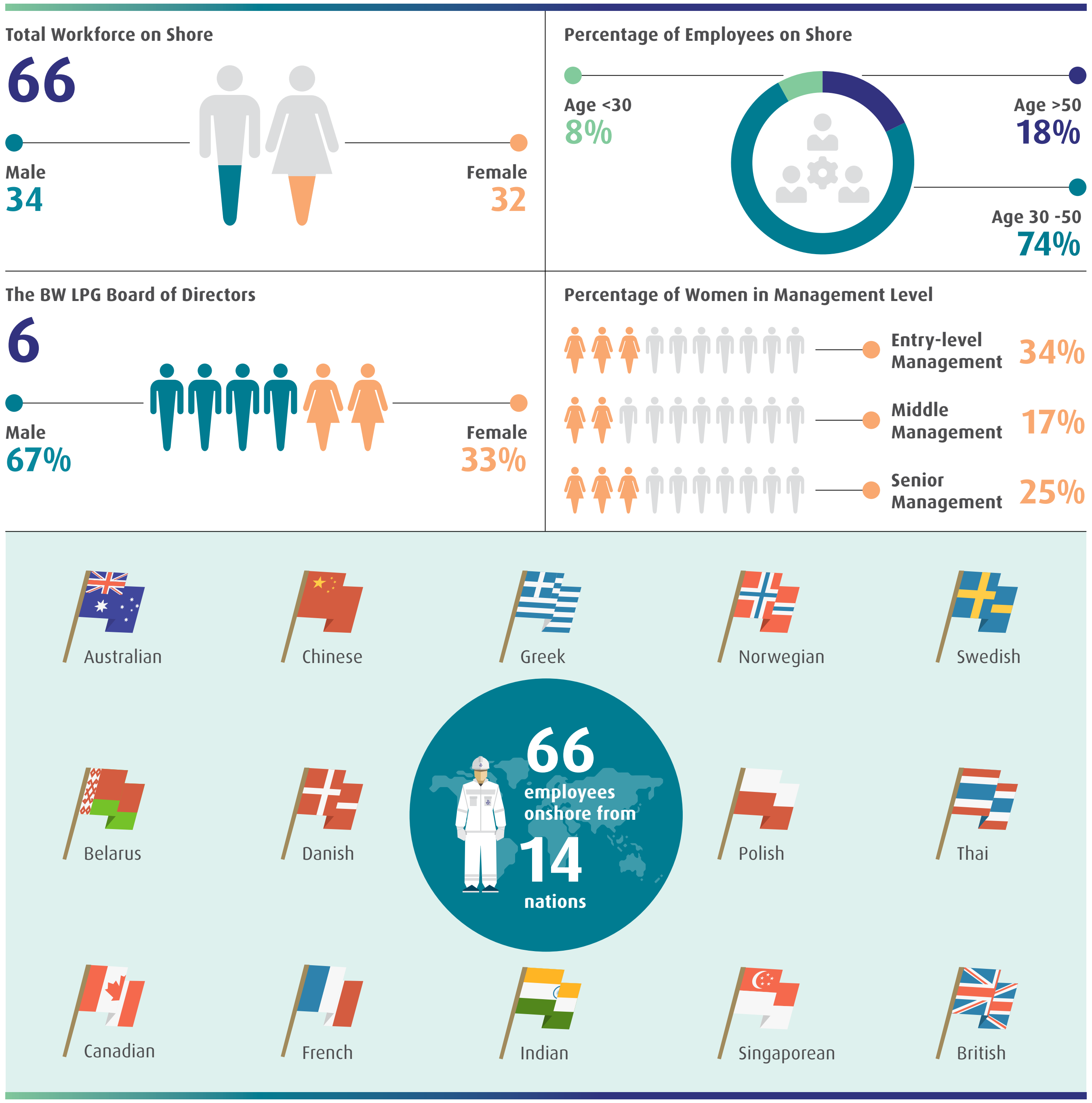
At the same time our membership in MACN allows us to be part of a global business network for collective impact against bribery and corruption. Comprising over 90 companies across the maritime industry, MACN's members represent a significant percentage of the total global tonnage and play a key role in ocean transport. Since its inception, MACN, in partnership with important stakeholders, has attained good success in tackling corruption. MACN's country-specific initiatives have produced tangible outcomes, including the removal of trade barriers, enhanced governance frameworks and substantially lower levels of corruption in maritime trade.

5 GENDER EQUALITY | 10 REDUCED INEQUALITIES

Crew and Colleagues

A TRULY DIVERSE WORKFORCE

Inclusion and diversity are core pillars of business growth and central to our company's identity. We can better understand and meet customer needs, create a workplace environment where employees can perform to their fullest potential, which ultimately drives better financial performance. In 2018, approximately 48% of our onshore employees were women. We saw an increase in the number of women in senior leadership positions, and an increase in cultural diversity. We remain committed to fostering, cultivating and preserving a culture of inclusion and diversity.



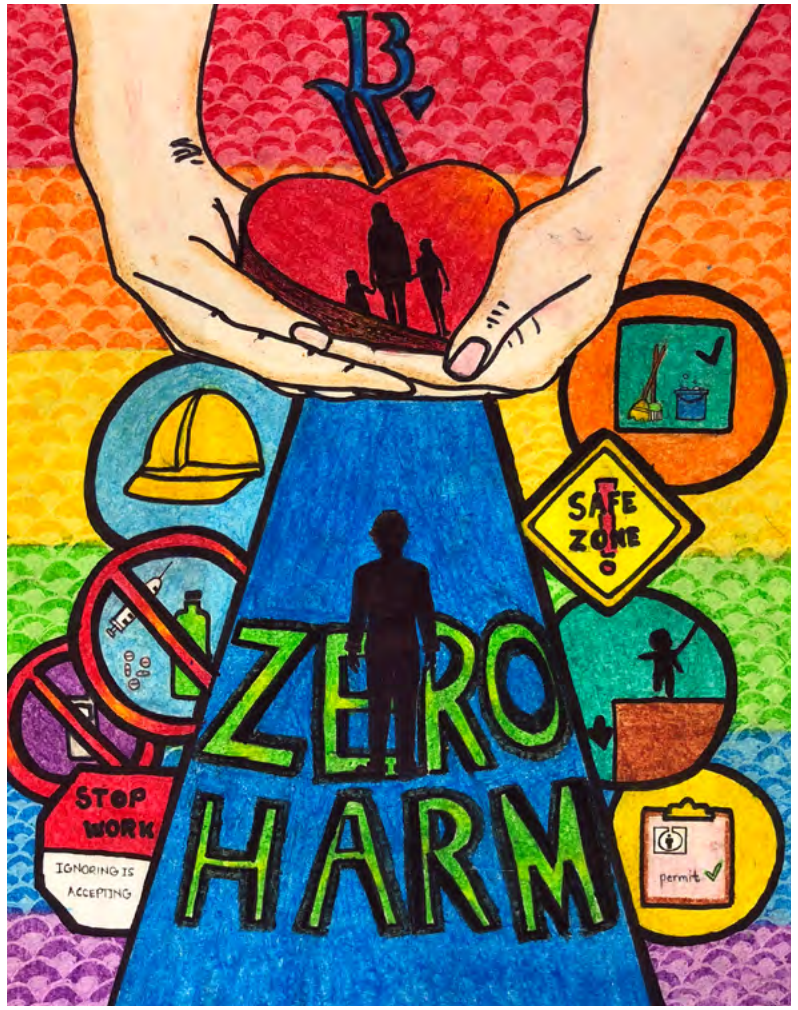
Sustainability Report

PUTTING FAMILY FIRST: INTERPRETING ZERO HARM

Zero Harm has been BW LPG's vision for many years, and the goal of ensuring that safety of all employees remains at the forefront of all our shipping operations continues to remain a priority. A dedicated team within BW LPG implements regular initiatives to enforce a strong safety culture in a growing family of seafarers and shore based staff, so that we deliver great solutions to our customers with Zero Harm. It was with deep sadness that we lost a seafarer overboard on a BW vessel in December. Investigations are ongoing.

Recognising that it is a journey, many initiatives have been implemented in recent years to support our ambition. Beyond "Zero Harm" as a corporate vision, what does it mean for employees? As individuals and as teams, we commit to taking personal responsibility for safety, communicate safety concerns, and actively share best practices and learn from nearmiss incidents.

To drive home the importance of Zero Harm for BW as a company and for each of us as individuals, BW organised a Zero Harm Art Competition. This competition was open to children and siblings of employees, aged 15 years and below.



ENSURING SAFETY: BW FRIGG ESCAPES PIRATE ATTEMPT

BW Frigg was bunkering off Pointe-Noire in the Republic of Congo on October 29, 2018 when it was approached by an unidentified offshore support (OSV) vessel. An alert bridge officer detected the vessel and activated the emergency alarm. Bunkering ceased immediately. Pirates shot at the vessel and tried to board the vessel from the bunker barge.

Following safety guidelines, the Master on board ordered crew to head to the citadel for cover, deployed officers to release the mooring lines, navigated the vessel away from the barge, and began steaming out to sea at full speed. All crew were safe and accounted for, and thereafter resumed their voyage to Angola for loading. The crew were recognised for their bravery in deterring the pirate attack, and were presented with awards by Pontus Berg, BW LPG EVP (Technical and Operations), and Carl Schou, Wilhelmsen Ship Management President and CEO. During a visit on board, Pontus Berg said to crew, "What you did out there shows excellent seamanship".

BW LPG condemns any acts of piracy, for the impact it has on our crew's family and loved ones. BW LPG has measures in place to deter attacks and safeguard the well-being of all on board. BW LPG's fleet security team follows a set of rigorous operational procedures, relies on several intelligence resources to evaluate the risk of sea routes, and provides guidance on the most strategic route of travel.

All vessels transiting high-security areas follow a set of regularly updated guidelines which respect various reporting requirements as defined by the UK Maritime Trade Organisations, the Maritime Security Centre (Horn of Africa), various national authorities, flag states and charterers. Anti-piracy gear, such as razor wire and water hoses, are fitted on board vessels to deter hostile boarding. We were also one of the first ship operators to implement the International Ship and Port Facility Security (ISPS) code, which contains rules and requirements for carriers and terminals to significantly improve vessel and port security against international terrorism. Individual companies such as BW LPG cannot solve the problem of piracy by ourselves. The IMO has taken a leadership role in coordinating efforts to alleviate the problem from the maritime perspective.

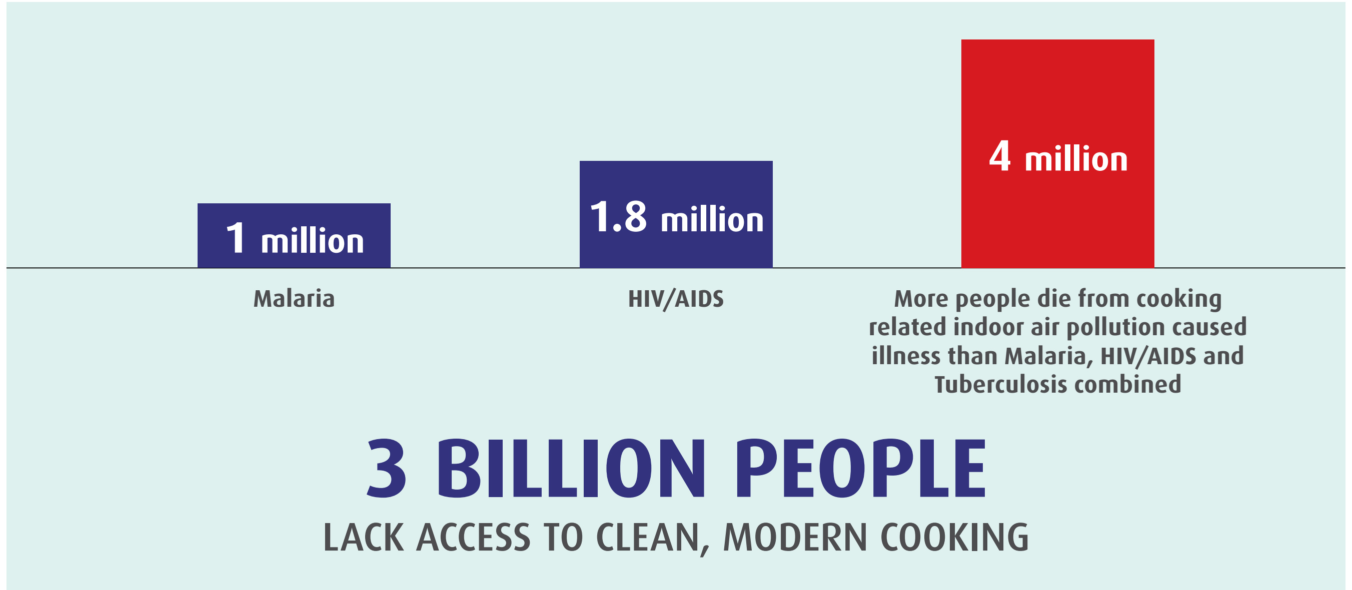
Sustainability Report

Environment Responsibility

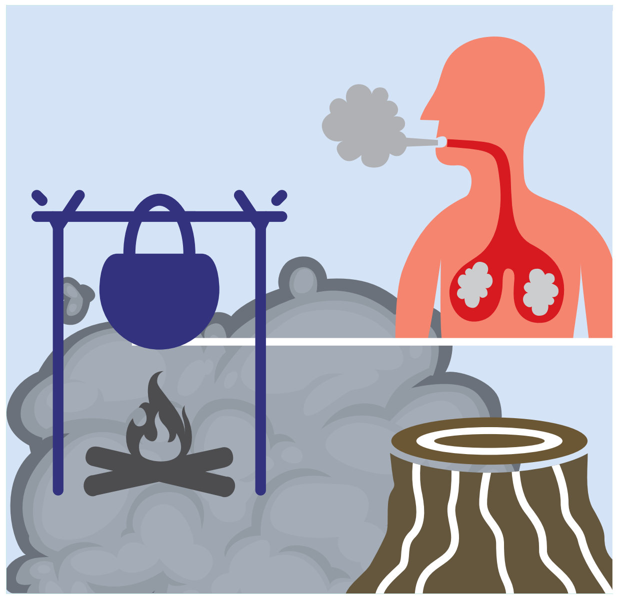
CLEAN AND AFFORDABLE ENERGY FOR COMMUNITIES

At BW LPG, we deliver clean energy for a sustainable world. As the world's leading owner and operator of LPG carriers with four decades of operating experience, we champion competitive, sustainable solutions to secure enduring value for our society and stakeholders. One admirable campaign that BW LPG supports is the World LPG Association's (WLPGA) Cooking for Life campaign. The WLPGA promotes the use of LPG worldwide to foster a safer, cleaner, healthier and more prosperous world. It brings together over 250 private and public companies operating in more than 125 countries.

Deaths per year



Traditional Cooking Method



Cooking with LPG Gas

The Cooking for Life campaign facilitates the transition of one billion people from cooking with traditional fuels, as well as other dirty and dangerous fuels, to cleaner-burning LPG by 2030. As the leading carrier of LPG, we believe in this campaign and are proud to support this cause, with donations for every employee who completes a marathon organised by Standard Chartered Bank in Singapore. It is hoped that this will inspire a healthy lifestyle among BW LPG employees. From our inaugural participation in 2016, BW LPG has continued to send a team of employees every year ever since.

In 2018, we are proud to increase our association with World LPG Association (WLPGA), with BW LPG CEO Martin Ackermann accepting a position on its Board. For BW LPG, the WLPGA is the voice of the LPG industry. The WLPGA serves to promote, inform and educate the benefits of LPG across both industrialised and developing countries as well as about the importance of LPG as a feedstock for every-day appliances, construction materials etc. Within the association, members work on new and innovative uses for LPG – such as LPG as a clean marine fuel or LPG for smaller and medium sized power projects.

WLPGA

Our History

More than 80 years in maritime energy

In 1955, Sir Yue-Kong (Y.K) Pao bought his first vessel, a 27-year-old coal-burning freighter renamed the Golden Alpha, and founded World-Wide Shipping. In 2003, World-Wide Shipping acquired Bergesen, Norway's largest shipping company founded in 1935, and in 2005, the business was re-branded as BW. The LPG segment of the BW business was listed in 2013. Today, BW LPG owns and operates the world's largest fleet of LPG vessels and continues to deliver growth and value to society and stakeholders.

