BW LPG

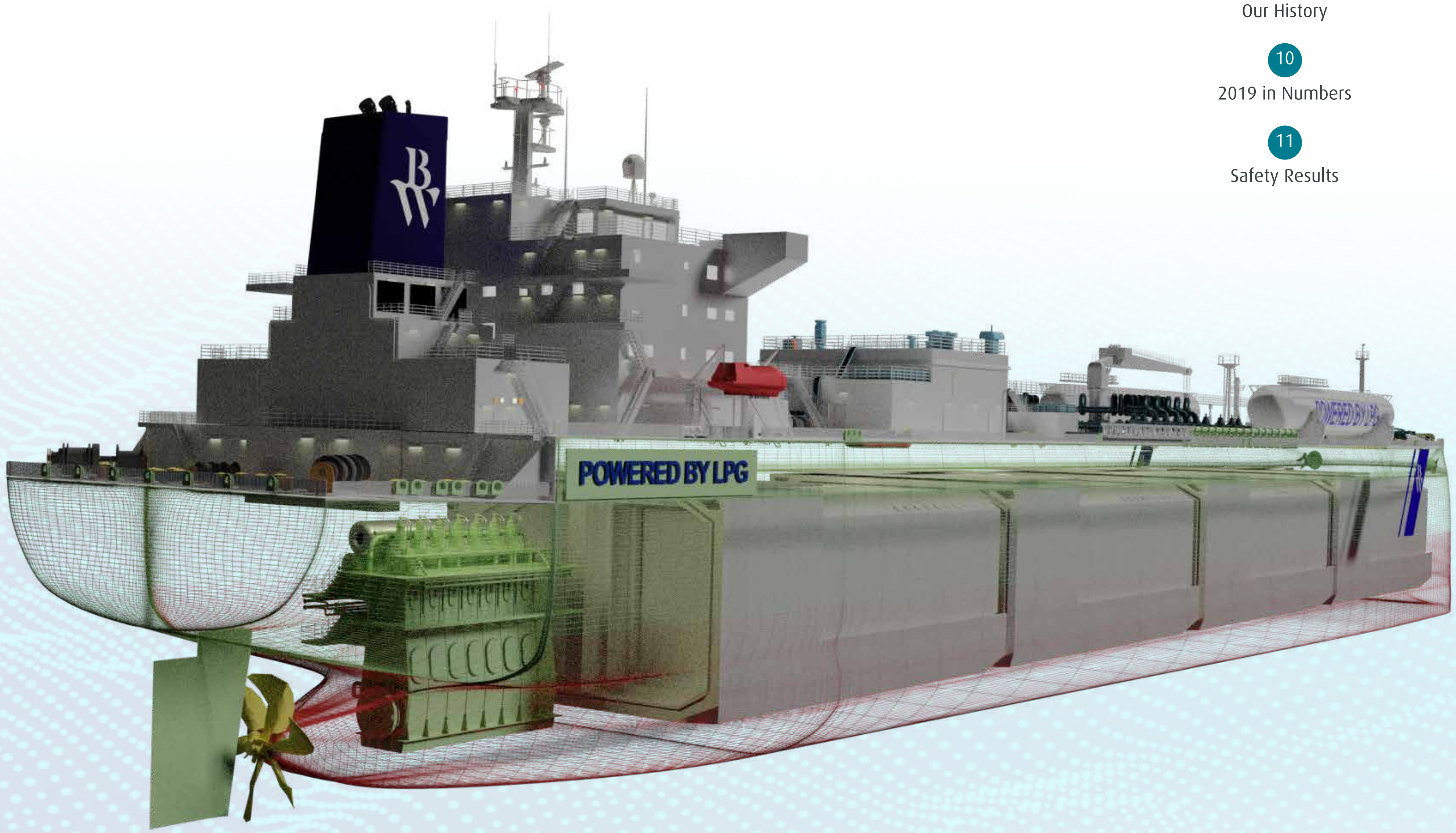
ANNUAL REPORT 2019

POWERED BY LPG

CONTENTS

As the world's leading owner and operator of Liquified Petroleum Gas (LPG) carriers with five decades of operating experience, BW LPG promotes safe, environmentally-efficient and competitive shipping solutions to deliver value for our stakeholders.

We strive to be **Best on Water** and are committed to developing sustainable and economically-sound LPG shipping solutions for a cleaner future.



POWERED BY LPG

In 2019, the LPG shipping market turned positive again after several years of poor earnings. The year started on a weak footing, but saw an improvement in the second quarter spurred by strong US LPG production growth, lower pricing of LPG and strong demand in China and India.

BW LPG's performance reflected the stronger market environment. We saw revenue rise 57% year-on-year to reach US$817 million, while net profit came in at US$274 million compared to a loss of US$72 million in the previous year. From the second quarter we restarted dividends to shareholders, with a total of US$0.85 per share for all of 2019. In addition to the effect of the market, these results stem from an efficient and high quality fleet, cost-effective operations, and a robust balance sheet. And from the dedication and hard work of our seafarers and shore staff around the world.

Corporate actions included the completion of a competitive seven-year US$458 million refinancing, leaving the Company with no major maturities before 2026; and the sale of our last two Large Gas Carriers (LGCs) as we found them to have less trading flexibility than our main fleet of Very Large Gas Carriers (VLGCs). To support fleet utilisation and profitability, we launched BW LPG Product Services in February 2019.

ANDREAS SOHMEN-PAO
Chairman of the Board

"We believe in the future of LPG and its potential to improve the lives of people around the world."

This low-risk, fully integrated product delivery service represents a valuable addition to our business, where we purchase LPG and deliver it directly to our customers as an end-to-end service.

On the Environment, Social and Governance (ESG) front, we worked hard to reduce our impact on the environment. We prepared our fleet to be fully compliant with IMO 2020 regulations for the industry to change to low sulphur fuels on 1 January 2020. We are investing in digitalisation through our SmartShips initiative to improve the efficiency of our fleet through real-time data and monitoring of performance and fuel efficiency. We remain focused on safety, and are encouraged to see our lost time injury rate at very low levels even as we continue to strive for zero.

Significantly, we are pioneering the conversion of 12 ships to LPG as fuel for propulsion. These vessels, due for completion in 2020 and 2021, will emit up to 97% less sulphur and 20% less nitrogen than heavy fuel oil. They will reduce emissions of particulate matter by up to 90% and carbon emissions by up to 25%. Although it requires significant upfront investment, the returns are positive in both financial and environmental terms, and demonstrate our commitment to action on ESG.

On the organisational front, Martin Ackermann stepped down as CEO of BW LPG at the end of December 2019. On behalf of the Board of Directors, I would like to thank him for his contributions over the past five years. Anders Onarheim, a long-standing member of the Board, is now interim CEO of the Company.

Looking ahead, global concerns are mounting – continued geopolitical tensions, political strife leading to violent protests in a number of countries, significant environmental disasters, and a viral epidemic starting in the new year. We must all strive to improve the state of the world around us. In that regard, energy is a key enabler of progress and prosperity, especially where we can deliver it in a clean and responsible fashion. While all carbon-based forms of energy impact the environment, LPG represents a cleaner fuel that will enable us to address the energy needs of the world while reducing the effects of particulate matter and greenhouse gases. It directly saves lives where it is substituting for wood, charcoal and other harmful fuel sources.

As we continue to pursue good shareholder returns to ensure the sustainability of the Company, we will also take action to ensure the sustainability of the planet.

POWER OF LPG

Economic growth and the increase in global population are key drivers of the growing demand for energy, and visible effects from increasing levels of carbon (CO_2) emissions have accelerated the need for cleaner energy. The boom in shale gas extraction has increased the supply of Liquified Petroleum Gas (LPG) which is used in a range of applications in business, industry, transportation, farming, power generation, cooking and heating.

The world's population is expected to increase by approximately 2 billion people in the next 30 years, while energy consumption is estimated to increase by about 50% between 2018 and 2050[1]. Referred to as one of the world's most versatile forms of energy, LPG consumption is growing across all sectors as it is increasingly recognised as a cleaner form of energy that can meet the demands of a growing global population with less impact to the environment than many alternatives.

IN HOMES

Several billion people around the world use LPG for a wide range of applications. It provides all the benefits of gas supplied to a building through pipes, without a connection to the grid. LPG provides heating as well as the added benefit of instant, completely controllable gas cooking.

LPG emits about **20% less CO_2** than heating oil and **50% less than coal**

ON THE FARM

LPG is used to increase the production and quality of farm products and provides clean off-grid power for a range of applications such as crop drying, weed and pest control, irrigation and non-highway agricultural vehicles.

For applications such as forklift trucks, LPG offers a **performance unmatched by any alternative fuel**

ON THE MOVE

LPG is the preferred alternative automotive transportation fuel. Autogas is the most accepted alternative fuel in the automotive sector with more than 27 million vehicles operating worldwide, compared to less than 4 million electrical vehicles.

98% fewer particles than diesel

AN INNOVATIVE ALTERNATIVE TO MARINE FUEL

With the implementation of the International Maritime Organization's (IMO) regulation to limit the sulphur content of marine fuels at 0.5%, LPG is considered a viable alternative for marine fuel. Compared with heavy fuel oil (HFO), LPG emits up to 97% less sulphur (SOx), 20% less nitrogen oxides (NOx), 90% less particulate matter (PM) and 25% less carbon emissions. With the continued supply of shale gas resources and established infrastructure in place, BW LPG's conversion to LPG propelled dual-fuel engines represents a lifecycle upgrade and long-term commitment.

	LPG	LNG	Fuel Oil
Ease of Implementation	✓	✗	✓
Efficiency	✓	✓	✓
Cleanliness	✓	✓	✗

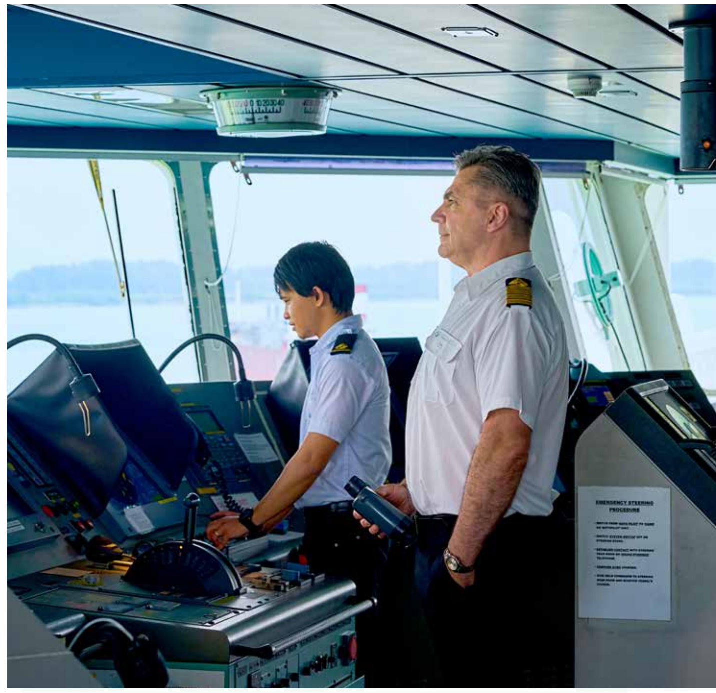
CHEMICAL FEEDSTOCK

In chemical production, LPG can be turned into ethylene, propylene and butylene (amongst others) in order to produce synthetic materials as well as production of pharmaceuticals.

The industry takes in about **40% of total LPG supplies**

[1] United Nations and US Energy Information Administration

GLOBAL LEADER IN LPG SHIPPING



As the world's leading owner and operator of LPG carriers with five decades of operating experience, BW LPG promotes competitive, sustainable solutions to secure value for society and our stakeholders.

Headquartered in Singapore, our global footprint spans seven countries. Our fleet of 47 Very Large Gas Carriers (VLGC) offer a total carrying capacity of over 3 million cubic metres (CBM). From spot voyages and time charters to Contracts of Affreightment (CoAs), our emphasis on flexible, reliable service has earned the trust of leading oil companies as well as trading and utility companies.

We have developed the world's largest fleet of VLGCs over more than 50 years, and gained a wealth of experience across the shipping value chain. This means BW LPG can offer best in class, safe and highly flexible LPG shipping solutions to customers worldwide.

Lasting relationships with blue-chip charterers

Strong balance sheet and support from banks

Experienced leadership, capable and empowered employees

Eight decades in maritime energy; five decades in gas shipping

Largest fleet of VLGCs in the world

GLOBAL LEADER IN MARITIME LPG

FLEXIBLE AND RELIABLE SERVICE

Having the world's largest fleet of LPG carriers gives us the capacity and flexibility to offer timely and reliable services anywhere in the world, providing 24/7 commercial and operational support to our customers. Our vessels operate globally to cover all markets. Our scale, combined with our competence and experience, enables us to manage the logistics of Contracts of Affreightment (CoAs).

STRONG BRAND AND CUSTOMER RELATIONS

With more than 80 years in energy transportation and over 40 years in LPG transportation, BW LPG has a long-standing reputation as a leading provider of safe, reliable, and efficient LPG transportation solutions. This reputation provides an important advantage in building and maintaining strong relationships with leading oil and gas companies.

DECADES OF OPERATING EXPERIENCE

We have a large pool of experienced employees with extensive industry experience. Our officers and crew, with experience in-company and in-industry, are a major competitive advantage in a market where charterers require significant experience among senior crew.

POWERED BY LPG

Largest VLGC fleet comprising 47 vessels with a total carrying capacity of over 3 million CBM (~ 1.9 million metric tons) and five decades of operating experience in LPG shipping

35 owned VLGCs

10 chartered VLGCs

2 owned and operated VLGCs by a Joint Venture

as at 28 February 2020

Vision

Best on Water

Purpose

We aspire towards a **B**etter **W**orld:

- through driving the world's energy transition by delivering a cleaner source of energy
- through conducting sustainable business practices and reducing environmental impact
- for our employees, customers, investors and the environment

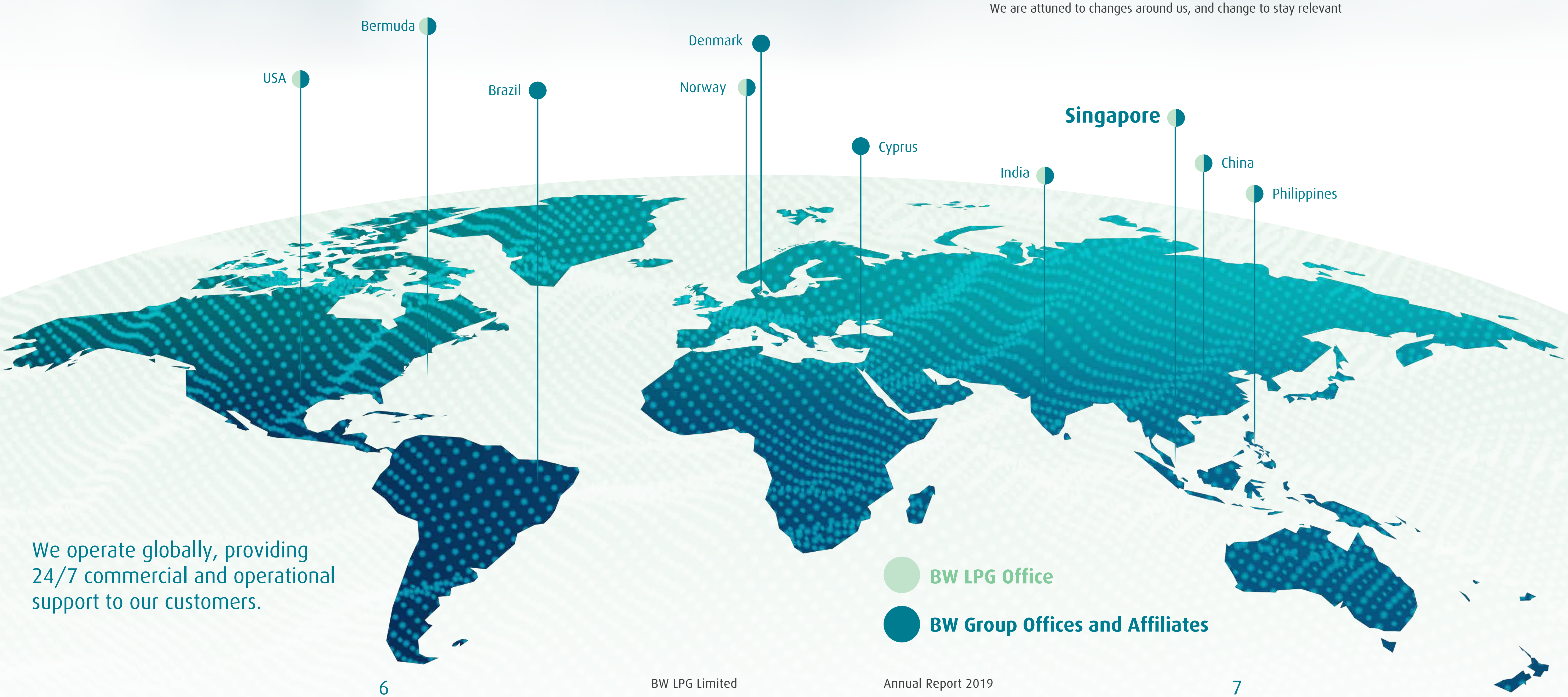
Our Values

Collaborative
We engage our customers eye-to-eye and find solutions together
We engage positively and constructively with our colleagues
We are open, genuine, and transparent in everything we do