1935
Founded by Sigval Bergesen

1955
Founded by Y.K. Pao

1967
Entry into the dry bulk market

1969
Launch of first VLCC World Chief

1970s
Entry into LNG market

1978
Entry into the LPG market

1979
Became the largest independent ship owner with 200 vessels

1986
Listed on the Oslo Stock Exchange

1999
Acquired N&T Argonaut

2003
Acquired and de-listed Bergesen

2005
A common identity with Bergesen Worldwide Gas ASA

2006
Listing of BW Offshore

BW Gas listed as a pure gas carrier company

Acquired Yara's gas fleet

2007
Acquired APL

2008
Leading owner in the LPG, LNG, VLCC, Product Tanker and Offshore segments

2009
BW Gas privatised

2012
Sold APL and acquired Prosafe Production

BW LPG

2013
Listing of BW LPG

Acquired Maersk Tankers' VLGC fleet

2014
Took delivery of one newbuilding from HHI

2015
Took delivery of five newbuildings from HHI

2016
Acquired Aurora LPG

Took delivery of four newbuildings from HHI & DSME

2017
Entry into India LPG Market

Took delivery of one newbuilding from DSME

2018
Announces world's first retrofitting of LPG-propelled dual-fuel engines

Global Leader in Maritime LPG

We are the global leader in maritime LPG. Our key strengths differentiate us from others and enable us to operate across the value chain.

Total Assets
US$2.3 billion

Presence in
10 Countries

Total Number Of Employees (fleet & shore)
1,798

Vessels
50

- **43 VLGCs**
  Owned & Operated
- **3 LGCs**
  Owned
- **2 VLGCs**
  Owned & Operated by a Joint Venture (Group's interest of 50%)
- **2 VLGCs**
  Newbuilds

Operations Overview

24/7 Global Coverage

Providing 24/7 commercial and operational support to our customers

Operations

Experienced operations team with a track record of optimising the fleet performance

Technical Management

Keeping our ship management activities to industry standards

Crewing

Majority of the crew on board our vessels are recruited and developed through our in-house manning and training departments

Global Presence

We operate globally with offices in ten countries and our vessels are able to conduct operations in major ports across the world.

BW LPG Office
BW Group Office

BW LPG Values

Our leadership sets the strategic vision for the Company. The framework below captures the key pillars of our strategy and is designed to optimise shareholder returns, build customer satisfaction, and sustain our position as the global leader in maritime LPG solutions. In 2017, BW LPG introduced a refreshed Vision, Mission and Values (VMV). The refreshed VMV guides our long-term success, ensuring that BW LPG stays true to our heritage, and remains a company driven by strong and sound values.

Our Vision

Best on Water

We want to be the most respected ship owner and ship operator in the world. We want to set the standards that our customers desire and our competitors want to copy.

Our Mission

We Act for the Future

We want to be our customers' first choice in every transaction.
We never compromise on Zero Harm. We strive to time our investments wisely. We operate more efficiently than our competitors. We serve global society by facilitating trade responsibly. We connect cultures, economies and people.

Our Values

CARE - **C**ollaborative, **A**mbitious, **R**eliable and **E**nduring

We engage our customers and colleagues positively and constructively to find solutions together.
We are open and transparent in everything we do. We recognise that to be our customers' first choice, we must set the bar high. We challenge our own performance and goals, as individuals and as teams. We deliver on our promises to customers and colleagues. We recognise that accountability and reliability are essential for efficiency and success.
We serve our customers with a long-term perspective.

The Board of Directors' Report

Financial Performance
Our operating revenue was US$522 million in FY 2018 vs US$492 million in FY 2017 with differential mainly driven by an increasing freight market, despite a decrease in fleet size of 7.5%. Our TCE income decreased to US$301 million in 2018 from US$335 million in 2017 mainly due to the decrease in fleet size and the expiration of high yielding contracts, with an average daily rate of US$33,900, in 2017. The impact to BW LPG's fleet daily TCE was nominal as we generated TCE earnings of US$18,400 per day in 2018 vs US$18,600 per day in 2017. This affirms our active strategy to reduce our contract coverage in line with an increasing freight market throughout the year where the average Baltic 2018 increased to US$34.5 per mt from an average Baltic 2017 of US$27.8 per mt.

Charter hire expenses decreased to US$67 million in FY 2018 (US$69 million in FY 2017) due to overall lower hire rates for charter-in vessels. Other operating expenses decreased to US$133 million in FY 2018 (US$147 million in FY 2017) mainly due to an overall smaller fleet.

BW LPG recognised an impairment charge of US$34 million on its vessels in FY 2018 due to a decline in asset values from a slower than expected recovery of the market. BW LPG reported a loss after tax of US$72 million in FY 2018 (loss after tax of US$45 million in FY 2017).

Parent Company Accounts
Vessels and related assets, as well as external debt financing, are held in subsidiary companies within BW LPG. The investment holding company's balance sheet includes primarily receivables from subsidiaries as well as shareholders' equity, trade payables and accrued expenses. Total assets are US$989 million, shareholders' equity is US$989 million, and total liabilities are US$0.2 million. Income of US$8 million is solely from dividends from our subsidiary and expenses of US$5 million, which consists of overhead and other costs related to the operations of the investment holding company as a listed entity.

Anders Onarheim | Andreas Beroutsos | Anne Grethe Dalane | Andreas Sohmen-Pao | Martha Kold Bakkevig | John Barrie Harrison

Safety
Safety is top priority at BW LPG and the Board is conscious that safety performance is a continuous process. BW LPG has active programmes in place with a focus on 'Zero Harm' for all employees, vessels and cargo. In 2018, our LTIF (Lost Time Injury Frequency per million working hours) rate was 0.65 and our TRCF (Total Recordable Case Frequency) in 2018 stands at a rate of 1.43 compared to our baseline target of 1.50.

Corporate Governance
The Board of Directors has adopted a corporate governance policy reflective of BW LPG's commitment to good governance and taking into account standards of Corporate Governance in the Norwegian Code of Practice for Corporate Governance (the Code). Deviations from the Code are addressed in the corporate governance section of this Annual Report. The Board held five meetings in 2018.

Risk
BW LPG is exposed to various market, operational, and financial risks. The most significant risks are set out in the IPO (Initial Public Offering) prospectus issued in November 2013. That document and other information on risks are available on the Company's website at www.bwlpg.com.

BW LPG employs an enterprise-wide risk assessment process to analyse and evaluate risk exposures and to allocate appropriate resources to risk mitigation activities. BW LPG's risk mitigation activities take into account the unpredictability of shipping and financial markets. BW LPG's main risks relate to the inherently cyclical nature of the shipping industry and the consequent inherent volatility of financial performance; the potential for oversupply of shipping capacity to negatively impact freight rates and asset values; and the dependence on continued export volumes of relevant hydrocarbons to maintain demand for shipping.

The freight rates remained at low levels through 2018 due to continued vessel overcapacity. In the third quarter of 2018, VLGC charter rates increased above our break-even levels, indicating that the vessel market was closer to a market balance. However, rates fell again in the fourth quarter of 2018 exacerbated by the global fall in oil prices and very cold temperatures particularly in the US.

U.S. LPG production and exports continued to grow strongly in 2018, and according to the EIA Short Energy Outlook from December 2018, total LPG exports (including exports over land) grew 15% in 2018 and is expected to grow a further 23% in 2019. Sustained U.S. LPG production growth and no further newbuild orders are key to reopening global price spreads and lead to a rebound in freight levels.

Newbuild ordering continued in 2018 with 16 new VLGC orders placed. 10 newbuilds were delivered in 2018, and five VLGCs were sent to recycling. In 2019 we expect 18 newbuild deliveries and in 2020, we expect 19 newbuild deliveries.

Significant Events After 31 December 2018
One LGC was recycled in January 2019.

On 25 February 2019, BW LPG established a Product Services Division to support its core shipping business, with the objective to improve fleet utilisation and better returns for shareholders.

Going Concern
In light of BW LPG's liquidity position, balance sheet strength, assets, employment, and continuing cash flow from operations, the Board confirms that the going concern assumption, upon which BW LPG's accounts are prepared, continues to apply.

Board of Directors

Andreas Sohmen-Pao

Andreas Sohmen-Pao has been Chairman of the Board of BW LPG Limited since 1 September 2013.

Mr Sohmen-Pao is currently Chairman of BW Group, BW Offshore, Hafnia and Singapore Maritime Foundation. He is also a non-executive director of Singapore National Parks Board, Singapore Symphony Orchestra, and a trustee of the Lloyd's Register Foundation.

Mr Sohmen-Pao was previously Chief Executive Officer of BW Group. He has also served as a non-executive director of The Hongkong and Shanghai Banking Corporation Ltd, The London P&I Club, The Esplanade Co Ltd, Sport Singapore and the Maritime and Port Authority of Singapore amongst others.

Mr Sohmen-Pao graduated from Oxford University in England with an honours degree in Oriental Studies. He also holds an MBA from Harvard Business School.

Mr Sohmen-Pao has attended 5 of 5 board meetings in 2018.

Born: **1971**

John Barrie Harrison

John Barrie Harrison is an independent non-executive director of BW Group and Vice Chairman of BW LPG Limited since 2013.

He is also an independent non-executive director of AIA Group Limited, Cathay Pacific Airways Limited and Grosvenor Asia Pacific Limited and Chair of AIA Group Limited's and Grosvenor Asia Pacific Limited's audit committees.

Formerly, Mr Harrison served as an independent non-executive director of Hong Kong Exchanges and Clearing Limited, The London Metal Exchange Limited, and LME Clear Limited. Mr Harrison was previously Deputy Chairman of KPMG International, Chairman of KPMG Asia Pacific and Chairman and CEO of KPMG China and Hong Kong. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants.

Mr Harrison was educated at Durham University in England, from which he graduated in 1977 with a Degree in Mathematics.

Mr Harrison has attended 4 of 5 board meetings in 2018.

Born: **1956**

Andreas Beroutsos

Andreas Beroutsos has served on the BW LPG Board since 21 November 2013.

He is a Partner, Private Equity, at HRS Management LLC. Between 2007 and 2017, he also served as the Executive Vice-President, Private Equity & Infrastructure, for la Caisse de depot et placement du Quebec, and as a Partner & Senior Managing Director at Eton Park Capital Management, where he led private investments.

Mr Beroutsos spent the first 17 years of his career at McKinsey & Co. in New York, where he was a Director and Senior Partner, serving as Head of the Global Private Equity practice and senior leader of the Financial Institutions Group. In 2013, Mr Beroutsos served on the General Council (Board of Directors) of the Hellenic Financial Stability Fund in Greece, as an independent member.

Mr Beroutsos holds BA and MBA degrees from Harvard University, both with high honours.

Mr Beroutous has attended 5 of 5 board meetings in 2018.

Born: **1965**

Anders Onarheim

Anders Onarheim has served on the BW LPG Board since 21 November 2013.

His extensive knowledge in management, business development and capital markets was acquired when he was Managing Director in companies within Carnegie Group for over 16 years.

Prior to Carnegie, Mr Onarheim served as the Head of Equities of Enskilda Securities Norway from 1994 to 1996. From 1990 to 1994, he served as an Executive Director in the Investment Banking division of Goldman Sachs in the UK. From 1986 to 1990, he was Vice President for institutional sales in Merrill Lynch in the US and the UK. Mr Onarheim has held numerous board memberships within different industries, and is currently Chairman of North Energy ASA, vice chairman of Reach Subsea ASA and board member of DHT Holdings, Inc.

He holds an MBA from the Washington University in St. Louis, where he graduated in 1986.

Mr Onarheim has attended 4 of 5 board meetings in 2018.

Born: **1959**

Anne Grethe Dalane

Anne Grethe Dalane has served on the BW LPG Board since 21 November 2013.

She has been with Yara since 2003. Prior to this, Ms Dalane has held various senior management positions at Norsk Hydro in the areas of Human Resources, Corporate Strategy and Finance.

Her board experience includes Hafslund, EDB Business Partners, Prosafe and Petroleum Geo Services. Ms Dalane is a certified financial analyst and holds an MBA from Norwegian School of Economics.

Ms Dalane has attended 5 of 5 board meetings in 2018.

Born: **1960**

Martha Kold Bakkevig

Martha Kold Bakkevig has served on the BW LPG Board from 15 August 2017.

Ms Bakkevig currently serves as the CEO of Steinsvik Group and spent prior to that 10 years as Chief Executive Officer of DeepWell, an oil service company operating in the North Sea. Her term ended in 2016.

Ms Bakkevig has extensive experience in management, strategy and business development, and a broad academic background with a doctor's degree in both technical and business strategical subjects. She holds a Master's degree and PhD from the Norwegian University of Science and Technology (NTNU) and a Doctorate in Economics from BI Norwegian Business School.

She is also non-executive director of public listed company Kongsberg Group.

Ms Bakkevig has attended 5 of 5 board meetings in 2018.

Born: **1962**

Management Team

Martin Ackermann

Chief Executive Officer

Martin Ackermann has more than two decades of experience within the maritime industry of which more than a decade in international executive management roles. Prior to BW LPG, Mr Ackermann has served as CEO of Evergas and Managing Director of both Eitzen Gas and B-Gas.

Mr Ackermann holds executive qualifications from INSEAD, China Europe International Business School, The Oxford Princeton Programme and Copenhagen Business School. Mr Ackermann is a member of the Institute of Chartered Shipbrokers and board member of World LPG Association.

Born: **1977**

Elaine Ong

Chief Financial Officer

Elaine Ong has over 20 years of experience in all aspects of Finance. Prior to joining BW LPG in 2015, Ms Ong was Senior Vice President at BW Group since 2011. She had also held various Finance leadership positions at Kraft Foods and Teekay Corporation.

Ms Ong is a Chartered Accountant (1996) with the Chartered Professional Accountants of Canada and holds a Bachelor of Commerce degree from University of British Columbia.

Born: **1972**

Niels Rigault

Executive Vice President,
Commercial

Niels Rigault has 15 years of experience in competitive shipbroking. Prior to joining BW LPG in 2016, he was Senior Partner and Member of the Project department at Inge Steensland. He holds a bachelor's in business economics from Vrije Universiteit Brussel / Vesalius College and a degree in Marketing from BI Norwegian Business School.

Born: **1976**

Pontus Berg

Executive Vice President,
Technical and Operations

Pontus Berg has over 20 years of shipping experience from Ship Owners and Technical Management companies. Mr Berg has sailed up to the rank of Chief Engineer.

Prior to joining BW LPG in 2015, Mr Berg was General Manager & Director General of Greenship Gas France and prior that Technical Manager in Evergas and in Eitzen Gas. Mr Berg holds a Bachelor of Science in Marine Engineering from Kalmar Merchant Marine University.

Born: **1976**

Prodyut Banerjee

Vice President,
Operations

Captain Prodyut Banerjee has more than 18 years in Global Operations in the Maritime industry. He was the General Manager of Global Operations at BW Group back in 2012 and had held various leadership positions with the Group since 2005. Prior to joining BW, he was with Exxon Mobil for a total of 15 years, at sea and in shore positions.

Born: **1962**

Knut-Helge Knutsen

Vice President,
Technical

Knut-Helge Knutsen has been in global leadership positions in the Maritime Industry for the last 18 years. Before joining BW back in 2013, he was Regional Manager in VPS. Mr. Knutsen has previously worked 11 years for DNVGL leading various technical disciplines in Norway and in South Korea. He holds a Master degree in Marine Engineering from NTNU in Norway and Global Business Leadership qualifications from IMD Business School in Switzerland.

Born: **1969**

Jo Moffat

Vice President,
Product Services

Jo Moffat has over 25 years of experience in LPG markets with her main focus on LPG trading. Her career started in Mobil Oil as an engineer before joining Ferrell Intl as an LPG trader where she stayed for 18 years. Before joining BW LPG she held commercial leadership positions at Shell Intl Trading Ltd and SKGas Pte Ltd in Singapore.