Ambitious
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 a team
We give and we value honest and respectful feedback

Reliable
We deliver on our promises to customers and colleagues
We trust and depend on each other as colleagues
We recognise that accountability and reliability are essential for efficiency and success

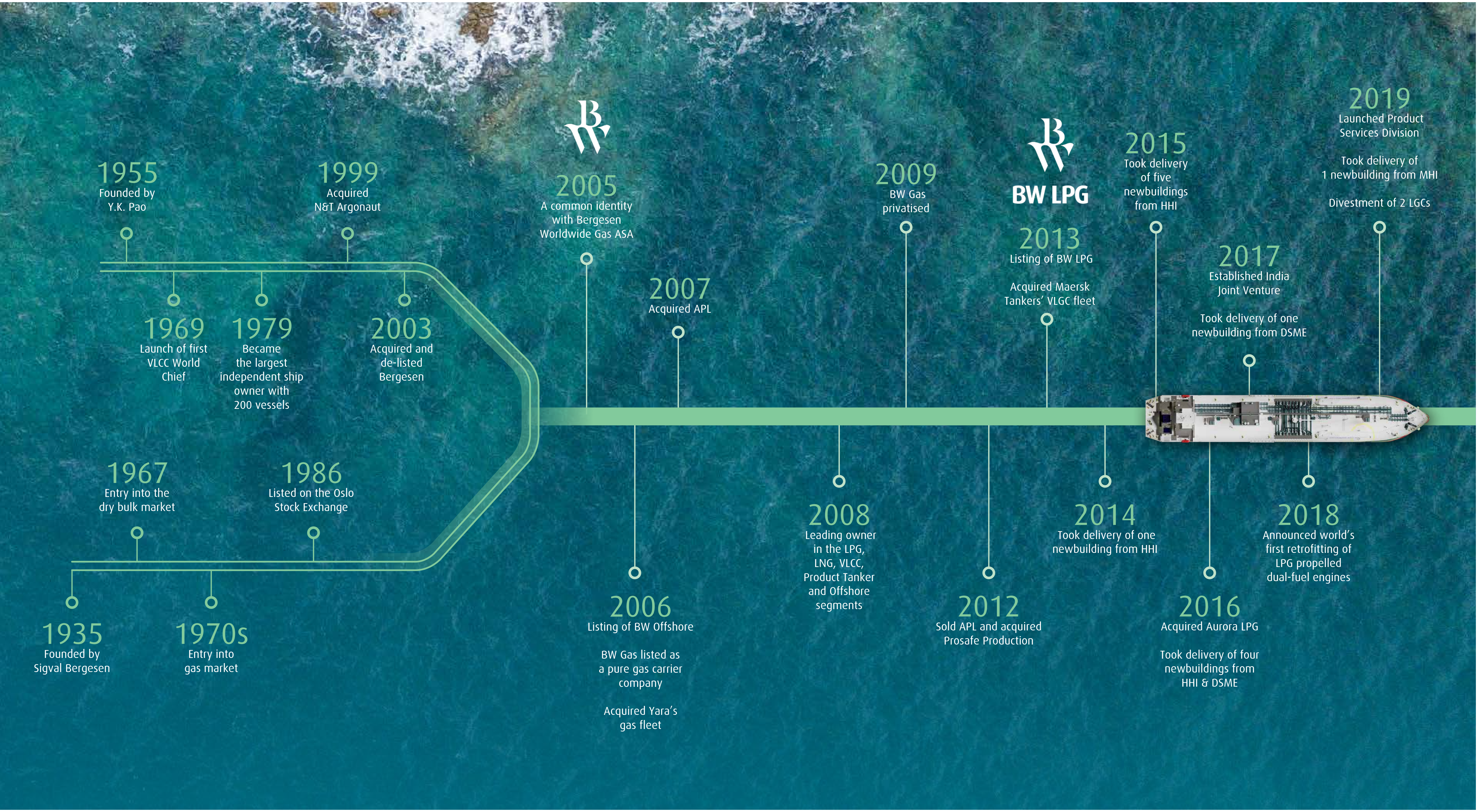
Enduring
We serve our customers with a long-term perspective
We persevere based on our commitment to make a positive difference
We are attuned to changes around us, and change to stay relevant



We operate globally, providing 24/7 commercial and operational support to our customers.

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 VLGCs and continues to deliver growth and value to society and stakeholders.



2019 IN NUMBERS

FINANCIAL PERFORMANCE

TCE income
US$547 million

EBITDA
US$399 million

Dividend per share
US$0.85

FINANCIAL POSITION

US$39 million
Proceeds from vessel divestments

Strong liquidity runway
US$294 million
in undrawn facility and liquid cash

Strong credit profile
All-in cost of debt
1.8% + LIBOR

ENVIRONMENTAL PERFORMANCE

Commitment to retrofit 12 vessels with pioneering LPG dual-fuel propulsion technology

Spills to sea
0

Waste landed ashore
1,188.5M³
1,620.8M³ (2018)

COMMERCIAL PERFORMANCE

Spot TCE
US$39,100 per day

VLGC spot exposure
86%

Commercial utilisation
95%
of commercially available days

OPERATIONS AND SAFETY

TRCF Baseline **1.5**
TRCF BW LPG **0.89**

Cargo carried by BW LPG in 2019
12,281,762 metric tons

Fatalities
0

MARKET REVIEW

Increased US - Far East LPG price spread
US$129 per metric ton (2019)
US$64 per metric ton (2018)

Improved VLGC Time Charter Equivalent
VLGC TCE:
US$35,000 per day (2019)
US$18,400 per day (2018)

Increased North America LPG exports
40.2 million metric tons (2019)
32.7 million metric tons (2018)
Growth rate:
23% YoY

VLGC fleet growth
6.4% YoY

VLGC ton-mile growth
13% YoY

Strong imports driven by Far East and Southeast Asia
Far East:
3.7 million metric tons
increase highest growth in import volumes

Southeast Asia:
21.4%
increase YoY highest growth rate

SAFETY RESULTS

ZERO HARM

Maintaining Industry 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.

BW LPG Lost Time Injury Frequency (LTIF):
the number of lost time injuries per unit exposure hour

0.25

Lost Time Injury Frequency target 2019 was 0.5 which corresponded to 3 cases

BW LPG Total Recordable Case Frequency (TRCF):
the number of total recordable cases per unit exposure hour

0.89

Total Recordable Case Frequency target 2019 was 1.5 which corresponded to 12 cases

TOWARDS A BETTER WORLD

"As the world's largest owner and operator of VLGCs, BW LPG has a responsibility to make a meaningful and positive impact in the industry we are a part of, and in the communities we serve. We are determined to ensure that we continue to be well positioned for the future – investing in cleaner energy and accelerating market transformation for the better, so that market-led changes will act as a force for good on a global scale."

- Anders Onarheim, CEO

BW LPG is aligned to the United Nations' (UN) 17 Sustainable Development Goals (SDGs) which cover a wide spectrum of issues not included in financial analysis yet have financial relevance. These are increasingly integrated into our investment processes and decision-making. These factors influence how we respond and adapt to changes in the market and society, and significantly impact how we are viewed as a responsible business operator.