Born: **1964**

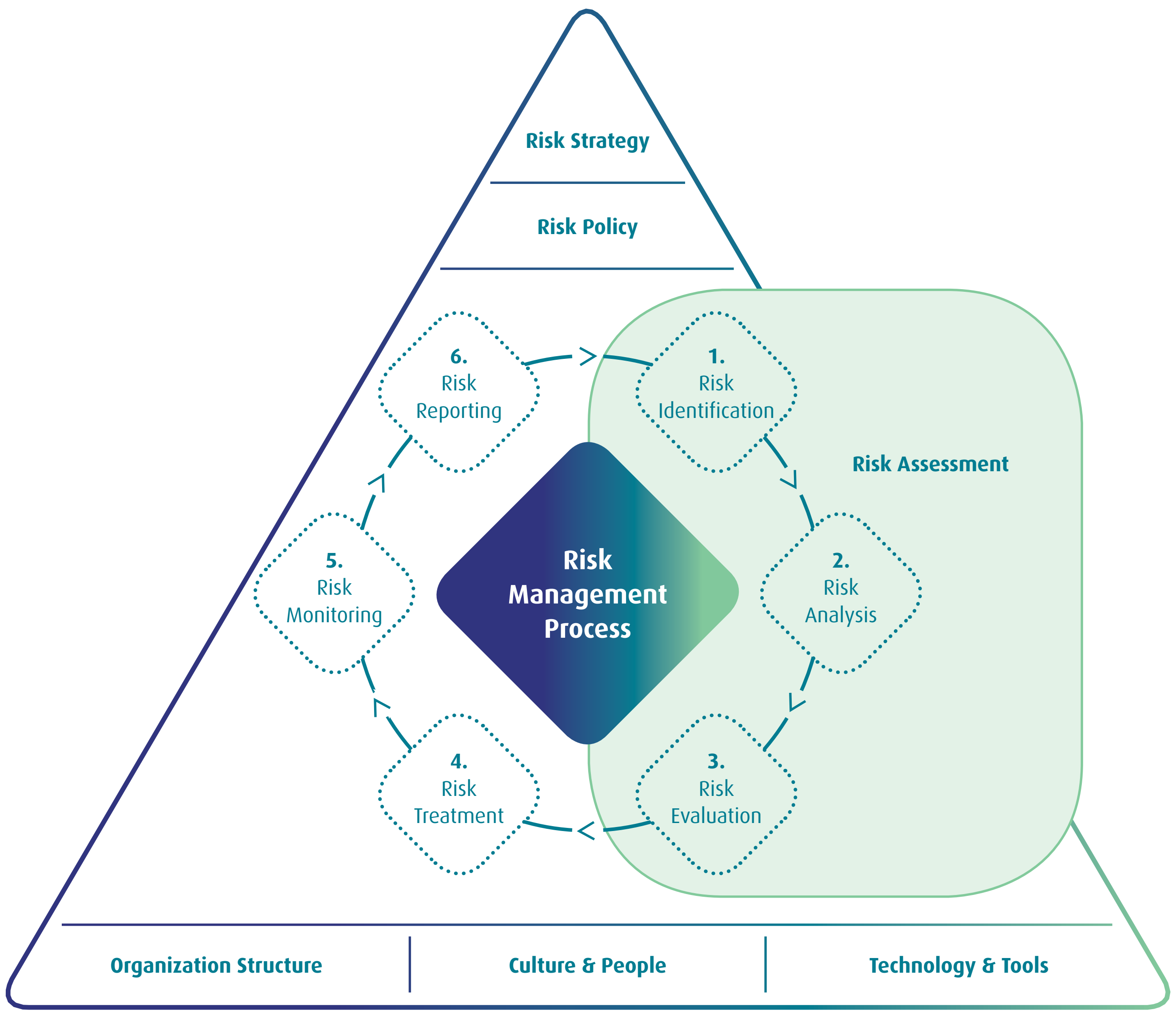
Risk Management

At BW LPG, we recognise the importance of good governance as it ensures business integrity across our operations.

Transparent reporting by executive management, meticulous reviews by an international board of directors and a clear risk management framework are key elements of our corporate governance framework and these help us in creating long-term value for all stakeholders.

BW LPG strives to provide competitive risk-adjusted returns to shareholders. Risk management is an integral part of value delivery and is fundamental to our business decision-making process. We have designed our dynamic yet strategic risk management framework to ensure minimal impact of any unfavourable events and market conditions. Our Enterprise Risk Management (ERM) is based on the principles from ISO 31000 and COSO ERM Framework.

The risk management process is implemented using a risk register whereby all possible risks are considered, with applicability assessed in terms of impact and probability. This register supports risk identification and follow-up of critical risks and related improvement opportunities. The Group regularly monitors its risk framework, policy and reviews processes in place to ensure appropriate and efficient mitigation of risk.



BW LPG's aims for risk management include:

- Aligning strategy and performance with vision, mission and core values
- Increase the likelihood of achieving business objectives
- Improve the identification of opportunities and threats
- Comply with relevant legal and regulatory requirements and international norms
- Improve governance
- Improve stakeholder confidence and trust

Strategic and External Risks

Strategic and external risks are risks that relate to the markets, countries, services and products, or from customers. They are addressed by the business strategies managed through the Company's annual strategy review process. In this process, the Board of Directors review provides input on the Executive Management's assessment of strategic and external risks. The Executive Management is responsible for ensuring that the intended and actual business direction, changes in markets, customers' expectations and requirements are reflected in corporate strategic planning.

Regulatory and Compliance Risks

Regulatory and compliance risks are risks associated with ethical behavior, both directly involving employees and through third parties or partners on behalf of the Company; with security of sensitive information; or related to compliance with laws and regulations, including environmental regulations, sanctions and anti-bribery laws. These risks are managed through regular monitoring and mandatory awareness training, compliance reviews, legal due diligence, and internal audit checks.

Commercial and Operational Risks

Commercial and operational risks are risks related to events occurring during planning and execution of business operations, involving for example, cargo loss or damage, counterparties default, asset loss or damage, crew injury, or environmental damage. Appropriate control measures are incorporated in operations and insurance planning to mitigate these risks, with ongoing monitoring during execution to identify and address newly emerging risks. Incidents and near misses experienced are reviewed to ensure that their root causes are comprehensively analysed, with suitable corrective actions determined and implemented.

Financial Risks

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 the potential adverse effects on financial performance of the Group. Where applicable, the Group uses financial instruments such as interest rate swaps, forex forward contracts and bunker swaps to hedge certain financial risk exposures. The Group avoids speculation and risk management tools which may create new exposures as a result of their incompatibility with the risk targeted for mitigation. The financial risk management of the Group is handled by the Executive Management with guidance and input by the Board of Directors.

Corporate Governance

Corporate Governance Comply or Explain Overview

Section of the Code	Deviations
1: Implementation and reporting on corporate governance	None
2: Business	The Company's objectives are wider and more extensive.
3: Equity and dividends	The Company's issuance and purchase of its own shares are neither limited to a specific purpose nor to a specified period.
4: Equal treatment of shareholders and transactions with close associates	None
5: Shares and Negotiability	The Company may decline to register the transfer of any share if the transfer results in the Company being deemed a "Controlled Foreign Company" in Norway.
6: General meetings	The Chairman of the Board also acts as the Chair of the General Meetings.
7: Nomination committee	A member of the Nomination committee (who is also a member of the Board) may offer himself for re-election to the Board.
8: Board of directors: composition and independence	None
9: The work of the board of directors	One of the two members of the Audit Committee is not independent of the Company's largest shareholder.
10: Risk management and internal control	None
11: Remuneration of the board of directors	None
12: Remuneration of the executive personnel	The Annual General Meeting has not voted over the Guidelines for Executive Remuneration. Performance-related remuneration to Executive Personnel are not subject to an absolute limit.
13: Information and communications	None
14: Take-overs	None
15: Auditor	None

1. Implementation and Reporting on Corporate Governance

BW LPG Limited ("BW LPG" or the "Company") is a Bermuda limited liability company listed on Oslo Børs (the Oslo Stock Exchange).

BW LPG is primarily governed by the Bermuda Companies Act, its Memorandum of Association and its Bye-laws. In addition, the Company is required to comply with certain aspects of the Norwegian Securities Trading Act, the Norwegian Accounting Act and the continuing obligations for companies listed on the Oslo Stock Exchange.

This Report provides an overall overview of the Company's Corporate Governance practices with specific reference to the Norwegian Code of Practice for Corporate Governance (the "Code") dated 17 October 2018 issued by the Norwegian Corporate Governance Board. Each individual point of the Code is reviewed and if the Company deviates from the Code, explanations have been provided. The Code is available at www.nues.no.

The Board of Directors (the "Board") believes that the best interests of the Company and its shareholders are best served by the adoption of business policies and practices which are legal, compliant, ethical, and open in relation to all dealings with customers, potential customers and other third parties. These policies are designed to be fair and in accordance with leading market practices on stakeholder relationships and are also sensitive to reasonable expectations of public interest.

The Company's Corporate Governance policy takes into account the Code and as such, includes self-regulatory corporate governance practices. The Company has developed its internal policies and practices, where appropriate, to meet requirements and recommendations of the Code.

The Corporate Governance of the Company is subject to review by the Board at least annually, and the Company's governance documents are reviewed annually to ensure continued relevance and accuracy.

The Company does not deviate from Section 1 of the Code.

2. The Business

The business the Company is operating and the objectives of the Company are described in the Company's Memorandum of Association. In accordance with common practice for Bermuda companies, the description of the Company's objectives is wider and more extensive than recommended in the Code. This represents a deviation from Section 2 of the Code.

The Board leads the Company's strategic planning and makes decisions and defines clear objectives, strategies and risk profile that forms the basis for the Company's Executive Personnel to prepare and carry out investments and structural measures to create value for the shareholders. The Company's objectives, strategies and risk profiles are evaluated at least once yearly.

The Company's objectives and main strategies are described in the Annual Report.

The Company has implemented corporate values, ethical guidelines and guidelines for corporate social responsibility. These values and guidelines are described in the Company's Code of Ethics and Business Conduct and internal policies.

3. Equity and Dividends

The Board regularly evaluates the Company's capital requirements to ensure that the Company has capital structure which is appropriate to its objectives, strategy and risk profile.

The Board has decided on a dividend policy for the Company to provide a degree of predictability and transparency on the determination of dividend payouts to shareholders. The policy highlights that when determining the semi-annual dividend level, the Board will target a payout ratio of 50% of net profits after tax, and will take into consideration appropriate limits on leverage, capital expenditure plans, financing requirements, appropriate financial flexibility and anticipated cash flows. The dividend policy details can be found on the Company's website. In addition to cash dividends, the Company may buy back shares as part of its total distribution of capital to shareholders. Dividend payouts which are approved at the Annual General Meeting of the Company are made in accordance with the dividend policy.

Pursuant to Bermuda law and in accordance with common practice for Bermuda incorporated companies, the Board has authority to issue any authorised unissued shares in the Company on such terms and conditions as it may decide and may exercise all powers of the Company to purchase the Company's own shares. The powers of the Board to issue and purchase shares are neither limited to specific purposes nor to a specified period as recommended in the Code. This represents a deviation from Section 3 of the Code.

The 2018 Annual General Meeting of the Company has approved that the Board may grant authorisation for the Company to purchase its own shares. Such authorisations are valid for the period until the next Annual General Meeting.

Corporate Governance

4. Equal Treatment of Shareholders and Transactions with Close Associates

The Company has one class of shares. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders will be treated on an equal basis, unless there is just cause for treating them differently.

Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the shareholders of the Company do not have pre-emption rights in share issues unless otherwise resolved by the Company. Any decision to issue shares without pre-emption rights for existing shareholders will be justified in the common interest of the company and the shareholders. In the event that the Company carries out a share issue without preemption rights for existing shareholders, then the justification will be publicly disclosed in a stock exchange announcement issued in connection with the share issue.

Any transactions the Company carries out in its own shares will be carried out either through the Oslo Stock Exchange or with reference to prevailing stock exchange prices if carried out in another way. If there is limited liquidity in the Company's shares, the Company will consider other ways to ensure equal treatment of shareholders.

In cases of transactions between the Company and a shareholder, a shareholder's parent company, Director, Officer or Executive Personnel of the Company or persons closely related to any such parties, which are not immaterial for either the company or the close associate involved, the Board will obtain a valuation from an independent third party.

The Company does not deviate from Section 4 of the Code.

5. Shares and Negotiability

In general, the shares in the Company are freely transferable. However, the Board may decline to register the transfer of any share, where such transfer would, in the opinion of the Board, likely result in 50% or more of the aggregate issued and outstanding share capital of the Company being held or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway, or alternatively, such shares being effectively connected to a Norwegian business activity, or the Company otherwise being deemed a "Controlled Foreign Company" as such term is defined pursuant to Norwegian tax legislation. The purpose of this provision is to avoid the Company being deemed a Controlled Foreign Company pursuant to Norwegian tax rules. This represents a deviation from Section 5 of the Code.

6. General Meetings

The Annual General Meeting of the Company will normally take place on or before 31 May each year.

The Company encourages all shareholders to participate in and to vote at General Meetings. In order to facilitate shareholder participation, the Board ensures that:

- the resolutions and supporting documentation, if any, will be sufficiently detailed, comprehensive and specific to allow shareholders to understand and form a view on matters that are to be considered at the General Meeting;
- the registration deadline, if any, for shareholders to participate at the General Meeting will be set as closely to the date of the General Meeting as practically possible and permissible under the provision in the Bye-laws;
- the shareholders will have the opportunity to vote on each individual matter, including on each candidate nominated for election to the Company's Board and Committees (if applicable); and
- the members of the Board, the chairman of the nomination committee and the auditor (where attendance is regarded as essential) will be present at the General Meeting.

Shareholders who cannot be present at the General Meeting will be given the opportunity to vote by proxy or to participate by using electronic means. The Company will in this respect:

- provide information on the procedure for attending by proxy in the notice;
- nominate a person who will be available to vote on behalf of shareholders as their proxy; and
- prepare a proxy form which will, insofar as this is possible, be formulated in such a manner that the shareholder can vote on each item that is to be addressed and vote for each of the candidates that are nominated for election.

Pursuant to common practice for Bermuda incorporated companies, the Company's Bye-laws stipulate that the Chairman of the Board will chair the General Meetings unless otherwise agreed by a majority of those shares represented at the meeting. In this respect, the Company deviates from Section 6 of the Code. However, there will be routines to ensure that an independent person is available to chair the General Meeting or a particular agenda with regards to any matters related to the Chairman.

The minutes of the Annual General Meeting will be published on the Company's website no later than 15 days after the date of the meeting, and a printed version can be made available upon request.

7. Nomination Committee

The Company has a Nomination Committee appointed by the General Meeting with a Chairman elected by the General Meeting. The Nomination Committee is laid down in the Company's Bye-laws with guidelines approved at the Annual General Meeting.

The Nomination Committee has the responsibility of proposing candidates for election to the Board and the Nomination Committee, and proposing remuneration to be paid to members of these bodies. The Nomination Committee is available for contact with shareholders and maintains regular contact with the Board and the Company's Executive Personnel. As part of its work in proposing candidates for election to the Board, the Nomination Committee will justify its recommendations for each candidate separately and strive to consult with relevant shareholders concerning proposals for appointment of candidates.

The members of the Nomination Committee have been selected to take into account a broad range of shareholder interests. In accordance with the recommendations of the Code, the Nomination Committee does not include the Company's Chief Executive Officer or any other Executive Personnel of the Company. A majority (two of the three members) of the Company's Nomination Committee are not members of the Board. Pursuant to the Nomination Committee guidelines, a member of the Board who is also a member of the Nomination Committee may offer himself for re-election to the Board. This represents a deviation from Section 7 of the Code.

The Company believes that this arrangement works well in practice as, both the Board and Nomination Committee comprise a majority of independent members who vote independently, as shareholders have full access to the nomination committee, and as it is believed that there are benefits in having a common representative across both groups who can give insight to the Nomination Committee on board dynamics.

An up-to-date composition of the Nomination Committee is available on the Company's website and the Company will provide shareholders with any deadlines for submitting proposals for candidates to the Nomination Committee.

8. Board of Directors: Composition and Independence

The composition of the Board represents a broad cross-section of the Company's shareholders, which ensures that they can meet the Company's need for expertise, capacity, diversity and independence. The Board consists of six members, who work together as a team to exercise proper supervision on the management of the Company. The majority (four of the six members) are independent of the Company's largest shareholder, the Executive Personnel, and material business connections of the Company. The Board does not include any Executive Personnel. The general meeting elects the chairman of the Board.

Members of the Board will serve for a term of two years, after which they would be re-evaluated before being considered for re-election. The value of continuity will be balanced against the need for renewal and independence. Where a member of the Board has served for a prolonged continuous period, consideration will be given as to whether the individual Board member in question is still considered independent of the Company's Executive Personnel.