By benchmarking our performance against specific Environmental, Social and Governance (ESG) factors, we can hold ourselves accountable for managing change in a positive and sustainable way. This means that we understand that how we respond to climate change; how we ensure our crew and employees experience Zero Harm; how we insist on transparent reporting and zero tolerance towards bribery and corruption; how we build trust, treat our talent, and foster innovation, all impact our bottom line and have financial implications.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs)

OUR APPROACH

Our sustainability report makes reference to the Global Reporting Initiative (GRI) Reporting Standards, which have allowed for comprehensive examination of our Company's practices, and in turn set the foundation for better stewardship and responsible investment. Understanding the challenges of our time demonstrates our capability and adaptability to change and enhances our reputation as a Company with integrity and a keen focus on sustainability for the future. We work hard to comply fully with all regulations, including the IMO 2020 regulation which places a 0.5% global sulphur cap on marine fuels and look ahead to the IMO's 2050 GHG Strategy which aims to reduce GHG emissions by 50% by 2050 (against 2008 baselines). We continue to work on measures to enhance fuel efficiency and reduce greenhouse gas emissions across our fleet, including pioneering the development of LPG dual-fuel vessels.

GRI Empowering Sustainable Decisions

In 2018, we discussed how we aligned with seven UNSDGs and threw the spotlight on topics such as ship recycling, innovation in engine propulsion and workforce diversity. In 2019, we continue with our efforts to structure our Sustainability Report along the principles provided by the GRI, and ground our aspirations in data and case studies.

A cross-department team within BW LPG, represented by various Heads of Departments and senior colleagues of the Company, meet regularly to discuss our sustainability approach and focus topics. This is led and supported by the entire Executive Management Team with their deep maritime experience.

OUR STAKEHOLDERS

At BW LPG, we focus on topics that can reasonably be considered important to reflect BW LPG's Environmental, Social and Governance (ESG) impact, or influence the decisions of stakeholders. What we understand as focus topics 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 and shipyards. A list of 16 focus topics was consolidated through discussions with multiple stakeholders (Table 1), and forms the foundation of our sustainability approach (Diagram 1).

Regular dialogue with our stakeholders is essential to the way we do business at BW LPG. Our stakeholders include employees (current and potential), crew, customers, investors, bank partners, flag states, industry groups, suppliers and third party providers.

The table below summarises the highlights of our stakeholder engagement in 2019.

Stakeholder	Platforms for Engagement	Stakeholder Expectations	Follow-up from BW LPG
Crew	• Crew and shore conferences • Vessel visits • Cadet programmes • Shore placement opportunities • Emails • Conference calls • Induction/Familiarisation	• Competitive and timely wages • Clear and timely communication • Career development • Job security • Respectful and safe workplace • Medical and social benefits • Quality of crew • Effective appraisals	• Introduced new anti-harassment and anti-bullying policy • Fleetwide implementation of BW Wellness Programme • Introduced new training programmes • Enhanced recruitment and selection process

Stakeholder	Platforms for Engagement	Stakeholder Expectations	Follow-up from BW LPG
Employees	• Townhalls • Intranet • Emails • Meetings • Formal appraisals • Annual Employee Engagement survey	• Career development • Competitive benefits • Support diverse workforce • Respectful and safe workplace • Work-life balance • Reliable and industry-leading technology • Clear and timely communication • Corporate sustainability strategy	• Revamped intranet platform to make Company communications and information easily accessible • Renovated Singapore office to provide a more conducive workplace • Engaged external consultants to conduct gap analysis in sustainability efforts • Created sustainability approach
Customers	• Website • Industry events • Regular meetings • Customer appreciation events • Emails	• Available vessels at competitive rates • Well-maintained vessels • Compliance with all regulations • Good customer service	• Continued focus on 24-hour customer service • Continued focus on fleet maintenance
Investors	• Roadshows • Investor presentations • Meetings • Annual Reports • Media coverage • Press releases • Emails	• Return on investment • Transparent and credible reporting • Easily accessible reports and presentations • Investment in line with Poseidon Principles	• Active participation in major industry events as speakers to share expertise • Earnings presentation live webcast and Q&A session to answer any queries • Continued regular dialogue and meetings • Revamped website to make information easily accessible and provide an intuitive user experience • Communicated sustainability initiatives during investor presentations
Government and policy makers	• Regular dialogue • Topic-specific conferences and events • Media coverage • Participation in industry coalitions and study groups • Emails	• Provide safe and reliable maritime energy transportation • Offer innovation solutions to decarbonise • Invest in local presence	• Leverage BW LPG's scale and expertise to position as a global leader on clean energy and sustainable shipping • Active participation in major industry events as speakers to share expertise • Members of Singapore Shipping Association, BIMCO, MACN and World LPG Association (WLPGA)
Suppliers	• Website • Social media • Industry events • Regular meetings and calls • Emails	• Prompt payment • Clear communications over deliverables	• Commitment to pay suppliers within contractually agreed period upon receipt of invoice • Continued efforts at clear communications over deliverables
Potential talent	• Website • Social media • Speaking engagements • Media coverage • Emails	• Career development • Competitive benefits • Workforce diversity • Work-life balance	• Active participation in major industry events as speakers to share expertise • Revamped website to provide more information about the Company • Internship/ Management Associates' Programme

Above: Table 1 – Summary of Stakeholder Engagement and Outcomes

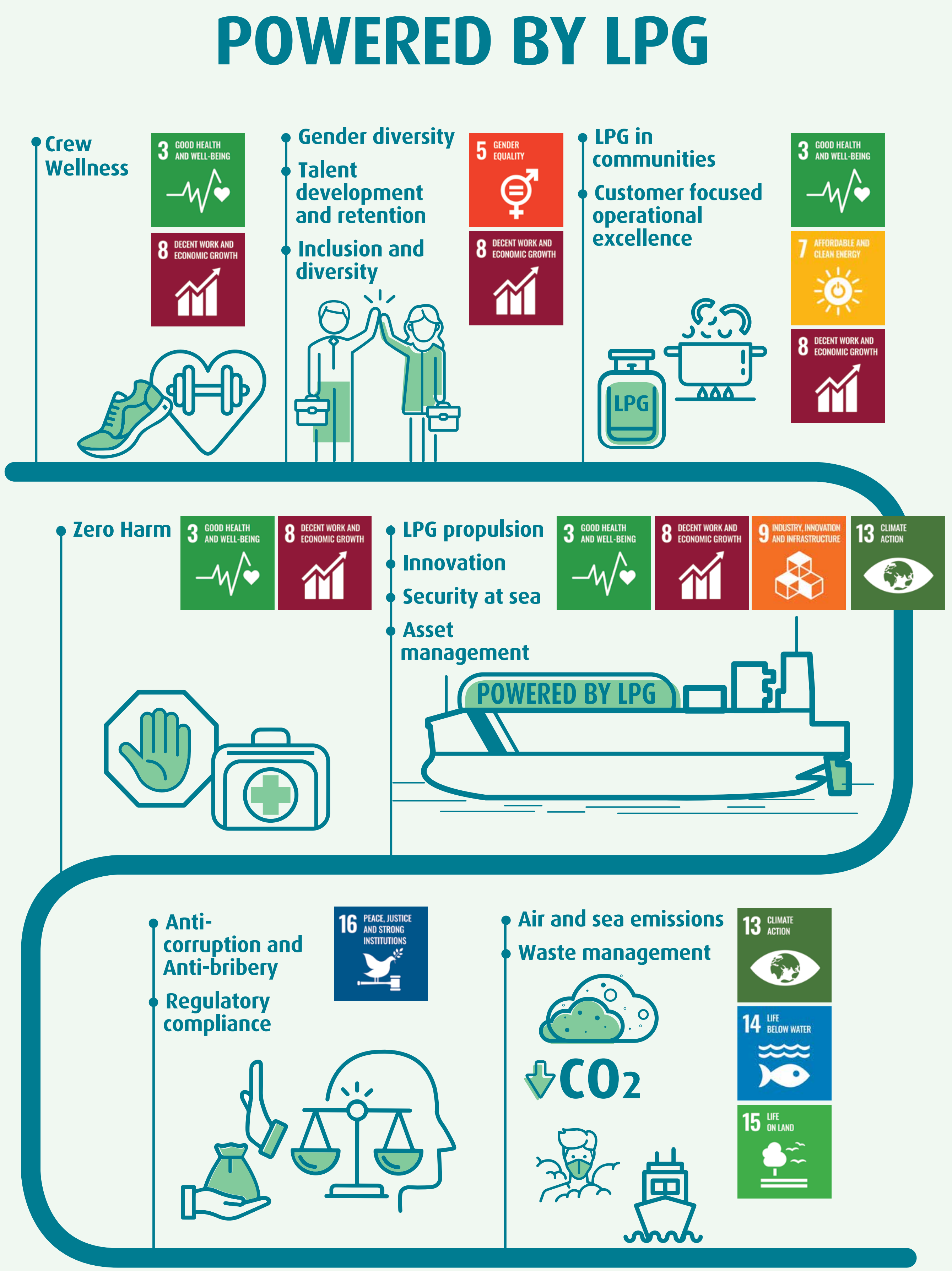
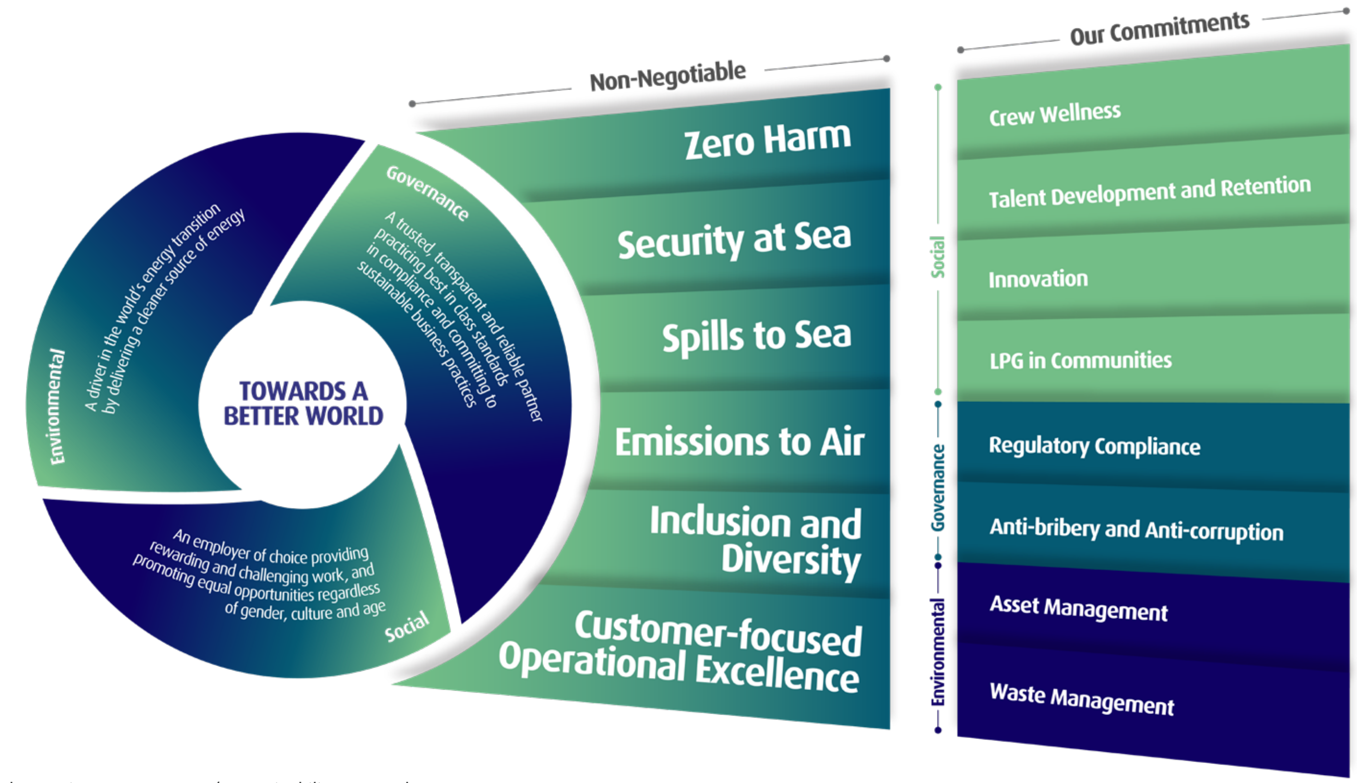


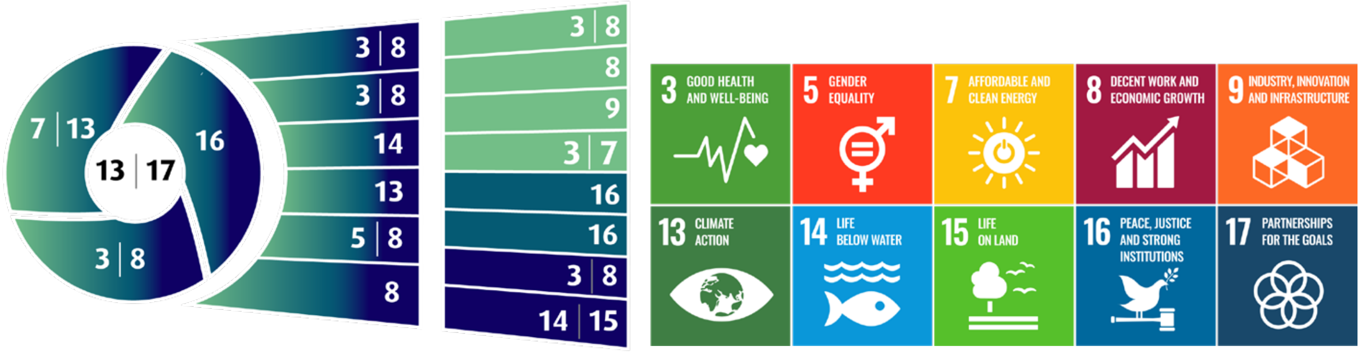
Diagram 1 - Sustainability Reporting Focus

OUR SUSTAINABILITY APPROACH



Above: Diagram 2 – BW LPG's Sustainability Approach

SUSTAINABILITY DEVELOPMENT GOALS REFERENCE



At the core of our sustainability approach is the purpose of our Company – where we work towards a better world. We want to take the lead in transitioning the world towards cleaner energy, and in the process, be a trusted, transparent and reliable partner for our stakeholders. We have identified six non-negotiable focus topics and remain fundamentally committed to eight more. These focus topics touch directly or indirectly on many of the UNSDGs and the following table (Table 2) shows our efforts on these fronts.

Focus Topic	Zero Harm	Security at Sea	Spills to Sea	Emissions to Air	Inclusion and Diversity	Customer Focused Operational Excellence
Importance	Non-Negotiable	Non-Negotiable	Non-Negotiable	Non-Negotiable	Non-Negotiable	Non-Negotiable
UNSDG	3 8	3 8	14	13	5 8	8
Targets met?	✓	✓	✓	✓	✓	✓
Goal	• To achieve Zero Harm to People, Environment, Cargo and Property with a commitment to return safely to our families and friends	• To protect our crew and assets from risks in troubled times and waters, and ensure continued flow of clean energy globally	• To protect our oceans and seas from pollution arising from our operations	• To reduce our environmental impact and comply with global emissions regulations	• To make BW LPG one of the best places to work, where we treat each other with respect and work together to deliver the industry of tomorrow	• To be our customers' first choice when it comes to maritime LPG transportation by delivering best in class services
2019 targets	• 0 fatalities • LTIF ≤0.5 • Complete Safety Culture Survey to assess strengths and weaknesses in fleet culture • Continuous improvements in all safety related area	• 0 fatalities due to security incidents • 0 injuries due to security incidents • ≤3 days lost due to security incidents	• 0 spills to sea • 0 non-compliance with IMO Ballast Water Management Convention • 0 non-compliance with MARPOL Annex I (oil), II (noxious liquid substances), and IV (sewage) regulations • 0 non-compliance with internal waste management policies	• Full compliance with IMO 2020 emissions regulation to burn fuels with sulphur content below 0.5% • ≤10% variance between actual vs forecasted fuel efficiency	• Continued reinforcement of Vision and Values • All new hires to attend a Vision and Values workshop within their first year with Company • 0 discrimination complaints	• Implement data-centric approach to business considerations • Enhance direct customer interaction • Commercial utilisation >95% of commercial available days
2019 progress	• 0 fatalities in 2019 • LTIF of 0.25 • Completed Safety Culture Survey • Established a Visible Leadership programme	• 0 fatalities due to security incidents • 0 injuries due to security incidents • 0 days lost due to security incidents	• 0 spills to sea • 0 non-compliance with IMO Ballast Water Management Convention • 0 non-compliance with MARPOL Annex I (oil), II (noxious liquid substances), and IV (sewage) regulations • 0 non-compliance with internal waste management policies	• 2 scrubbers were installed, and 1 scrubber-fitted TC-in vessel delivered • Successfully transitioned all vessels to low sulphur fuel options • 3.8% variance between actual vs forecasted fuel efficiency	• Vision and Values workshops were conducted for all new shore employees • 0 discrimination complaints	• Customised risk and exposure application completed • "Light" CRM model being explored • 95.1% commercial utilisation rate
2020 targets	• 0 fatalities • LTIF ≤0.5 • Launch Visible Leadership programme • Develop safety campaigns and on board training programmes for Bridge and Engine departments • Zero Harm Art Competition and Photo Competition to help raise awareness and enforce a conscious reminder to all to stay safe	• 0 fatalities due to security incidents • 0 injuries due to security incidents • ≤3 days lost due to security incidents • 1 drill with piracy scenario	• 0 spills to sea • 0 non-compliance with IMO Ballast Water Management Convention • 0 non-compliance with internal waste management policies • 0 non-compliance with MARPOL Annex I (oil), II (noxious liquid substances), and IV (sewage) regulations	• Retrofit 4 vessels with LPG dual-fuel propulsion engines and prepare to retrofit another 8 vessels in 2021 • 0 delay in planned drydockings to optimise vessel performance • Install 3 scrubbers	• Continued reinforcement of Vision and Values • All new hires to attend a Vision and Values workshop within their first year with Company • ≤3 days to respond to discrimination complaints	• Track customer feedback and interaction • Explore full potential of available digital tools • Continue to improve customer relationships on all levels • Hold customer engagement events • Commercial utilisation >95% of commercially available days