Up-to-date information of the Board is available on the Company's website and in the Annual Report.

Members of the Board are welcome to own shares in the Company.

The Company does not deviate from Section 8 of the Code.

9. The Work of the Board of Directors

The Board is ultimately responsible for the management of the Company and for supervising its day-to-day management. The duties and tasks of the Board are detailed in the Company's Bye-laws. The Board has issued instructions for its own work as well as for the Executive Personnel with particular emphasis on clear internal allocation of responsibilities and duties.

The Company has put in place guidelines which require the Directors and Officers of the Company and Executive Personnel to notify the Board if they directly or indirectly have a material interest in any transaction carried out by the Company. Members of the Board of Directors and Executive Personnel cannot consider items in which they have a special and prominent interest so that such items can be considered in an unbiased and satisfactory way.

In order to conduct its work, the Board each year fixes in advance a number of regular scheduled meetings for the following calendar year, although additional meetings may be called by the Chairman. The directors will normally meet in person but if so allowed by the Chairman, may participate in the meeting by means of electronic communications. Minutes in respect of the meetings of the Board are kept by the Company in Bermuda.

Corporate Governance

The Board has established an Audit Committee as a preparatory and advisory committee for the Board, consisting of two members, both of which are also members of the Board. One of the two members of the Audit Committee is not independent of the Company's largest shareholder. This represents a deviation from Section 9 of the Code.

The Board has also established a Remuneration Committee in order to ensure thorough and independent preparation of matters relating to compensation paid to the Executive Personnel. The Remuneration Committee consists of two members, both of which are also members of the Board. Additionally, a Nomination Committee has been established, consisting of one Board member and two non-Board members. Details on the various board committees are available on the Company's website and in the Annual Report.

The Board carries out an annual evaluation of its performance and expertise. The various Board Committees are also reviewed for their effectiveness in executing their responsibilities.

10. Risk Management and Internal Control

The Board ensures that the Company has sound internal control procedures and systems to manage its exposure to risks related to the conduct of the Company's business, to support the quality of its financial reporting, and to ensure compliance with laws and regulations. Such procedures and systems will contribute to securing shareholders' investment and the Company's assets and creating value for stakeholders.

Management and internal control is based on Company-wide policies and internal guidelines in addition to implementation and follow–up of a risk assessment process. The Company's risk management system is central to the Company's internal control and ensures that the guidelines for integrating considerations related to stakeholders into its creation of value are known and adhered to.

The Board carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements, and an annual supervisory plan for internal audit work is approved by the Audit Committee. The internal auditor is independent from the Executive Personnel and reports directly to the Audit Committee. The Audit Committee follows up on internal controls in connection with quarterly reviews of the Group's financial reporting.

The Company does not deviate from Section 10 of the Code.

11. Remuneration of the Board of Directors

The Annual General Meeting of the Company decides the remuneration of the Board. The remuneration of the directors reflects its competence, level of activity, responsibility, use of resources and the complexity of the business activities.

The remuneration of the directors is not linked to the Company's performance and the directors do not receive profit-related remuneration, share options or retirement benefits from the Company.

Directors and/or companies with whom Directors are associated shall not normally undertake special tasks for the Company in addition to the directorship. However, if they do so, the entire Board shall be informed, and the fee will be approved by the Board.

The Company does not deviate from Section 11 of the Code.

12. Remuneration of Executive Personnel

The Board has established guidelines that set out the main principles applied in determining the salary and other remuneration of the Executive Personnel. The Guidelines for Executive Remuneration are communicated at the Annual General Meeting and are also made available on the Company's website. Any change in these guidelines will be formally communicated at the Annual General Meeting and updated on the website. Since the Guidelines for Executive Remuneration is not a requirement under Bermuda law, the Annual General Meeting has not voted over the guidelines and this represents a deviation from Section 12 of the Code.

Remuneration of the Executive Personnel is reviewed annually and approved by the Board based on recommendations by the Remuneration Committee. The Remuneration Committee considers the performance of the Executive Personnel and gathers information from comparable companies before making its recommendation to the Board. Such recommendation aims to ensure convergence of the financial interests of the Executive Personnel and the shareholders. Performance-related remuneration to Executive Personnel are not subject to an absolute limit. This represents a deviation from Section 12 of the Code.

Details of Executive Personnel's remuneration, shareholding and any share option programs can be found in the Company's Consolidated Financial Statements (Note 20) and on the Company's website.

13. Information and Communications

The Company is committed to provide information in a manner that contributes to establishing and maintaining confidence with important interest groups and stakeholders. The information shall be based upon openness and equal treatment of all shareholders. A precondition for the share value to reflect the underlying values in the Company is that all relevant information is disclosed to the market. Based on this, the Company will endeavor to keep the shareholders informed about profit developments, prospects and other relevant factors for their analysis of the Company's position and value.

The Company publishes an updated financial calendar with dates for important events such as the Annual General Meeting, publishing of interim reports, public presentations and payment of dividends (if applicable) on the Company's website.

Public investor presentations are arranged in connection with submission of annual and quarterly results for the Company. The presentations are also available on the Company's website. Furthermore, continuous dialogue is held with, and presentations are given to analysts and investors, ensuring that at all times, existing and prospective investors have symmetrical access to share-price sensitive information.

The Company does not deviate from Section 13 of the Code.

14. Take-overs

In the event of a take-over process, which shall be decided by the General Meeting, the Board will act in accordance with the following principles:

- the Board will ensure that the offer is made to all shareholders, and on the same terms;
- the Board will ensure that the shareholders have sufficient information and time to assess the offer;
- the Board will not undertake any actions intended to give any shareholder or others an unreasonable advantage at the expense of other shareholders or the Company;
- the Board will strive to be completely open about the take-over situation;
- the Board will not attempt to prevent or impede the take-over bid unless this has been decided by the shareholders in a General Meeting in accordance with applicable law;
- the Board will not institute measures which have the intention of protecting the personal interests of its members at the expense of the interests of the shareholders;
- the Board will ensure that the values and interests of all shareholders are safeguarded and that the Company's activities are not unnecessarily interrupted.

If an offer is made for the Company's shares, the Board will issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to the shareholders on whether to accept the offer, it will explain the reasons for this. The Board's statement on a bid will make it clear whether the views expressed are unanimous, and if this is not the case, it will explain the reasons why specific members of the Board have excluded themselves from the statement.

The Board will consider whether to arrange a valuation from an independent expert. If any director, or close associates of such director, or anyone who has recently held a position but has ceased to hold such a position as a director, is either the bidder or has a particular personal interest in the bid, the Board will arrange an independent valuation. This will also apply if the bidder is a major shareholder. Any such valuation will either be enclosed with the Board's statement, reproduced or referred to in the statement.

The Company does not deviate from Section 14 of the Code.

15. Auditor

The Company's auditor is appointed by the Annual General Meeting of the Company and is responsible for the audit of the Consolidated Financial Statements of the Company.

The Auditor participates in the Audit Committee's review and discussion of the annual accounts and quarterly interim accounts. In these meetings, the Audit Committee is informed of the annual and quarterly accounts and issues of special interest. Further, the Auditor reviews for key aspects of the audit, any material changes in the Company's accounting principles, comments on any material estimated accounting figures and reports on all material matters on which there has been disagreement between the Auditor and the Executive Personnel of the Company.

The Board and the Audit Committee will at least once a year review the Company's internal control procedures relating to its financial reporting process, including weaknesses identified by the Auditor and proposals for improvement.

The Board holds a meeting with the Auditor at least once a year at which no representative of the Executive Personnel is present. The Board also determines the right of the Executive Personnel to use the Auditor for purposes other than auditing.

The Auditor confirms his independence in writing to the Audit Committee annually.

The Company does not deviate from Section 15 of the Code.

BW LPG

BW LPG LIMITED AND ITS SUBSIDIARIES

(Incorporated in Bermuda)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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Independent Auditors' Report

To the Board of Directors and Shareholders of BW LPG Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BW LPG Limited ("the Company") and its subsidiaries ("the Group"). The financial statements comprise:

- The balance sheet of the Company as at 31 December 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

- The consolidated balance sheet of the Group as at 31 December 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2018, and their financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

The key audit matter	How the matter was addressed in our audit
Impairment assessment of vessels Refer to note 2(a)2 and note 9 of the Group's financial statements. As at 31 December 2018, the carrying value of the Group's vessels (including dry docking) amounted to US$2,006 million. The Group's vessels are measured at cost less accumulated depreciation and impairment loss. Management considers each vessel to be a separate cash generating unit ("CGU" or "vessel"). The recoverable amount of vessels was estimated predominantly based on independent third party broker valuations. The Group's vessels were subject to impairment testing due to relatively lower market valuations. An impairment loss exists when the net carrying value of vessels is in excess of the recoverable amount. The recoverable amounts determined are then compared against value-in-use calculations ("VIU") prepared by management. Management had assessed that the brokers had the required competence and capability to perform the valuations. Management had also considered the appropriateness of the valuation methodologies and assumptions used (by the brokers), as well as analysed the range of valuation outcomes derived by their approved list of brokers, in relation to each vessel. The determination of the recoverable amount of these vessels involves a high degree of judgement owing to the cyclical nature of freight rates, which creates estimation uncertainties.	We have performed the following audit procedures: • We assessed the Group's process for identifying and reviewing the CGUs subject to impairment testing. • We evaluated the independence, competency and objectivity of the independent brokers. • We assessed the valuation methodologies and key assumptions used by the independent brokers in determining vessel valuations. • We compared the brokers' valuation against the VIU computations and other market comparables. No significant matters were noted from our procedures.

Other Matter

The financial statements of the Company and the Group for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 February 2018.

Other Information

Management is responsible for the other information. The other information comprises all information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Ling Su Min.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 February 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

	Note	2018 US$'000	2017 US$'000
Revenue	3	521,754	491,752
Voyage expenses	4	(220,858)	(156,318)
TCE income^		300,896	335,434
Other operating income	3	3,039	5,607
Charter hire expenses	4	(66,874)	(68,712)
Other operating expenses	4	(132,972)	(146,815)
Operating profit before depreciation, amortisation and impairment (EBITDA)		104,089	125,514
Amortisation charge	8	(2,650)	(4,911)
Depreciation charge	9	(98,022)	(122,428)
		3,417	(1,825)
Gain on disposal of vessels		-	9,826
Gain on disposal of assets held-for-sale		5,727	577
Impairment charge on vessels that were reclassified to assets held-for-sale	9	-	(4,552)
Impairment charge on vessels	9	(33,500)	-
Operating (loss)/profit (EBIT)		(24,356)	4,026
Foreign currency exchange (loss)/gain - net		(110)	288
Interest income		5,419	889
Interest expense		(50,405)	(46,981)
Derivative gain		53	-
Other finance expense		(1,949)	(1,926)
Finance expense - net		(46,992)	(47,730)
Share of loss of a joint venture		(864)	(548)
Loss before tax for the financial year		(72,212)	(44,252)
Income tax expense	7	(178)	(544)
Loss after tax for the financial year		(72,390)	(44,796)

^ "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 consolidated financial statements.

BW LPG LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the financial year ended 31 December 2018

	Note	2018 US$'000	2017 US$'000
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges			
- fair value gain/(loss)		4,262	(500)
- reclassification to profit or loss		(1,140)	4,169
Share of other comprehensive (loss)/income of a joint venture		(51)	24
Other comprehensive income, net of tax		3,071	3,693
Total comprehensive loss for the financial year		(69,319)	(41,103)
Loss attributable to:			
Equity holders of the Company		(71,400)	(42,688)
Non-controlling interests		(990)	(2,108)
		(72,390)	(44,796)
Total comprehensive loss attributable to:			
Equity holders of the Company		(68,329)	(38,995)
Non-controlling interests		(990)	(2,108)
		(69,319)	(41,103)
Loss per share attributable to the equity holders of the Company:			
(expressed in US$ per share)			
Basic and diluted loss per share	6	(0.51)	(0.30)

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

BW LPG LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
As at 31 December 2018

	Note	2018 US$'000	2017 US$'000
Intangible assets	8	-	2,650
Derivative financial instruments	14	6,580	5,259
Loan receivable from a joint venture	10	58,150	34,700
Investment in a joint venture		-	915
Total other non-current assets		64,730	40,874
Property, plant and equipment	9	2,006,368	2,135,770
Total non-current assets		2,071,098	2,179,294
Inventories	12	28,015	19,424
Trade and other receivables	13	96,756	94,139
Derivative financial instruments	14	3,769	1,303
Loan receivable from a joint venture	10	5,408	1,500
Assets held-for-sale	11	4,823	103,098
Cash and cash equivalents	15	50,075	56,548
Total current assets		188,846	276,012
Total assets		2,259,944	2,455,306
Share capital	16	1,419	1,419
Share premium	16	289,812	289,812
Treasury shares	16	(12,700)	(1,565)
Contributed surplus		685,913	685,913
Other reserves		(27,356)	(30,261)
Retained earnings		46,055	124,938
		983,143	1,070,256
Non-controlling interests		482	3,292
Total shareholders' equity		983,625	1,073,548
Borrowings	17	1,101,343	1,076,212
Derivative financial instruments	14	527	117
Provision for onerous contracts	18	1,100	-
Other provisions		230	-
Total non-current liabilities		1,103,200	1,076,329
Borrowings	17	133,353	264,924
Derivative financial instruments	14	839	558
Current income tax liabilities	7	309	582
Trade and other payables	19	38,618	39,365
Total current liabilities		173,119	305,429
Total liabilities		1,276,319	1,381,758
Total equity and liabilities		2,259,944	2,455,306

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

BW LPG LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2018

		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 reserve US$'000	Hedging reserve US$'000	Share-based payment reserve US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2018		1,419	289,812	(1,565)	685,913	(36,259)	5,792	182	24	124,938	1,070,256	3,292	1,073,548
Adjustment on initial application of IFRS15		-	-	-	-	-	-	-	-	(7,483)	(7,483)	-	(7,483)
Restated balance at 1 January 2018		1,419	289,812	(1,565)	685,913	(36,259)	5,792	182	24	117,455	1,062,773	3,292	1,066,065
Loss for the financial year		-	-	-	-	-	-	-	-	(71,400)	(71,400)	(990)	(72,390)
Other comprehensive income/(loss) for the financial year		-	-	-	-	-	3,122	-	(51)	-	3,071	-	3,071
Total comprehensive income/(loss) for the financial year		-	-	-	-	-	3,122	-	(51)	(71,400)	(68,329)	(990)	(69,319)
Share-based payment reserve - Value of employee services		-	-	-	-	-	-	(151)	-	-	(151)	-	(151)
Reissue of treasury shares	16	-	-	15	-	-	-	(15)	-	-	-	-	-
Purchases of treasury shares	16	-	-	(11,150)	-	-	-	-	-	-	(11,150)	-	(11,150)
Distributions to non-controlling interests	24	-	-	-	-	-	-	-	-	-	-	(1,820)	(1,820)
Total transactions with owners, recognised directly in equity		-	-	(11,135)	-	-	-	(166)	-	-	(11,301)	(1,820)	(13,121)
Balance at 31 December 2018		1,419	289,812	(12,700)	685,913	(36,259)	8,914	16	(27)	46,055	983,143	482	983,625

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

BW LPG LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the financial year ended 31 December 2018

	Note	Attributable to equity holders of the Company										Non-controlling interests US$'000	Total equity US$'000
		Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Contributed surplus US$'000	Capital reserve US$'000	Hedging reserve US$'000	Share-based payment reserve US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Total US$'000		
Balance at 1 January 2017		1,419	289,812	(457)	685,913	(36,259)	2,123	156	-	167,626	1,110,333	7,043	1,117,376
Loss for the financial year		-	-	-	-	-	-	-	-	(42,688)	(42,688)	(2,108)	(44,796)
Other comprehensive income for the financial year		-	-	-	-	-	3,669	-	24	-	3,693	-	3,693
Total comprehensive income/(loss) for the financial year		-	-	-	-	-	3,669	-	24	(42,688)	(38,995)	(2,108)	(41,103)
Share-based payment reserve - Value of employee services		-	-	-	-	-	-	47	-	-	47	-	47
Reissue of treasury shares	16	-	-	21	-	-	-	(21)	-	-	-	-	-
Purchases of treasury shares	16	-	-	(1,129)	-	-	-	-	-	-	(1,129)	-	(1,129)
Distributions to non-controlling interests	24	-	-	-	-	-	-	-	-	-	-	(1,643)	(1,643)
Total transactions with owners, recognised directly in equity		-	-	(1,108)	-	-	-	26	-	-	(1,082)	(1,643)	(2,725)
Balance at 31 December 2017		1,419	289,812	(1,565)	685,913	(36,259)	5,792	182	24	124,938	1,070,256	3,292	1,073,548