Focus Topic	Crew Wellness	Talent Development and Retention	Innovation	LPG in Communities
Importance	Commitment	Commitment	Commitment	Commitment
UNSDG				
Targets met?	✓	✓	✓	✓
Goal	• To continuously improve the physical and mental health of our seafarers	• To find and develop talented and dedicated people with values that are aligned with BW LPG	• To encourage a culture of innovation and creativity as we strive to offer even better solutions for customers	• To partner with governments and bring LPG to communities which still rely on traditional fuels for cooking
2019 targets	• Fleet-wide implementation of BW Wellness Programme • Establish emotional helplines for all seafarers • Educate seafarers on mental health	• Continue promoting from within • Offer training and talent development opportunities • ≤10% attrition rate • Hold employee engagement events	• To foster innovation within the organisation by encouraging independence of thought regardless of job title and delegating responsibility	• Participate in WLPGA initiatives and explore partnership opportunities to bring LPG to communities
2019 progress	• Fleet-wide implementation of BW Wellness Programme • 3 emotional helplines available • Started training on mental health for senior officers	• 5 staff promoted • 12% attrition rate[1] • Conducted Pulse Survey, with satisfactory results • Held team building event, Year End Dinner, cultural celebrations and Lunch and Learn events [1] Attrition was mostly from junior roles	• Launched Product Services division to provide low-risk and fully-integrated product delivery service to customers	• Took part in WLPGA forums with representation by BW LPG CEO • Organised a "Running for Life" Marathon where the Company made donations to WLPGA for employees' participation in an event that also encourages a healthy lifestyle
2020 targets	• All vessels to complete 52-week workbook activities • Mental Health training for Philippines office • Collect and analyse statistical data on use of emotional helplines • Launch Competency Management System	• Continue promoting from within • ≤10% attrition rate • Conduct Pulse Survey • Conduct >3 employee engagement events • Launch High Potential Development Programme • Launch Shipping Trainee Programme • Participate in ≥1 university outreach event	• Continue to foster innovation and creative thinking within the organisation	• Continue to participate in WLPGA initiatives • Explore partnership opportunities to bring LPG to communities

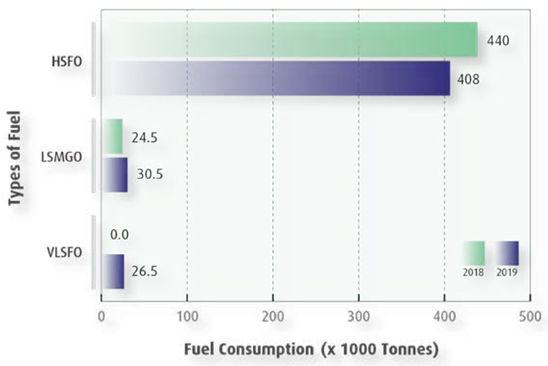
Focus Topic	Regulatory Compliance	Anti-bribery and Anti-corruption	Asset Management	Waste Management
Importance	Commitment	Commitment	Commitment	Commitment
UNSDG				
Targets met?	✓	✓	✓	✓
Goal	• To ensure compliance with relevant international maritime regulations governing shipping and energy transportation such as EU Monitoring, Reporting and Verification (MRV) of CO_2 emissions and IMO Data Collection System (DCS) on fuel consumption Reporting	• To stand united and eliminate corruption and bribery faced by the maritime industry	• To ensure optimal availability of vessels for our customers	• To ensure clean seas and reduce plastic waste on board and ensure compliance with sewage regulations
2019 targets	• 0 non-compliance with relevant international maritime regulations	• 0 facilitation payments • Comply with legislation on anti-corruption practices	• 0 Port State Control detention • ≤4 SIRE inspection observations per vessel • Unplanned off-hire days <2% of total calendar days	• 0 non-compliance with MARPOL Annex V (garbage) regulation
2019 progress	• 0 non-compliance with relevant international maritime regulations	• 0 facilitation payments • Rolled out posters and crew communication with tagline "Do Not Ask; We Will Not Pay" • Continued membership in MACN • Global communication to commemorate UN Anti-Corruption Day	• 2 dry dockings as scheduled for in-house managed vessels • 0 Port State Control detention • 2.3 SIRE inspections observations on average per vessel • Unplanned off-hire days was 0.2% of total calendar days	• 0 non-compliance with MARPOL Annex V (garbage) regulation
2020 targets	• 0 non-compliance with relevant international maritime regulations	• 0 facilitation payments • Comply with legislation on anti-corruption practices • Continue membership in MACN • Global communication to commemorate UN Anti-Corruption Day	• 0 Port State Control detention • ≤4 observations per SIRE inspection • Unplanned off-hire days <2% of total calendar days	• 0 non-compliance with MARPOL Annex V (garbage) regulation

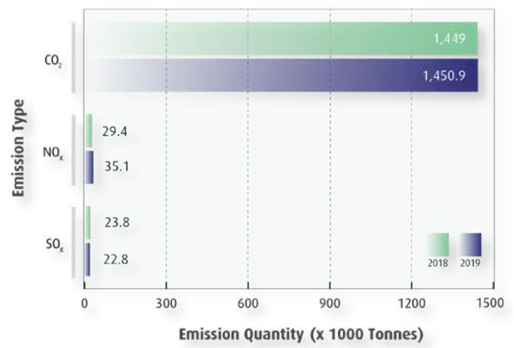
Above, page 17 - 19: Table 2 – Summary of efforts towards focus topics in 2019

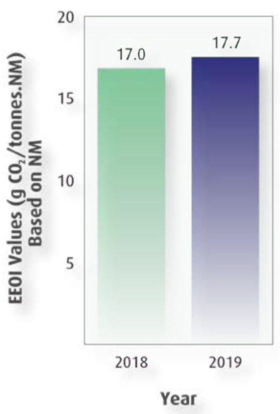
AT A GLANCE
SUSTAINABILITY
PERFORMANCE
GOVERNANCE
FINANCIAL STATEMENTS
OTHER INFORMATION

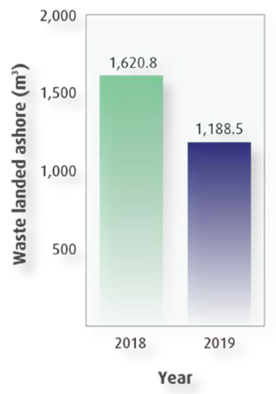
OUR PERFORMANCE

The table below shows a summary of our environmental performance data in 2019, and the following pages throw the spotlight on six focus areas ranging from our non-negotiable fundamentals, to our sustainability commitments.









Energy Efficiency Operational Indicators

Distance Sailed	Cargo (Average)[1]	Distance Sailed times Cargo[2]	EEOI based on km	EEOI based on NM
3,558,262 NM	23,000 Tonnes Per Ship Round Voyage	152,128,390 1000 tonnes • km	9.5 g CO_2/tonnes • km	17.7 g CO_2/tonnes • NM

[1] The distance weighted average amount of cargo | [2] Calculated from the Distance sailed times Cargo (average)
Emission calculations are based on the methodology described in 'Guidelines for voluntary use of the ship Energy Efficiency Operational Indicator (EEOI)' (2009), IMO, and 'EMEP/EEA air pollutant emission inventory guidebook 2016', European Environment Agency, from which the methodology of Tier III has been used.

OUR JOURNEY TOWARDS ZERO HARM

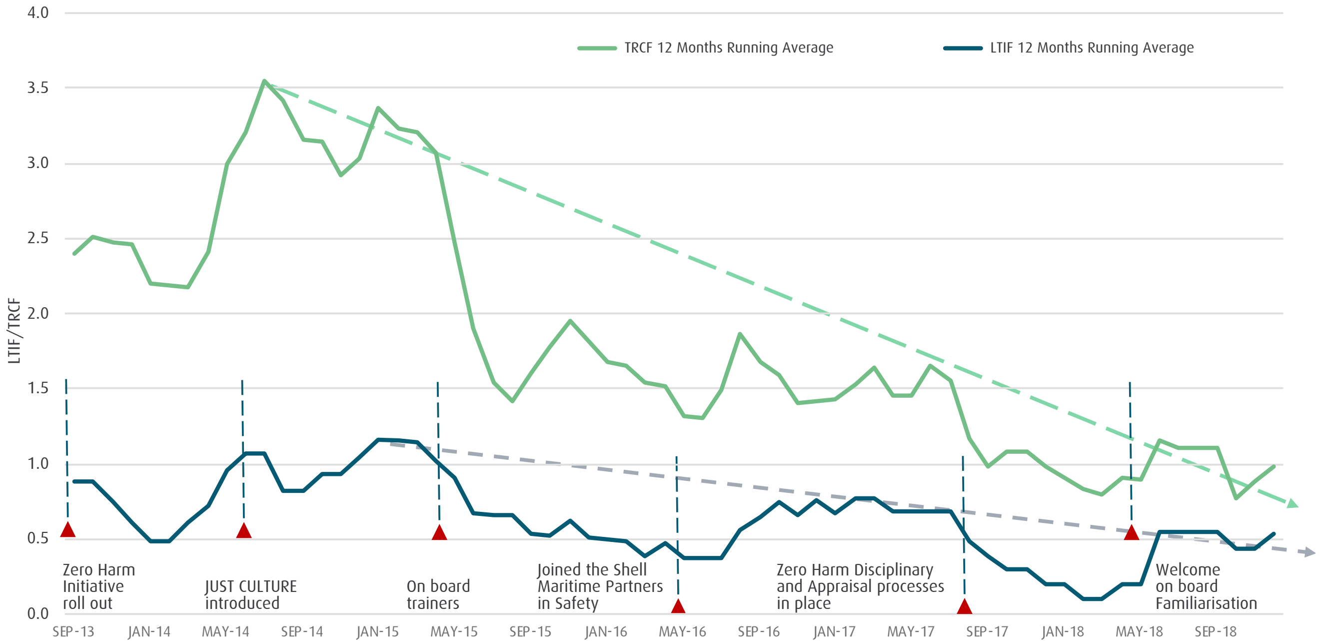
Spotlight

Focus	UNSDG Goals	Goal Met?	2019 Progress	2020 Targets
To achieve Zero Harm to People, Environment, Cargo and Property with a commitment to return safely to our families and friends		✓	• 0 fatalities • LTIF of 0.25 vs baseline of 0.5 • Completed Safety Culture Survey • Established a Visible Leadership programme	• 0 fatalities • LTIF ≤0.5 • Launch Visible Leadership programme • Develop safety campaigns and on board training programmes for Bridge and Engine departments • Zero Harm Art Competition and Photo Competition

With safety at the top of our agenda, we strive for Zero Harm. As individuals and as teams, we commit to taking personal responsibility for safety, communicate safety concerns, and actively share best practices and learn from near-miss incidents. We have processes and tools in place to help ensure that every employee, both on shore and at sea, can operate in the safest work environment possible. Recognising that it is a journey, our HSSEQ team introduces initiatives regularly to enforce a strong safety culture in a growing family of seafarers and shore-based staff. The chart below shows our journey towards improving our safety performance, because every incident is one too many.

Annual Focus Areas:

2014	2015	2016	2017	2018	2019
- Human Element Organisational Culture (HEOC) review - Improve incident investigations	- Activities addressing hierarchies, pressures and capacity - Improve engagement, risk awareness and rule compliance	- Launch Zero Harm House	- Implement Zero Harm Behaviours	- Quality Implementation by strengthening exisiting initiatives and tools	- Increase awareness



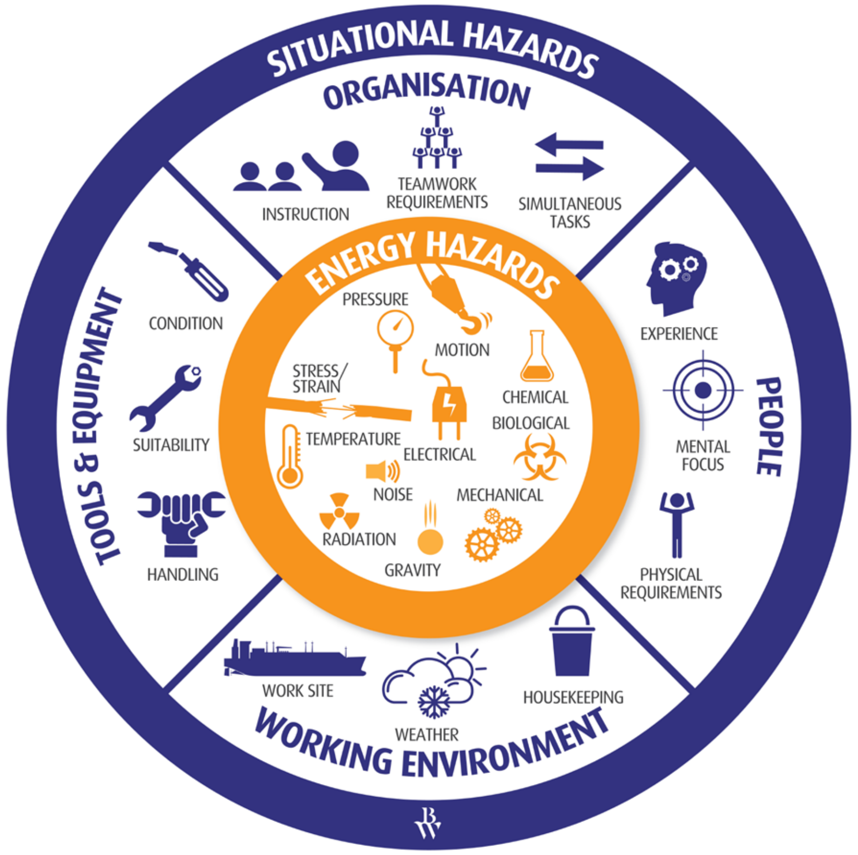
AT A GLANCE
SUSTAINABILITY
PERFORMANCE
GOVERNANCE
FINANCIAL STATEMENTS
OTHER INFORMATION

OUR JOURNEY TOWARDS ZERO HARM

In 2014, the HSSEQ team introduced the concept of Just Culture to the organisation and emphasised an environment of safe reporting and shared learning. The team improved incident investigation procedures and reviewed the role of human factors and organisational culture in incidents. In 2015 and 2016, the team worked on findings from the review with activities to improve engagement, risk awareness and compliance with policies and procedures. The team also worked to improve leadership skills on board and on shore. In 2017 and 2018, the focus swung to new appraisal and disciplinary processes, and the introduction of guidelines such as Zero Harm Behaviours and Life Saving Rules.

KEEPING THE PRESSURE UP – INCREASING AWARENESS

In 2019, continuing the focus on providing clearer guidelines and processes for on-site safety, a BW Hazards Wheel was introduced and mindfulness on the job was emphasised. As a carrier of clean energy, we are mindful that the nature of our workplace requires a higher level of care emphasising an awareness on hazards – both situational and cargo-related. New training courses were introduced, on-site supervision and hierarchy of controls were emphasised, and crews were reminded to focus on awareness and engagement - even in the small tasks - as well as the managing of hazardous materials. All crew, regardless of rank, can and must stop unsafe work activities without the fear of retaliation or embarrassment.