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

BW LPG LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Note	2018 US$'000	2017 US$'000
Cash flows from operating activities			
Loss before tax for the financial year		(72,212)	(44,252)
Adjustments for:			
- amortisation charge	8	2,650	4,911
- amortisation of deferred income		-	(248)
- depreciation charge	9	98,022	122,428
- derivative loss		25	321
- gain on disposal of vessels		-	(9,826)
- gain on disposal of assets held-for-sale		(5,727)	(577)
- impairment charge on vessels	9	33,500	-
- impairment charge on vessels that were reclassified to assets held-for-sale		-	4,552
- interest income		(5,419)	(889)
- interest expense		50,405	46,981
- other finance expense		1,677	1,747
- share-based payments		(151)	47
- share of loss of a joint venture		864	548
		103,634	125,743
Changes in:			
- inventories		(8,591)	(6,737)
- trade and other receivables		(5,987)	(26,537)
- trade and other payables		(378)	(19,947)
- provision for onerous contracts		1,100	-
Cash generated from operations		89,778	72,522
Tax paid		(451)	(238)
Net cash provided by operating activities		89,327	72,284
Cash flows from investing activities			
Purchases of property, plant and equipment		(11,766)	(89,226)
Proceeds from sale of vessels		-	111,177
Proceeds from sale of assets held-for-sale		113,648	40,460
Loan to a joint venture		(33,000)	(36,200)
Investment in a joint venture		-	(2,000)
Repayment of loan receivable from a joint venture		1,500	-
Interest paid (capitalised interest expense)		-	(56)
Interest received		5,362	864
Net cash provided by investing activities		75,744	25,019

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the financial year ended 31 December 2018

	Note	2018 US$'000	2017 US$'000
Cash flows from financing activities			
Proceeds from bank borrowings		265,000	519,700
Payment of financing fees		(1,727)	(2,789)
Repayments of bank borrowings		(372,816)	(584,120)
Interest paid		(47,302)	(44,185)
Other finance expense paid		(1,729)	(1,866)
Redemption of floating rate notes		-	(1,847)
Purchases of floating rate notes		-	(3,439)
Purchases of treasury shares		(11,150)	(1,129)
Distributions to non-controlling interests		(1,820)	(1,643)
Net cash used in financing activities		(171,544)	(121,318)
Net decrease in cash and cash equivalents		(6,473)	(24,015)
Cash and cash equivalents at beginning of the financial year	15	56,548	80,563
Cash and cash equivalents at end of the financial year	15	50,075	56,548

Reconciliation of liabilities arising from financing activities

	Borrowings US$'000	Interest rate swaps* US$'000
At 1 January 2018	1,341,136	(5,792)
Cash changes:		
Proceeds from bank borrowings	265,000	-
Principal and interest payments	(422,145)	300
	(157,145)	300
Non-cash changes:		
Interest expense	51,518	(1,113)
Changes in interest rate swaps	(813)	813
Changes in fair value of interest rate swaps	-	(3,176)
	50,705	(3,476)
At 31 December 2018	1,234,696	(8,968)
At 1 January 2017	1,410,835	(2,123)
Cash changes:		
Proceeds from bank borrowings	519,700	-
Principal and interest payments	(626,754)	(4,396)
Purchases/Redemption of floating rate notes	(5,286)	-
	(112,340)	(4,396)
Non-cash changes:		
Interest expense	42,812	4,169
Changes in interest rate swaps	(227)	227
Interest capitalised	56	-
Changes in fair value of interest rate swaps	-	(3,669)
	42,641	727
At 31 December 2017	1,341,136	(5,792)

* Interest rate swaps are hedged against certain portions of bank borrowings.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

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

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 Suite 400, 22 Church Street, HM 1189, Hamilton HM EX, Bermuda.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are shipowning and chartering (note 27).

These consolidated financial statements were authorised for issue by the Board of Directors of BW LPG Limited on 28 February 2019.

2. Significant accounting policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

New standards, amendments to published standards and interpretations, adopted by the Group

The Group has adopted the new standards and amendments to published standards as at 1 January 2018. Changes in the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and amendments.

The adoption of these new or amended standards and amendments did not result in substantial changes in the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

(1) IFRS 15 'Revenue from contract with customers'

The Group has adopted IFRS 15 for the first time for annual period beginning 1 January 2018. The adoption of IFRS 15 has resulted in a change in the method of recognising revenue from voyage charters, whereby the Group's method of determining proportional performance was changed from discharge-to-discharge to load-to-discharge. This has resulted in no revenue being recognised from the point of discharge of the prior voyage to the point of loading of the current voyage and all revenue being recognised from the point of loading of the current voyage to the point of discharge of the current voyage (see (a)(1)(i) on page 64).

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

New standards, amendments to published standards and interpretations, adopted by the Group (continued)

(1) IFRS 15 'Revenue from contract with customers' (continued)

Previously, pre-voyage expenses incurred are expensed to the profit or loss as they do not qualify for recognition as an asset under any IFRS. Under IFRS 15, the costs that are directly related to the Group's contracts with customers are recovered and are capitalised as "contract fulfilment costs" (see (a)(1)(ii) below).

These are subsequently amortised on a systematic basis as the Group recognises the related revenue.

This change in accounting policy was applied on a modified retrospective basis from 1 January 2018. In accordance with the transitional provision of IFRS 15, the impact of the change in revenue recognition in relation to voyage charters in-progress at 1 January 2018 was adjusted against retained earnings of the Group as at 1 January 2018. Accordingly, the comparative information presented has not been restated.

	Impact of adopting IFRS 15 as at 1 January 2018 US$'000
(i) Revenue adjusted based on load-to-discharge method	(12,120)
(ii) Contract fulfilment costs	4,637
Retained earnings	(7,483)

BW LPG LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

New standards, amendments to published standards and interpretations, adopted by the Group (continued)

(1) IFRS 15 'Revenue from contract with customers' (continued)

The impact of the change on the Consolidated Financial Statements arising from the adoption of IFRS 15 on the following balances for the financial year ended 31 December 2018 is summarised below:

	Amount as reported US$'000	Adjustments US$'000	Amount without adoption of IFRS 15 US$'000
Contract assets – accrued revenue	26,224	20,543	46,767
Contract fulfilment costs	6,445	(6,445)	-
Revenue	521,754	8,423	530,177
Voyages expenses	220,858	1,808	222,666
Retained earnings	46,055	14,098	60,153

The net impact on the Group's Consolidated Statement of Comprehensive Income was an increase in the loss after tax of US$6.6 million for the year ended 31 December 2018.

There was no material impact on the Group's Consolidated Statement of Cash Flows for the year ended 31 December 2018.

(2) IFRS 9 'Financial instruments'

(i) Classification and measurement of financial assets and financial liabilities

The Group has also adopted IFRS 9 from 1 January 2018, which did not have any significant financial impact on the current year. However, details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

New standards, amendments to published standards and interpretations, adopted by the Group (continued)

(2) IFRS 9 'Financial instruments' (continued)

(i) Classification and measurement of financial assets and financial liabilities (continued)

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income ("FVOCI"), or fair value to profit or loss ("FVTPL"). Derivative financial instruments are typically measured at FVTPL. However, if these instruments qualify for hedge accounting under IFRS 9, then the effective portion of changes in fair value of the instrument is recognised in other comprehensive income while the ineffective portion is recognised in profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Group's financial assets previously classified as loans and receivables under IAS 39 are now classified as financial assets measured at amortised cost.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in IFRS 9. All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 as at 1 January 2018 and are therefore regarded as continuing hedging relationships. Under IFRS 9, there is no change in recognising fair value changes on the effective portion of hedges in other comprehensive income, and the ineffective portion in profit or loss.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following is a summary of estimates and assumptions which have a material effect.

(1) Useful life and residual value of assets

The Group reviews the useful lives and residual values of its vessels at the balance sheet date and any adjustments are made on a prospective basis. Residual value is estimated as the lightweight tonnage (LWT) of each vessel multiplied by the scrap steel price per LWT. If estimates of the residual values are revised, the amount of depreciation charge in the future years will be changed.

The useful lives of the vessels are assessed periodically based on the condition of the vessels, market conditions and other regulatory requirements. If the estimates of useful lives for the vessels are revised or there is a change in useful lives, the amount of depreciation charge recorded in future years will be changed.

The estimated useful lives of two LGC vessels were revised as at 1 April 2017. The effect of the change had increased depreciation expense by approximately US$9.0 million for FY 2017.

(2) Impairment

The Group assesses at the balance sheet dates whether there is any objective evidence or indication that the values of the intangible assets, and property, plant and equipment may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset, and write down the asset to the recoverable amount. The assessment of the recoverable amounts of the vessels is based on the higher of fair value less cost to sell and value-in-use calculations, with each vessel being regarded as one cash generating unit. The recoverable amount of vessels is estimated predominantly based on independent third party broker valuations.

Changes to these brokers' estimates may significantly impact the impairment charges recognised and future changes may lead to reversals of currently recognised impairment charges.

See note 9(c) for further disclosures.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

(3) Revenue recognition

All freight revenues, demurrage and voyage expenses are recognised on a percentage of completion basis. Load-to-discharge basis (2017: discharge-to-discharge) is used in determining the percentage of completion for all spot voyages and voyages servicing contracts of affreightment. Under this method, freight revenue is recognised evenly over the period from the point of loading of the current voyage (2017: point of discharge of the previous voyage) to the point of discharge of the current voyage.

Management uses its judgement in estimating the total number of days of a voyage based on historical trends, the operating capability of the vessel (speed and fuel consumption) and the distance of the trade route. Actual results may differ from estimates.

Revenue from time charters (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term (note 2(m)).

Demurrage income is assessed at a percentage of the total estimated claims issued to customers. The estimation of this rate is based on the historical actual demurrage recovered over the total estimated claims issued to customers.

(b) Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities, net of rebates, discounts, off-hire charges and after eliminating sales within the Group.

(1) Rendering of services

Revenue from time charters accounted for as operating leases is recognised rateably over the rental periods of such charters, as service is performed. Revenue from voyage charters is recognised rateably over the estimated length of the voyage within the respective reporting period, in the event the voyage commences in one reporting period and ends in the subsequent reporting period.

The Group determines the percentage of completion of voyage freight using the load-to-discharge method (2017: discharge-to-discharge). Under this method, voyage revenue is recognised evenly over the period from the point of loading of the current voyage (2017: point of discharge of the previous voyage) to the point of discharge of the current voyage.

Demurrage revenue is recognised as revenue from voyage charter based on percentage of completion, consistent with the basis of recognising voyage freight revenue and is assessed at a percentage of the total estimated claims issued to customers. The estimation of this rate is based on the historical actual demurrage recovered over the total estimated claims issued to customers.

Losses arising from time or voyage charters are provided for in full as soon as they are anticipated.

2. Significant accounting policies (continued)

(b) Revenue and income recognition (continued)

(2) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Group accounting

(1) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The Group uses the acquisition method of accounting to account for business combinations.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

2. Significant accounting policies (continued)

(c) Group accounting (continued)

(1) Subsidiaries (continued)

(ii) Acquisitions (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair values of the identifiable net assets acquired, is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(2) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

2. Significant accounting policies (continued)

(c) Group accounting (continued)

(3) Joint venture

A joint venture is an entity over which the Group has joint control as a result of contractual arrangements and rights to the net assets of the entity.

Investment in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investment in a joint venture is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint venture represents the excess of the cost of acquisition of the joint venture over the Group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of its joint venture's post-acquisition profits or losses in the Group's profit or loss and its share of the joint venture's other comprehensive income in the Group's other comprehensive income. Dividend received or receivable from the joint venture is recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of a joint venture are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investment in joint venture is derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

2. Significant accounting policies (continued)

(d) Intangible assets

Intangible assets are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated remaining useful lives ranging from 4 to 9 months (2017: 16 to 21 months).

The amortisation period and amortisation method of intangibles assets are reviewed at least annually. The effects of any revision are recognised in profit or loss when the changes arise.

(e) Property, plant and equipment

(1) Measurement

(i) Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (note 2(f)).

(ii) The cost of an item of property, plant and equipment initially recognised includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(2) Depreciation

(i) Depreciation on property, plant and equipment is calculated using a straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Vessels	30 years
Dry docking	2.5 - 5 years
Furniture and fixtures	3 - 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at least annually. The effects of any revision in estimate are recognised in profit or loss when the changes arise.

(ii) A proportion of the price paid for new vessels is capitalised as dry docking. These costs are depreciated over the period to the next scheduled dry docking, which is generally 30 to 60 months. The remaining carrying amount of the old dry docking as a result of the commencement of new dry docking will be written off to the profit or loss.

2. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(3) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment, including dry docking, that has already been recognised, is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(4) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

(f) Impairment of non-financial assets

Intangible assets with finite lives, property, plant and equipment and investment in a joint venture are tested for impairment whenever there is any objective evidence or an indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset (or CGU) is reversed if, and only if, there has been a change in the estimates used to determine the asset's (or CGU's) recoverable amount since the last impairment loss was recognised. The carrying amount of this asset (or CGU) is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of impairment loss for an asset (or CGU) is recognised in profit or loss.

2. Significant accounting policies (continued)

(g) Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedge instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge or (b) cash flow hedge.

For derivative financial instruments that are not designated or do not qualify for hedge accounting, any fair value gains or losses are recognised in profit or loss as derivative gain/(loss) when the change arises.

At the inception of the transaction, the Group documents the relationship between the hedging instruments and hedged items as well as, the risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is classified as a current asset or liability.

The fair value of derivative financial instruments represents the amount estimated by banks or brokers that the Group will receive or pay to terminate the derivatives at the balance sheet date.

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates. The Group hedges up to 75% of its floating rate borrowings and the hedged item is identified as a proportion of the outstanding amount of the borrowings. As all critical terms matched during the year, the economic relationship was assessed to be 100% effective.

Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

2. Significant accounting policies (continued)

(g) Derivative financial instruments and hedging activities (continued)

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest swaps are recognised immediately in profit or loss.

(h) Financial assets

Accounting for financial assets before 1 January 2018 under IAS 39:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Group's financial assets classified as loans and receivables, are presented as "loan receivable from a joint venture" (note 10), "trade and other receivables" (note 13) and "cash and cash equivalents" (note 15) in the consolidated balance sheet.

These financial assets are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

When the asset becomes uncollectible, it is written off against the allowance amount. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in the prior periods.

2. Significant accounting policies (continued)

(h) Financial assets (continued)

Accounting for financial assets before 1 January 2018 under IAS 39: (continued)

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Accounting for financial assets from 1 January 2018 under IFRS 9:

Financial assets at amotised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as a FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets at amortised costs, are presented as "loan receivable from a joint venture" (note 10), "trade and other receivables" (note 13) and "cash and cash equivalents" (note 15) in the consolidated balance sheet.

These financial assets are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Group managed these groups of financial assets by collecting the contractual cash flow and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

The Group assesses on a forward looking basis the expected credit losses associated with these groups of financial assets.

For trade receivables, the Group applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For loan receivable from a joint venture and cash and cash equivalents, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since the initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Significant accounting policies (continued)

(h) Financial assets (continued)

Accounting for financial assets from 1 January 2018 under IFRS 9: (continued)

Financial assets at amortised cost (continued)

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due

When the asset becomes uncollectible, it is written off against the allowance amount. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period by the amount of expected credit loss reversal that is required to adjust the loss allowance to the amount that is required to be recognised at the reporting date.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities in the consolidated balance sheet unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

2. Significant accounting policies (continued)

(j) Borrowing costs

Borrowing costs are recognised in the consolidated statement of comprehensive income using the effective interest method except for those costs that are directly attributable to the construction of vessels. This includes those costs on borrowings acquired specifically for the construction of vessels, as well as those in relation to general borrowings used to finance the construction of vessels.

Borrowing costs on borrowings acquired specifically for the construction of vessels are capitalised in the cost of the vessel under construction during the period of construction until the Group takes delivery of the vessels. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to the construction expenditures that are financed by general borrowings.

(k) Trade and other payables

Trade and other payables represent liabilities to pay for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method, and are derecognised when the Group's obligation has been discharged or cancelled or expired.

(l) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices for financial assets are the current bid prices; the appropriate market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine fair value for the financial instruments.

The carrying amounts of current financial assets and liabilities carried at amortised costs approximate their fair values due to the short term nature of the balances. The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2. Significant accounting policies (continued)

(m) Leases

(1) When the Group is the lessor:

Operating leases

Leases of vessels in which the Group does not transfer substantially all risks and rewards incidental to ownership are classified as operating leases. Vessels leased out under operating leases are included in property, plant and equipment. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

(2) When the Group is the lessee:

Operating leases

Leases of assets in which not substantially all risks and rewards of ownership are transferred to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Finance leases

Leases of assets in which the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the reduction of the outstanding lease liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the consolidated profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(n) Inventories

Inventories comprise mainly fuel oil remaining on board. Inventories are measured at the lower of cost (on a first-in, first-out basis) and net realisable value.

2. Significant accounting policies (continued)

(o) Provisions for other liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation where as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. When the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

(p) Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements of the Group are presented in United States Dollars ("US$"), which is the functional currency of the Company.

(2) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss within "finance expense – net".

2. Significant accounting policies (continued)

(p) Foreign currency translation (continued)

(3) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from United States Dollars are translated into United States Dollars as follows:

(i) Assets and liabilities are translated at the closing rate at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates on the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

(q) Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be classified as an asset.

(1) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(2) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2. Significant accounting policies (continued)

(q) Employee benefits (continued)

(3) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the shares options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

When the share options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share-based payment reserve are credited to share capital (nominal value) and share premium, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are reissued to the employees.

(r) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and short-term bank deposits, which are subject to an insignificant risk of change in value.

(s) Share capital and treasury shares

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new common shares are deducted against share premium, a component of the share capital account.

When any entity within the Group purchases the Company's common shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2. Significant accounting policies (continued)

(t) Dividend to Company's shareholders

Dividend to Company's shareholders is recognised when the dividend is approved for payment.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Management whose members are responsible for allocating resources and assessing performance of the operating segments.

(v) Non–current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if its carrying amount is recovered principally through a sale transaction rather than through continuing use. The asset is not depreciated or amortised while it is classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. Revenue and other operating income

	2018 US$'000	2017 US$'000
Revenue from:		
- voyage charter	419,186	330,078
- time charter	102,568	161,674
	521,754	491,752
Other operating income:		
- sundry income	3,020	5,329
- rental income	19	30
- amortisation of deferred income	-	248
	3,039	5,607

4. Expenses by nature

	2018 US$'000	2017 US$'000
Fuel oil consumed	154,800	103,892
Port charges	63,402	43,630
Other voyage expenses	2,656	8,796
Voyage expenses	220,858	156,318
Charter hire expenses	66,874	68,712
Manning costs	57,670	70,783
Maintenance and repair expenses	30,426	39,442
Insurance expenses	2,002	5,702
Other vessel operating expenses	15,363	14,597
Vessel operating expenses	105,461	130,524
Employee compensation (note 5)	8,846	6,092
Directors' fees	475	497
Audit fees	402	370
Other operating expenses	17,788	9,332
Non-vessel related operating expenses	27,511	16,291
Total other operating expenses	132,972	146,815
Total voyage, charter hire and other operating expenses	420,704	371,845

5. Employee compensation

	2018 US$'000	2017 US$'000
Wages and salaries	8,575	5,757
Share-based payments - equity settled	(151)	47
Post-employment benefits - contributions to defined contribution plans	422	288
	8,846	6,092

6. Basic and diluted loss per share

Basic and diluted loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the financial year.

	2018	2017
Net loss attributable to equity holders of the Company (US$'000)	(71,400)	(42,688)
Weighted average number of common shares outstanding ('000)	140,216	141,777
Basic and diluted loss per share (US$ per share)	(0.51)	(0.30)

The potential common shares arising from the Company's two equity-settled, share-based compensation plans do not have a material impact on the computation of basic and diluted loss per share (note 16(a)(ii)).

7. Income tax expense

(a) Income tax expense

	2018 US$'000	2017 US$'000
Tax expense attributable to profit is made up of:		
- profit for the financial year:		
current income tax	293	544
- over provision in prior financial years:		
current income tax	(115)	-
	178	544

7. Income tax expense (continued)

(b) Movement in current income tax liabilities

	2018 US$'000	2017 US$'000
At beginning of the financial year	582	188
Income tax expense	178	544
Income tax paid	(451)	(238)
Currency translation differences	-	88
At end of the financial year	309	582

There are no income, withholding, capital gains or capital transfer taxes payable in Bermuda. Income tax expense reconciliation is as follows:

	2018 US$'000	2017 US$'000
Loss before tax	(72,212)	(44,252)
Tax calculated at a tax rate of 0% (2017: 0%)	-	-
Effects of different tax rates in other countries	178	544
Income tax expense	178	544

8. Intangible assets

	2018 US$'000	2017 US$'000
Charter hire contracts acquired		
At beginning of the financial year	2,650	7,561
Amortisation charge	(2,650)	(4,911)
At end of the financial year	-	2,650

9. Property, plant and equipment

	Vessels US$'000	Dry docking US$'000	Furniture and fixtures US$'000	Total US$'000
Cost				
At 1 January 2018	2,550,594	87,240	423	2,638,257
Additions	1,029	10,737	-	11,766
Reclassified to assets held-for-sale (note 11)	(93,667)	(4,809)	-	(98,476)
Write off on completion of dry docking costs	-	(7,100)	-	(7,100)
At 31 December 2018	2,457,956	86,068	423	2,544,447
Accumulated depreciation and impairment charge				
At 1 January 2018	465,165	37,233	89	502,487
Depreciation charge	80,900	17,060	62	98,022
Impairment charge	33,500	-	-	33,500
Reclassified to assets held-for-sale (note 11)	(84,021)	(4,809)	-	(88,830)
Write off on completion of dry docking costs	-	(7,100)	-	(7,100)
At 31 December 2018	495,544	42,384	151	538,079
Net book value				
At 31 December 2018	1,962,412	43,684	272	2,006,368

9. Property, plant and equipment (continued)

	Vessels US$'000	Dry docking US$'000	Vessels under construction US$'000	Furniture and fixtures US$'000	Total US$'000
Cost					
At 1 January 2017	2,723,359	91,656	74,061	305	2,889,381
Additions	2,205	18,508	68,451	118	89,282
Disposals	(110,320)	(1,918)	-	-	(112,238)
Transfer on delivery of vessels	139,886	2,626	(142,512)	-	-
Reclassified to assets held-for-sale (note 11)	(204,536)	(9,276)	-	-	(213,812)
Write off on completion of dry docking costs	-	(14,356)	-	-	(14,356)
At 31 December 2017	2,550,594	87,240	-	423	2,638,257
Accumulated depreciation and impairment charge					
At 1 January 2017	445,050	31,306	-	31	476,387
Depreciation charge	97,938	24,432	-	58	122,428
Impairment charge on vessels that were reclassified to assets held-for-sale	4,552	-	-	-	4,552
Reclassified to assets held-for-sale (note 11)	(72,364)	(3,273)	-	-	(75,637)
Disposals	(10,011)	(876)	-	-	(10,887)
Write off on completion of dry docking costs	-	(14,356)	-	-	(14,356)
At 31 December 2017	465,165	37,233	-	89	502,487
Net book value					
At 31 December 2017	2,085,429	50,007	-	334	2,135,770

(a) Vessels with an aggregate carrying amount of US$1,995.8 million as at 31 December 2018 (2017: US$1,893.4 million) were secured on borrowings (note 17).

(b) In 2017, the Group recognised an impairment charge of US$4.6 million on vessels that were reclassified as assets held-for-sale.

(c) For the year ended 31 December 2018, due to a decline in asset values, the Group recognised a provision for impairment of US$33.5 million to write down the carrying amount of certain vessels amounting to US$458 million 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 recoverable amount of vessels is estimated predominantly 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. 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.

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10. Joint venture

On 25 October 2017, the Group and Global United Shipping India Private Limited formed a joint venture in India, BW Global United LPG India Private Limited, to own and operate VLGCs for the transportation of LPG to India.

As part of the establishment of the joint venture, the Group sold two VLGCs to the joint venture for a total consideration of US$69.2 million under a deferred payment agreement which is presented within "loan receivables from a joint venture" in the Consolidated Balance Sheet. One VLGC was delivered in October 2017 and the other in January 2018, respectively.

The loan receivables from the joint venture are secured on the two VLGCs sold, bearing interest at LIBOR plus 4.5% per annum and are repayable by 2027 in consecutive quarterly instalments with a bullet payment upon maturity. The carrying amounts of current and non-current loan receivable from a joint venture approximate their fair values.

	2018 US$'000	2017 US$'000
Loan receivables – non-current	58,150	34,700
Loan receivables – current	5,408	1,500
	63,558	36,200

11. Assets held-for-sale

	2018 US$'000	2017 US$'000
At beginning of the financial year	103,098	4,245
Reclassified from property, plant and equipment (note 9)	9,646	138,175
Disposal	(107,921)	(39,322)
At end of the financial year	4,823	103,098

As at 31 December 2018, assets held-for-sale comprised one LGC that was agreed to be sold for recycling in January 2019.

As at 31 December 2017, assets held-for-sale comprised three VLGCs that were agreed to be sold, of which one VLGC was sold to a joint venture and two VLGCs were sold to non-related parties. Two VLGCs with aggregate carrying amounts of US$70.1 million were secured on borrowings (note 17).

12. Inventories

	2018 US$'000	2017 US$'000
Fuel oil, at cost	28,015	19,424

13. Trade and other receivables

	2018 US$'000	2017 US$'000
Trade receivables – non-related parties	69,606	73,354
Other receivables – non-related parties	10,572	8,734
Other receivables – related parties^	7,159	5,099
	87,337	87,187
Prepayments	9,419	6,952
	96,756	94,139

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

Contract assets – accrued revenue of US$26.2 million had been presented within "Trade receivables – non-related parties". These relate to the Group's rights to consideration for proportional performance from voyage charters-in-progress at the balance sheet date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

Other receivables due from related parties comprise mainly advances for vessel operating expenses. They are unsecured, interest-free and repayable on demand.

The carrying amounts of trade and other receivables, principally denominated in US$, approximate their fair values.

14. Derivative financial instruments

	2018		2017	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Interest rate swaps	10,334	(1,366)	6,467	(675)
Bunker swaps	-	-	80	-
Forward foreign exchange contracts	15	-	15	-
	10,349	(1,366)	6,562	(675)
Non-current	6,580	(527)	5,259	(117)
Current	3,769	(839)	1,303	(558)
	10,349	(1,366)	6,562	(675)

As at 31 December 2018, the Group had interest rate swaps with total notional principal amounting to US$789.1 million (2017: US$690.6 million). The Group's interest rate swaps mature between 2019 to 2028.

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 LIBOR interest rates ranging from 1.3% per annum to 2.9% 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.

14. Derivative financial instruments (continued)

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 Consolidated Statement of Comprehensive Income.

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

15. Cash and cash equivalents

	2018 US$'000	2017 US$'000
Cash at bank and on hand	50,075	56,548

16. Share capital and other reserves

(a) Issued and fully paid share capital

(i) As at 31 December 2018 and 2017, the Company's share capital comprised 141,938,998 fully paid common shares with a par value of US$0.01. Fully paid common shares carry one vote per share and carry a right to dividend as and when declared by the Company.

(ii) The Company operates two equity-settled, share-based compensation plans. For the 2015 Long-Term Incentive Plan ("LTIP 2015"), upon the end of the vesting period in 2018, common shares of 2,197 (2017: 2,197) were issued to certain employees. The LTIP 2015 was replaced by a 2017 Long-Term Incentive Plan ("LTIP 2017"). For the LTIP 2017, upon end of the vesting periods between February 2020 and February 2024, common shares of 1,420,000 (2017: 1,420,000) may be issued to certain employees.

(b) Share premium

The differences between the consideration for common shares issued and their par value are recognised as share premium.

(c) Capital reserve

As at 31 December 2018 and 31 December 2017, negative capital reserve amounted to US$36.3 million, which comprises negative reserve arising from the business acquisition of entities under common control using the pooling-of-interest method of accounting of US$41.5 million and a gain on disposal of treasury shares of US$5.2 million in December 2015.

(d) Share-based payment reserve

Certain employees are entitled to receive common shares in the Company. This award is recognised as an expense in the consolidated profit or loss with a corresponding increase in the share-based payment reserve over the vesting periods. For the year ended 31 December 2018, a reversal of an expense of US$151,000 (2017: expense of US$47,000) was recognised in the consolidated profit or loss with a corresponding decrease (2017: increase) recognised in the share-based payment reserve.

16. Share capital and other reserves (continued)

(e) Treasury shares

	Number of shares		Amount	
	2018	2017	2018	2017
	'000	'000	US$'000	US$'000
Balance as at 1 January	350	69	1,565	457
Reissue of treasury shares	(3)	(3)	(15)	(21)
Purchases of treasury shares	2,406	284	11,150	1,129
Balance as at 31 December	2,753	350	12,700	1,565

Pursuant to the Company's Long-term Management Share Option Plan ("LTIP 2017") announced on 21 April 2017, the second tranche of 284,000 shares was purchased on 5 March 2018 at US$4.7 (NOK36.2) per share for an aggregate consideration of US$1.3 million (NOK10.3 million). In 2017, pursuant to the same LTIP 2017 plan, the first tranche of 284,000 shares was purchased on 1 and 2 June 2017 at an average price of US$4.0 (NOK33.6) per share for an aggregate consideration of US$1.1 million (NOK9.5 million).

Pursuant to the Company's share buy-back programme announced on 6 March 2018, a total of 2,122,000 shares was purchased at an average price of US$4.65 (NOK36.0) per share for an aggregate consideration of US$9.9 million (NOK76.4 million).

17. Borrowings

	2018	2017
	US$'000	US$'000
Non-current		
Bank borrowings	1,101,343	1,076,212
Current		
Interest payable	5,710	5,025
Bank borrowings	127,643	259,899
	133,353	264,924
Total borrowings	1,234,696	1,341,136

In 2013, the Group entered into a seven-year US$700.0 million Senior Secured Term Loan and Revolving Credit Facility ("US$700 million Facility"), which comprised a term loan facility of US$500.0 million and revolving credit facility of US$200.0 million to repay a shareholder loan and to provide general corporate and working capital. The term loan is amortised quarterly with a bullet payment at the end of the facility. The revolving credit of US$200.0 million was increased to US$300.0 million in 2016.

In 2015, the Group signed a 12-year Facility Agreement for a debt facility of up to US$400.0 million ("US$400 million Facility") to provide post-delivery financing for seven VLGC newbuilds. The facility is amortised quarterly with a bullet payment at the end of the facility.

17. Borrowings (continued)

In 2016, the Group signed a 12-year debt facility of US$220.8 million ("US$221 million Facility") to provide post-delivery financing for four VLGC newbuilds. The facility is amortised quarterly with a bullet payment at the end of the facility.

In 2016, the Group upsized its two-year unsecured revolving credit facility to US$150.0 million from US$100.0 million ("US$150 million Facility") to provide general corporate and working capital.

In 2017, the Group signed a 11-year debt facility of US$290.0 million ("US$290 million Facility") for the re-financing of six 2016 built ex-Aurora vessels. The facility is amortised quarterly with a bullet payment at the end of the facility.

In 2018, the Group signed a 5-year debt facility of US$150.0 million ("US$150 million Term Loan") to re-finance the unsecured US$150 million Facility due in March 2018.

As at 31 December 2018, bank borrowings from the above facilities amounting to US$1,234.7 million (2017: US$1,190.9 million) are secured by mortgages over certain vessels of the Group (note 9 and 11).

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

18. Provision for onerous contracts

The Group has non-cancellable lease commitments for the charter hire of eight VLGCs and two VLGC newbuilds, expiring between 2019 to 2027. Due to changes in market conditions, future charter income is expected to be lower than contracted charter hire expenses.

Movements in provision for onerous contracts are analysed as follows:

	US$'000
At 1 January 2018	-
Provision for onerous contracts	1,100
At 31 December 2018	1,100

Estimates of the Group's provision for onerous contracts are highly dependent on future spot rates which are affected by future events and cannot be predicted with any certainty. The assumptions and estimates are made based on Management's knowledge and experience which may vary from the actual liability.

19. Trade and other payables

	2018 US$'000	2017 US$'000
Trade payables – non-related parties	6,221	4,871
Other payables – non-related parties	117	170
Charter hire received in advance	1,825	1,907
Other accrued operating expenses	30,455	32,417
	38,618	39,365

The carrying amounts of trade and other payables, principally denominated in US$, approximate their fair values.

Other payables due to related parties are unsecured, interest-free and are payable on demand.

20. Related party transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Group and related parties during the financial year at terms agreed between the parties:

(a) Services

	2018 US$'000	2017 US$'000
Corporate service fees charged by related parties^	4,696	2,825
Ship management fees charged by related parties^	7,221	7,164

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

(b) Key management's remuneration

	2018 US$'000	2017 US$'000
Salaries and other short-term employee benefits	2,195	1,801
Post-employment benefits - contributions to defined contribution plans and share-based payment	24	35
Directors' fees	475	497
	2,694	2,333

(c) Others

	2018 US$'000	2017 US$'000
Interest income from a joint venture	4,683	383
Sale of a vessel to a joint venture	33,000	36,200

21. Commitments

(a) 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 non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	2018 US$'000	2017 US$'000
Not later than one year	32,597	50,527
Later than one year but not later than five years	7,290	24,765
	39,887	75,292

(b) 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 non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2018 US$'000	2017 US$'000
Not later than one year	62,444	59,543
Later than one year and not later than five years	246,215	227,948
Later than five years	92,286	150,356
	400,945	437,847

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

22. 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 financial performance of the Group. Where applicable, the Group uses financial instruments such as interest rate swaps and bunker swaps to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

(i) Fuel price risk

The Group is exposed to the risk of variations in fuel oil costs, which are affected by the global political and economic environment. In 2018, fuel oil costs comprised 44% (2017: 34%) of the Group's total operating expenses (excluding amortisation, depreciation and charter hire expenses).

(ii) Currency risk

The Group's business operations are not exposed to significant foreign exchange risk as it has no significant regular transactions denominated in foreign currencies.

(iii) 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 17). If the US$ interest rates increase/decrease by 50 basis points (2017: 50 basis points) with all other variables including tax rate being held constant, the loss after tax will be higher/lower by approximately US$5.3 million (2017: loss after tax will be higher/lower by approximately US$5.3 million) as a result of higher/lower interest expense on these borrowings; the other comprehensive income will be higher/lower by approximately US$13.5 million (2017: other comprehensive income will be higher/lower by approximately US$10.8 million).

22. Financial risk management (continued)

(b) Credit risk

Credit risk is diversified over a range of counterparties including several key charterers. The Group performs ongoing credit evaluation of its charterers and has policies in place to ensure that credit is extended only to charterers with appropriate credit histories or financial resources. In this regard, the Group is of the opinion that the credit risk of counterparty default is appropriately mitigated. In addition, although the trade and other receivables consist of a small number of customers, the Group has policies in place for the control and monitoring of the concentration of credit risk. The Group has implemented policies to ensure cash is only deposited with internationally recognised financial institutions with good credit ratings.

The Group's credit risk is primarily attributable to trade and other receivables, loan receivable to a joint venture and cash and cash equivalents. The Group has assessed the expected credit loss as at 1 January 2018 and 31 December 2018 based on past events, current conditions and forecasts of future economic conditions. As at 31 December 2018 and 31 December 2017:

- bank deposits are not impaired and are mainly deposits with banks with credit-ratings assigned by international credit-rating agencies;
- trade receivables are neither past due nor impaired and are substantially from companies with a good collection track record with the Group; and
- loan receivable to a joint venture is not past due.

There is no significant balance as at the balance sheet date that is past due as substantial portions of the trade and other receivables represent accrued revenue for voyage charters-in-progress, unbilled receivables from time charters and unbilled demurrage receivables at the balance sheet date. The maximum exposure is represented by the carrying value of each financial asset on the consolidated balance sheet before taking into account any collateral held.

(c) 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.

22. Financial risk management (continued)

(c) Liquidity risk (continued)

	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 2018				
Trade and other payables	36,793	-	-	-
Bank borrowings	172,527	481,107	298,213	494,250
	209,320	481,107	298,213	494,250
At 31 December 2017				
Trade and other payables	37,458	-	-	-
Bank borrowings	387,570	391,569	213,490	561,355
	425,028	391,569	213,490	561,355

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend paid, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings.

The Group monitors capital based on a book leverage ratio (defined as total debt to total equity and debt). The Group pursues a policy aiming to achieve a target book leverage ratio of below 60%. If the book leverage ratio is higher than 60%, the Group will seek to return to a conservative financial level by disposing assets, deleveraging the balance sheet; and/or increasing fixed income coverage within a reasonable period of time.

The Group's leverage ratio at 31 December 2018 is 56% (2017: 56%).

The Group is in compliance with all other externally imposed capital requirements for the financial year ended 31 December 2018 and 2017.

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22. Financial risk management (continued)

(e) Financial instruments by category

The aggregate carrying amounts of the Group's financial instruments are as follows:

	2018 US$'000	2017 US$'000
Net derivative assets measured at fair value	8,983	5,887
Financial assets at amortised cost	200,970	-
Loans and receivables	-	179,935
Financial liabilities at amortised cost	1,271,489	1,378,594

(f) Estimation of fair value

IFRS 13 established a fair value hierarchy that prioritises inputs used to measure fair value. The three levels of the fair value input hierarchy defined by IFRS 13 are as follows:

(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).

	Level 1 US$'000	Level 2 US$'000	Total US$'000
2018			
Assets			
Derivative financial instruments	-	10,349	10,349
Total assets	-	10,349	10,349
Liabilities			
Derivative financial instruments	-	1,366	1,366
Total liabilities	-	1,366	1,366
2017			
Assets			
Derivative financial instruments	-	6,562	6,562
Total assets	-	6,562	6,562
Liabilities			
Derivative financial instruments	-	675	675
Total liabilities	-	675	675

22. Financial risk management (continued)

(f) Estimation of fair value (continued)

Derivative financial assets and liabilities

The Group's financial derivative instruments primarily relate to interest rate swaps measured at fair value and are within Level 2 of the fair value hierarchy (note 14). The fair values of financial derivative instruments that are not traded in an active market are determined by using valuation techniques. The fair values of interest rate swaps are calculated at the present value of estimated future cash flows based on observable yield curves.

Non-derivative non-current financial assets and liabilities

The carrying amount of non-derivative non-current financial assets and liabilities which bear floating interest rates are assumed to approximate their fair value because of the short repricing period. There are no non-current financial assets and liabilities which do not bear floating interest rates.

Non-derivative current financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value because of the short period to maturity.

(g) Offsetting financial assets and financial liabilities

The Group's financial assets and liabilities are not subject to enforceable master netting arrangements or similar arrangements. Financial derivatives, financial assets and financial liabilities are presented as gross on the consolidated balance sheet.

23. Segment information

The Group has two main operating segments:

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

With the reduction in the LGC fleet size as well as Management's continued primary focus on the VLGC segment, it has been determined that the LGC segment, representing less than ten percent of the Group's total assets, revenue and profit or loss, is immaterial to the Group and is therefore no longer a reportable segment. With effect from 1 January 2018, the Group is considered to have a single reportable segment. This represents a change to the operating segments reported in the annual financial statements for the year ended 31 December 2017. The segment results as previously reported for the comparative year ended 31 December 2017 has not been included in this set of Consolidated Financial Statements.

Geographical information

Non-current assets which comprise mainly vessels, 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.

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24. Distributions to non-controlling interests

	2018 US$'000	2017 US$'000
Distributions to non-controlling interests in		
- KS Havgas Partners	1,820	-
- PR Bergesen d.y. Shipping DA	-	1,643
	1,820	1,643

The partnerships, which are subsidiaries of the Group, had made distributions in accordance with the requirements of the partnership agreements. Distributions above reflect those amounts that were paid to non-controlling interests.

25. Dividends paid

No final dividend for FY 2018 will be recommended at the Company's forthcoming annual general meeting (2017: no final dividend was recommended).

26. Subsequent events

(a) On 21 January 2019, one LGC was delivered for recycling, generating US$6.6 million in liquidity and a net book gain of US$1.8 million; and

(b) On 25 February 2019, the Group established a new Product Services Division to support its core shipping business.

27. Listing of companies in the Group

Name of companies		Principal activities	Country of incorporation	Equity holding 2018	Equity holding 2017
(i) Subsidiaries held by the Company					
BW LPG Holding Limited		Investment holding	Bermuda	100%	100%
BW LPG Product Services Limited	(a)	Investment holding	Bermuda	100%	-
(ii) Significant subsidiaries held by BW LPG Holding Limited					
BW Gas LPG Limited		Dormant	Bermuda	100%	100%
BW Gas LPG Chartering Limited		Chartering	Bermuda	100%	100%
BW Austria Limited		Dormant	Bermuda	100%	100%
BW VLGC Limited		Shipowning	Bermuda	100%	100%
BW Lord Limited		Shipowning	Bermuda	100%	100%
BW Prince Limited		Dormant	Bermuda	100%	100%
BW Princess Limited		Shipowning	Bermuda	100%	100%
LPG Transport Service Ltd.		Dormant	Bermuda	100%	100%
BW Liberty Limited		Dormant	Bermuda	100%	100%
BW Loyalty Limited		Shipowning	Bermuda	100%	100%
KS Havgas Partners		Shipowning	Norway	78%	78%
PR Bergesen d.y. Shipping DA	(c)	Shipowning	Norway	-	86%
AS Havgas Partners		Investment holding	Norway	100%	100%
BW Green Transport AS		Chartering	Norway	100%	100%
BW Green Carriers AS		Chartering	Norway	100%	100%
BW LPG Partners Pte. Ltd.		Shipowning	Singapore	100%	100%
BW LPG Partners AS		Investment holding	Norway	100%	100%
BW LPG AS		Management	Norway	100%	100%
BW LPG Pte. Ltd.		Management	Singapore	100%	100%
BW Cyan Limited		Shipowning	Bermuda	100%	100%
BW Summit Limited		Shipowning	Bermuda	100%	100%
BW Constellation I Limited		Shipowning	Bermuda	100%	100%
BW Constellation II Limited		Shipowning	Bermuda	100%	100%
BW LPG Investments Limited (formerly known as BW Constellation III Limited)		Investment holding	Bermuda	100%	100%
BW VLEC Limited (formerly known as BW Constellation IV Limited)		Dormant	Bermuda	100%	100%
BW Okpo Limited		Shipowning	Bermuda	100%	100%
BW Seoul Limited		Shipowning	Bermuda	100%	100%
BW LPG LLC		Management	United States	100%	100%
Aurora LPG Holding AS		Management	Norway	100%	100%
Aurora Shipping Holding AS		Investment holding	Norway	100%	100%
Aurora Shipping I AS	(b)	Dormant	Norway	-	100%
Aurora Shipping II AS		Shipowning	Norway	100%	100%
Aurora Shipping III AS	(b)	Dormant	Norway	-	100%
Aurora Shipping IV AS	(b)	Dormant	Norway	-	100%
Aurora Shipping V AS	(b)	Dormant	Norway	-	100%
Aurora Shipping VI AS	(b)	Dormant	Norway	-	100%
Aurora Shipping VII AS	(b)	Dormant	Norway	-	100%
Aurora Shipping VIII AS	(b)	Dormant	Norway	-	100%
Aurora Shipping IX AS	(b)	Dormant	Norway	-	100%
BW LPG Product Services Pte. Ltd.	(a)	Product delivery services	Singapore	100%	-

27. Listing of companies in the Group (continued)

Name of companies	Principal activities	Country of incorporation	Equity holding 2018	Equity holding 2017
(iii) Joint venture held by BW LPG Holding Limited				
BW Global United LPG India Private Limited	Shipowning	India	50%	50%

(a) Companies incorporated during the financial year
(b) Companies merged into Aurora Shipping II AS during the financial year
(c) PR Bergesen d.y. Shipping DA was liquidated during the financial year

28. New or revised accounting standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for the following set out below:

IFRS 16 '*Leases*'

IFRS 16 replaces existing leases guidance, IAS 17 and other related interpretations. IFRS 16 is expected to change the balance sheet, income statement and cash flow statement of how a lessee accounts for operating leases. In applying IFRS 16, an entity is required to recognise a right-to-use asset and lease liability, initially measured at the present value of unavoidable future lease payments; to recognise depreciation of right-of-use asset and lease liability in the income statement over the lease term; and separate the total amount of cash paid into principal portion (presented within financing activities) and interest portion (typically presented within either operating or financing activities) in the cash flow statement.

IFRS 16 does not change substantially the accounting for finance leases in IAS 17. The main difference relates to the treatment of residual value guarantees provided by a lessee to a lessor. This is because IFRS 16 requires that an entity recognises only amounts expected to be payable under residual value guarantees, rather than the maximum amount guaranteed as required by IAS 17.

IFRS 16 does not change substantially how a lessor accounts for leases. Accordingly, a lessor will continue to classify leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the modified retrospective transition approach and will not restate comparative amounts for the year prior to first adoption. The cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening retained earnings as at 1 January 2019. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. Right-of-use assets will be measured on transition at the amount of the lease liability on adoption (adjusted for any prepaid, accrued lease expenses or provision for onerous leases).

28. New or revised accounting standards and interpretations (continued)

IFRS 16 '*Leases*' (continued)

Summary of provisional financial impact

The line items on the Group's consolidated financial statements that may be adjusted with expected impact arising from the adoption of IFRS 16 as described above, are summarised below:

	As at 31 December 2018 reported under IAS 17 US$'000	(Provisional) As at 1 January 2019 reported under IFRS 16 US$'000
Right-of-use assets	-	179,144
Lease liabilities	-	180,244
Provision for onerous contracts	1,100	-

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group

BW LPG

BW LPG LIMITED

PARENT COMPANY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

	Note	2018 US$'000	2017 US$'000
Dividend from a subsidiary		8,000	9,000
Other operating expenses	3	(4,654)	(3,180)
		3,346	5,820
Other finance income/(expense)		5	(10)
Profit before tax for the financial year		3,351	5,810
Income tax expense	4	-	-
Profit after tax and total comprehensive income for the financial year		3,351	5,810

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

BALANCE SHEET
As at 31 December 2018

	Note	2018 US$'000	2017 US$'000
Subsidiaries	5	988,864	985,738
Total non-current assets		988,864	985,738
Other receivables	6	200	170
Cash and cash equivalents	7	-*	10
Total current assets		200	180
Total assets		989,064	985,918
Share capital	8	1,419	1,419
Share premium	8	289,812	289,812
Contributed surplus		685,913	685,913
Share-based payment reserve	8	16	182
Retained earnings		11,717	8,366
Total shareholder's equity		988,877	985,692
Trade and other payables	9	187	226
Total liabilities		187	226
Total equity and liabilities		989,064	985,918

*Amount less than US$1,000

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

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2018

	Note	Share capital US$'000	Share premium US$'000	Contributed surplus US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total US$'000
Balance at 1 January 2018		1,419	289,812	685,913	182	8,366	985,692
Profit for the financial year		-	-	-	-	3,351	3,351
Total comprehensive income for the financial year		-	-	-	-	3,351	3,351
Share-based payment reserve - Value of employee services	8	-	-	-	(151)	-	(151)
Settlement of share-based payment		-	-	-	(15)	-	(15)
Total transactions with owners, recognised directly in equity		-	-	-	(166)	-	(166)
Balance at 31 December 2018		1,419	289,812	685,913	16	11,717	988,877

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

STATEMENT OF CHANGES IN EQUITY (continued)
For the financial year ended 31 December 2018

	Note	Share capital US$'000	Share premium US$'000	Contributed surplus US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total US$'000
Balance at 1 January 2017		1,419	289,812	685,913	156	2,556	979,856
Profit for the financial year		-	-	-	-	5,810	5,810
Total comprehensive income for the financial year		-	-	-	-	5,810	5,810
Share-based payment reserve - Value of employee services	8	-	-	-	47	-	47
Settlement of share-based payment		-	-	-	(21)	-	(21)
Total transactions with owners, recognised directly in equity		-	-	-	26	-	26
Balance at 31 December 2017		1,419	289,812	685,913	182	8,366	985,692

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

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Note	2018 US$'000	2017 US$'000
Cash flows from operating activities			
Profit before tax for the financial year		3,351	5,810
Adjustments for:			
- share-based payment		(166)	26
- dividend income		(8,000)	(9,000)
Operating cash flow before working capital changes		(4,815)	(3,164)
Changes in working capital:			
- other receivables		(30)	-
- trade and other payables		(39)	(516)
Net cash used in operating activities		(4,884)	(3,680)
Cash flow from investing activities			
Dividend received		8,000	9,000
Receivables from subsidiaries		(3,126)	(5,320)
Net cash provided by investing activities		4,874	3,680
Net decrease in cash and cash equivalents		(10)	-
Cash and cash equivalents at beginning of the financial year	7	10	10
Cash and cash equivalents at end of the financial year	7	-*	10

*Amount less than US$1,000

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

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

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 Suite 400, 22 Church Street, HM 1189, Hamilton HM EX, Bermuda.

The principal activity of the Company is that of investment holding.

These financial statements were authorised for issue by the Board of Directors of BW LPG Limited on 28 February 2019.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

New standards, amendments to published standards and interpretations

The Company has adopted the new standards and amendments to published standards as at 1 January 2018. Changes in the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and amendments.

The adoption of these new or amended standards and amendments did not result in substantial changes in the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Critical accounting estimates, assumptions and judgements

The preparation of the financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no estimates and assumptions which have a material effect on the financial statements.

(b) Revenue and income recognition

Dividend income

Dividend income is recognised when the right to receive payment is established.

2. Significant accounting policies (continued)

(c) Interest in a subsidiary

Investments in a subsidiary, including receivables from the subsidiary that is a long-term source of capital and financing to the subsidiary, are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) Impairment of non-financial assets

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss.

An impairment loss for an asset (or CGU) is reversed if, and only if, there has been a change in the estimates used to determine the asset's (or CGU's) recoverable amount since the last impairment loss was recognised. The carrying amount of this asset (or CGU) is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of impairment loss for an asset (or CGU) is recognised in the profit or loss.

(e) Financial assets

Accounting for financial assets before 1 January 2018 under IAS 39:

The Company has only one class of non-derivative financial assets, loans and receivables. They are presented as "other receivables" (note 6) and "cash and cash equivalents" (note 7) on the balance sheet.

These financial assets are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. Significant accounting policies (continued)

(e) Financial assets (continued)

Accounting for financial assets before 1 January 2018 under IAS 39: (continued)

When the asset becomes uncollectible, it is written off against the allowance amount. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in the prior periods.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

Accounting for financial assets from 1 January 2018 under IFRS 9:

The Company has only one class of non-derivative financial assets, financial assets at amortised costs. They are presented as "other receivables" (note 6) and "cash and cash equivalents" (note 7) on the balance sheet.

These financial assets are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company managed these groups of financial assets by collecting the contractual cash flow and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

The Company assesses on a forward looking basis the expected credit losses associated with these groups of financial assets.

For other receivables and cash and cash equivalents, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

When the asset becomes uncollectible, it is written off against the allowance amount. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period by the amount of expected credit loss reversal that is required to adjust the loss allowance to the amount that is required to be recognised at the reporting date.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2. Significant accounting policies (continued)

(f) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

(g) Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities carried at amortised costs approximate their fair values due to the short term nature of the balances.

(h) Provisions for other liabilities and charges

Provisions are recognised when the Company has a present legal or constructive obligation where as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. When the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

(i) Foreign currency translation

(1) Functional currency

The financial statements of the Company are presented in United States Dollar ("US$"), which is the functional currency.

(2) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the profit or loss.

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and short-term bank deposits, which are subject to an insignificant risk of change in value.

2. Significant accounting policies (continued)

(k) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new common shares are deducted against share premium, a component of the share capital account.

(l) Dividend to Company's shareholders

Dividend to Company's shareholders are recognised when the dividend are approved for payment.

3. Expenses by nature

	2018 US$'000	2017 US$'000
Directors' fees	475	497
Share-based payments – equity settled	(151)	47
Support service fees charged by subsidiaries	1,956	1,771
Other expenses	2,374	865
Total other operating expenses	4,654	3,180

4. Income tax

No provision for tax has been made for the year ended 31 December 2018 and 2017 as the Company does not have any income that is subject to income tax based on the tax legislation applicable to the Company.

There is no income, withholding, capital gains or capital transfer taxes payable in Bermuda.

5. Subsidiaries

	2018 US$'000	2017 US$'000
Equity investments at cost	685,920	685,910
Receivables from subsidiaries	302,944	299,828
	988,864	985,738

The receivables from subsidiaries are a source of capital to the subsidiaries. Accordingly, they are deemed to represent an addition to the Company's net investment in the subsidiaries.

5. Subsidiaries (continued)

Details of the subsidiaries held directly by the Company are as follows:

Name of company	Principal activity	Country of incorporation	Equity holding 2018	Equity holding 2017
BW LPG Holding Limited	Investment holding	Bermuda	100%	100%
BW LPG Product Services Limited (a)	Investment holding	Bermuda	100%	-

(a) Company incorporated during the financial year

6. Other receivables

	2018 US$'000	2017 US$'000
Other receivables – related parties^	6	7
Other receivables – non-related parties	194	163
	200	170

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

The carrying amounts of other receivables, principally denominated in US$, approximate their fair values.

Other receivables due from related parties are unsecured, interest-free and are repayable on demand.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term bank deposits.

Cash and cash equivalents are principally denominated in US$.

8. Share capital and other reserves

(a) Issued and fully paid share capital

(i) As at 31 December 2018 and December 2017, the Company's share capital comprised of 141,938,998 fully paid common shares with a par value of US$0.01. Fully paid common shares carry one vote per share and carry a right to dividend as and when declared by the Company.

8. Share capital and other reserves (continued)

(a) Issued and fully paid share capital (continued)

(ii) The Company operates two equity-settled, share-based compensation plans. For the 2015 Long-Term Incentive Plan ("LTIP 2015"), upon the end of the vesting period in 2018, common shares of 2,197 (2017: 2,197) were issued to certain employees. The LTIP 2015 was replaced by a 2017 Long-Term Incentive Plan ("LTIP 2017"). For the LTIP 2017, upon end of the vesting periods between February 2020 and February 2024, common shares of 1,420,000 (2017: 1,420,000) may be issued to certain employees.

(b) Share premium

The difference between the consideration for common shares issued and their par value are recognised as share premium.

(c) Share-based payment reserve

Certain employees are entitled to receive common shares in the Company. This award is recognised as an expense in the consolidated profit or loss with a corresponding increase in the share-based payment reserve over the vesting periods. For the year ended 31 December 2018, a reversal of an expense of US$151,000 (2017: expense of US$47,000) was recognised in the consolidated profit or loss with a corresponding decrease (2017: increase) recognised in the share-based payment reserve.

9. Trade and other payables

	2018 US$'000	2017 US$'000
Trade payables – related parties^	2	-
Trade payables – non-related parties	57	26
Other accrued operating expenses	128	200
	187	226

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

The carrying amounts of trade and other payables, principally denominated in US$, approximate their fair values.

10. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties during the financial year at terms agreed between the parties:

10. Related party transactions (continued)

(a) Services

	2018 US$'000	2017 US$'000
Corporate service fees charged by subsidiaries	1,956	1,771

(b) Key management's remuneration

	2018 US$'000	2017 US$'000
Directors' fees	475	497

11. Financial risk management

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

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company.

(a) Market risk – Currency risk

The Company's business operations are not exposed to significant foreign exchange risk as it has no significant regular transactions denominated in foreign currencies.

(b) Credit risk

The Company's credit risk is primarily attributable to other receivables and cash and cash equivalents. Bank deposits are not impaired and are mainly deposits with banks with credit-ratings assigned by international credit-rating agencies. Other receivables are neither past due nor impaired. The maximum exposure is represented by the carrying value of each financial asset on the balance sheet.

(c) 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. The Company maintains sufficient cash for its daily operations via short-term cash deposit at banks and funding from a subsidiary.

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

BW LPG LIMITED
PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

11. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year US$'000
At 31 December 2018	
Trade and other payables	187
At 31 December 2017	
Trade and other payables	226

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend paid, return capital to shareholders, or collect dividend from the subsidiary.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2018 and 2017.

(e) Financial instruments by category

The aggregate carrying amounts of the Company's financial instruments are as follows:

	2018 US$'000	2017 US$'000
Financial assets at amortised cost	200	-
Loans and receivables	-	170
Financial liabilities at amortised cost	187	226

12. Dividend paid

No final dividend for FY 2018 will be recommended at the Company's forthcoming annual general meeting (2017: no final dividend was recommended).

13. New or revised accounting standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Responsibility Statement

We confirm that, to the best of our knowledge, the financial statements for the year 1 January to 31 December 2018 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties facing the Group and the Company.

28 February 2019

Andreas Sohmen-Pao
Chairman

John B Harrison
Vice Chairman

Andreas Beroutsos
Director

Anders Onarheim
Director

Anne Grethe Dalane
Director

Martha Kold Bakkevig
Director

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Fleet List

As at 31 December 2018

Owned VLGCs (100% Ownership)

Total 35 vessels

(2.9 million CBM and Average Age - 7 years)

Name	Year	Shipyard
BW Mindoro	2017	DSME
BW Balder	2016	Hyundai H.I.
BW Brage	2016	Hyundai H.I.
BW Freyja	2016	Hyundai H.I.
BW Frigg	2016	Hyundai H.I.
BW Magellan	2016	DSME
BW Malacca	2016	DSME
BW Njord	2016	Hyundai H.I.
BW Tucana	2016	Hyundai H.I.
BW Var	2016	Hyundai H.I.
BW Volans	2016	Hyundai H.I.
BW Carina	2015	Hyundai H.I.
BW Gemini	2015	Hyundai H.I.
BW Leo	2015	Hyundai H.I
BW Libra	2015	Hyundai H.I
BW Orion	2015	Hyundai H.I
BW Aries	2014	Hyundai H.I.
BW Pine	2011	Kawasaki S.C.
BW Sakura	2010	Mitsubishi H.I.
BW Austria	2009	DSME
BW Odin	2009	Hyundai H.I.
BW Loyalty	2008	DSME
BW Lord	2008	DSME
BW Oak	2008	Hyundai H.I.
BW Princess	2008	Hyundai H.I.
BW Thor	2008	Hyundai H.I.
BW Tyr	2008	Hyundai H.I.
BW Birch	2007	Hyundai H.I.
BW Cedar	2007	Hyundai H.I.
BW Elm	2007	Hyundai H.I.
BW Liberty	2007	DSME
BW Prince	2007	Hyundai H.I.
BW Confidence	2006	Mitsubishi H.I.
BW Trader	2006	DSME
Berge Summit	1990	Mitsubishi H.I.

VLGCs in BW Global United LPG India Private Limited

Total 2 vessels

(0.2 million CBM and Average Age - 17 years)

Name	Year	Shipyard	Ownership
BW Boss	2001	Kawasaki H.I.	50%
BW Energy	2002	Kawasaki H.I.	50%

Chartered VLGCs

Total 8 vessels

(0.7 million CBM and Average Age - 9 years)

Name	Year	Shipyard	Charter type
Oriental King	2017	Hyundai H.I.	Time-charter
BW Messina	2017	DSME	Time-charter
BW Kyoto	2010	Mitsubishi H.I.	Time-charter
Yuricosmos	2010	Mitsubishi H.I.	Time-charter
BW Tokyo	2009	Mitsubishi H.I.	Time-charter
Berge Nantong	2006	Hyundai H.I.	Time-charter
Berge Ningbo	2006	Hyundai H.I.	Time-charter
BW Empress	2005	Mitsubishi H.I.	Bareboat

Owned LGCs

Total 3 vessels

(0.2 million CBM and Average Age - 19 years)

Name	Year	Shipyard	Ownership (%)
BW Nantes	2003	Kawasaki S.C.	100%
BW Nice	2003	Kawasaki S.C.	100%
BW Helios[1]	1992	Kvaerner-Govan	100%

1 BW Helios was sold for recycling in Jan 2019

Newbuild VLGCs

Total 2 vessels

(0.2 million CBM)

Name	Year	Shipyard	Ownership
Hull No. 2335	2020	Mitsubishi H.I.	Time-charter
Hull No. 2336	2020	Mitsubishi H.I.	Time-charter

Glossary

Term	Definition
'Board of Directors' or the 'Board'	Board of Directors of BW LPG
'BW LPG Group' or the 'Group'	BW LPG and its subsidiaries
'BW LPG' or the 'Company'	BW LPG Limited
Baltic Index	The Baltic Index is a shipping and trade index created by the London-based Baltic Exchange that measures changes in the cost to transport various raw materials
Bermuda Companies Act	The Companies Act 1981, as amended of Bermuda
Bunker fuel	Any hydrocarbon mineral oil used or intended to be used for the operation or propulsion of a ship
BWFM	BW Fleet Management. BWFM provides technical management to BW LPG Group through a ship management agreement
CBM	Cubic meter. A unit for gas vessel's capacity for carrying gas
Charter	The hiring of a vessel, or use of its carrying capacity, for either (i) a specified period of time or (ii) a specific voyage or set of voyages
CoA	Contract of Areightment. Under a CoA, the ship owner provides capacity to transport a certain amount of cargo within a specified period from one place to a destination designated by the customer. All of the ship's operating, voyage and capital costs are borne by the shipowner. The freight rate is normally agreed on a per cargo tonne basis. The freight rate can be fixed or floating, or a combination of both
Commercial management	Commercial management includes chartering negotiations and operation of the vessel in accordance with the terms of the charter parties
Dry docking	The removal of a vessel from the water for inspection and/or repair of submerged parts
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ECA	Emission Control Areas
EIA	US Energy Information Authority
GRI	Global Reporting Initiatives
Hull	The shell or body of a vessel
IFRS	International Financial Reporting Standards
IMO	International Maritime Organisation
LGC	Large Gas Carrier. Gas carrier of 50,000-70,000 cbm
LPG	Liquefied Petroleum Gas
LTIF	Lost Time Injury Frequency
MACN	Maritime Anti Corruption Network
MGO	Marine gas oil

Term	Definition
MLC	The Maritime Labour Convention, 2006
NGL	Natural gas liquids
Newbuilding	A new vessel under construction
OPEX	Vessel operating expenses, such as manning, insurance, maintenance and repairs
PDH	Propane dehydrogenation
Pool	Arrangement pursuant to which vessels owned by different owners are chartered into a pool and the manager of the pool markets the vessels as a single, cohesive fleet, operating them under spot contracts, CoAs and time-charters. The income from the vessels included in the pool is distributed to individual owners according to an agreed upon pool point system whereby each vessel receives its share of the pool's earnings according to the vessel's earning potential
SECA	Sulphur Emission Control Areas
Spot market	The market for chartering a vessel for single voyages on the basis of current market levels
Spot rate	The rate for chartering a vessel on the spot market
Spot voyage	A spot voyage is typically a single round trip that is priced on a current or spot market value. The owner of the vessel receives one payment derived by multiplying the tonnes of cargo loaded on board by the agreed upon freight rate expressed on a per cargo tonne basis. The owner is responsible for the payment of all expenses including voyage expenses (including bunker fuel, agency and port costs), operating expenses and capital costs of the vessel
TCE income	Gross freight less voyage related costs
Technical Management	Technical management is the daily operation of a vessel, including maintenance, supplies and manning
Time-Charter	Under time charters, vessels are chartered to customers for fixed periods of time at rates that are generally fixed. The charterer pays all voyage costs. The owner of the vessel receives monthly charter payments on a per day basis and is responsible for the payment of all vessel operating expenses (including manning, maintenance, repair and docking) and capital costs of the vessel
TRCF	Total Recordable Case Frequency
Tonne mile	Unit cargo x distance; i.e. 10 tonnes carried 25 miles = 250 tonne miles
UN SGDs	United Nations' Sustainable Development Goals
Vessel recycling	The sale of a vessel for dismantling and reprocessing the building materials
VLGC	Very Large Gas Carrier. Gas carrier above 70,000 cbm
VSAT	Very Small Aperture Terminal
WTI	West Texas Intermediate
YoY	Year on Year

BW LPG

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