Above: Diagram 3 – BW Hazards Wheel

Safety is a continuing process - we do everything we can to prevent incidents from happening. When they do happen, unfortunately, we learn from it and we make improvements. In 2019, we are pleased to report that our fleet-wide 12-month rolling average Loss Time Injury Frequency (LTIF) was 0.25, which is well below our baseline of 0.50. As we focus on rolling out new initiatives, we remain committed to emergency response preparedness. In collaboration with external stakeholders such as our Qualified Individuals (QI), P&I Clubs and crisis communications agency, we conduct regular drills to stress-test our processes, train crew and colleagues, and refine our response as a team. In 2019, we conducted two drills with scenarios of allision (contact with a stationery vessel) and oil spill, and suspicious crafts (piracy).

DRIVING THE WORLD'S ENERGY TRANSITION

Spotlight

Focus	UNSDG Goals	Goal Met?	2019 Progress	2020 Targets
To reduce our environmental impact and comply with global emissions regulations	13 CLIMATE ACTION	✓	• 2 scrubbers were installed in 2019, with 1 scrubber-fitted TC-in vessel delivered in 2019 • Successfully transitioned all vessels to low sulphur fuel options • 3.8% variance between actual vs forecasted fuel efficiency • Progressed development of LPG dual-fuel propulsion engines	• Retrofit 4 vessels with LPG dual-fuel propulsion engines and prepare to retrofit another 8 vessels in 2021 • 0 delay in planned drydockings to optimise vessel performance • Install 3 scrubbers

Shipping transports over 90% of the world's trade and is the foundation for the global movement of goods. As a facilitator of modern life, shipping is inextricably linked to the concern of climate change and the need for more sustainable behaviours. Yet, shipping is the most carbon efficient way of moving goods and connecting countries. A large vessel produces less than 20 grams of CO_2 per ton-km, whereas a truck produces two and a half times as much (about 50 grams per ton-km) and a plane produces almost 30 times as much (about 550 grams). Still, because of humanity's dependency on ocean transportation, the shipping industry remains a significant contributor to global emissions.

The main type of fuel oil for ships is heavy fuel oil (HFO), derived as a residue from crude oil distillation. Crude oil contains sulphur which, following combustion in the engine, ends up in ship emissions. Sulphur oxides (SOx) are known to be harmful to human health, and in the atmosphere, SOx is environmentally detrimental. IMO regulations to reduce SOx emissions from ships first came into force in 2005, under the IMO's Annex VI of the International Convention for the Prevention of Pollution from Ships (known as the MARPOL Convention). The limits on SOx have been progressively tightened since, and from 1 January 2020, the limit for sulphur in fuel oil used on board ships operating outside designated emission control areas was reduced to 0.5% m/m (mass by mass).

BW LPG had planned for IMO 2020 for years and had multiple contingency plans in place to ensure it was business-as-usual on 1 January 2020. Our multipronged strategy to manage fuel supply and price risk includes using compliant fuels for our owned and operated fleet by working closely with oil majors to secure adequate supplies of compliant fuels; financial hedging for spreads between MGO and HFO to mitigate our exposure to uncertainties in compliant fuel prices; and installing scrubbers on six vessels to mitigate fuel supply concerns.

Over and above the securing of fuel supply and adopting the use of currently available technical solutions, BW LPG is of the view that the maritime industry needs to invest in new technology to cut emissions and decarbonise. We have taken the lead by being the world's first to retrofit LPG fuel ships that will significantly cut emissions and contribute towards decarbonising the industry. LPG is readily available, and the technology can be reproduced on other vessel types. With LPG propulsion, BW LPG will reduce its SOx emissions by up to 97%, emissions of particulate matter (PM) by over 90%, greenhouse gases (GHG) by over 25%, and nitrogen oxides (NOx) by over 20%. This goes beyond IMO's global 0.5% sulphur emissions cap and also ensures full compliance with the IMO's Emission Control Areas (ECAs) and Sulphur Emission Control Areas' (SECAs) 0.1% sulphur cap.

BW LPG Fleet Supervision Manager inspecting the LPG dual-fuel parent engine during final testing

ENSURING WELLNESS@SEA

Spotlight

Focus	UNSDG Goals	Goal Met?	2019 Progress	2020 Targets
To continuously improve the physical and mental health of our seafarers	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH	✓	• Fleet-wide implementation of BW Wellness Programme • 3 emotional helplines launched • Started training on mental health for senior officers	• All vessels to complete 52-week workbook activities • Mental health training • Collect and analyse statistical data on use of emotional helplines • Launch Competency Management System

The health and safety of our crew remains a fundamental commitment for BW LPG. From the standards and framework perspective, BW LPG adheres to the International Safety Management (ISM) Document of Compliance from Bahamas, Bermuda, Isle of Man, Malta, Norway and Singapore Flags. We also comply with the ISO 14001:2015 Management System Certificate, ensuring that our vessels follow an established Environmental Management System standard. We hold an ISO 9001:2015 Management System certificate for our shore-based operation and technical management of gas carriers, including crewing and procurement. We are proud to offer our crew competitive salaries and benefits, including insurance coverage, shore leave, and prompt sign-offs. We follow Maritime Labour Convention's (MLC) work hours for good work-life balance[1] on board, introduced new policies to deter bullying and harassment, and continue to work in partnership and collaboration with all relevant unions and regulatory bodies[2] for the benefit and protection of our crew. We fully support our crew and employees' rights to Freedom of Association and Human Rights (rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status).

At the very core of every vessel's smooth sailing is her crew. Healthy seafarers are more alert and can work more efficiently and safely. The BW Wellness Programme was conceptualised under the Zero Harm umbrella as we strongly believe that the well-being of our seafarers impacts safety.

The BW Wellness Programme works on an internet and mobile enabled platform, harnessing the power of technology to allow crew to focus easily on areas of interest such as fitness, nutrition, wellness and education. Health data such as age, weight and blood pressure are keyed into the platform, which provides every individual with opportunities for improvement. For example, participants may be offered meal plans to improve nutrition, reminded to exercise to burn off excess calories, asked to plan a game of basketball to bond with fellow colleagues, and even encouraged to try mindfulness exercises to improve mental health.

Launched as a pilot programme in 2017, it was much appreciated by the seafarers and was fully rolled out to all vessels in 2019. The philosophy behind the BW Wellness Programme is to create a cultural change across the organisation that holistically supports the wellbeing of seafarers on a continual basis, instead of focusing on single events. Holistic well-being means being well physically (where your body is cared for to achieve optimum performance), mentally (educating oneself and challenging the mind to learn more), and socially (to connect well with others). The programme celebrates small wins, which can be accomplished with reasonable effort and allow positive feelings of success to power a virtuous cycle of being well at sea.

In 2019, we rolled out emotional helplines and mental health posters across the fleet. We also improved shore competency at assisting crew who reach out to us for mental health-related matters.

1 International Labour Organization's Maritime Labour Convention (MLC) states that ship working hours should be: Eight hours a day, under normal circumstances, with one day as a rest day. A maximum of 14 hours in any 24-hour period. A maximum of 72 hours in any seven-day period.

2 Unions and regulatory bodies we work with include the Philippine Overseas Employment Administration (POEA), Overseas Workers Welfare Administration (OWWA), India's Directorate General of Shipping (DGS), the Maritime Floating Staff Welfare Trust and the Seafarers Welfare Fund Society.

SERVING SOCIETY THROUGH ENERGY DELIVERY

Spotlight

Focus	UNSDG Goals	Goal Met?	2019 Progress	2020 Targets
To protect our crew and assets from risks in troubled times and waters, and ensure the continued flow of clean energy globally	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH	✓	• 0 fatalities due to security incidents • 0 injuries due to security incidents • 0 days lost due to security incidents	• 0 fatalities due to security incidents • 0 injuries due to security incidents • ≤3 days lost due to security incidents • 1 drill with piracy scenario

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. For example, vessels transiting high-security areas follow a set of regularly updated guidelines which respect various reporting requirements as defined by the UK Maritime Trade Operations (UKMTO), the Maritime Security Centre - Horn of Africa (MSC-HOA), 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.

BW LPG has a robust system in place to assess piracy risks in High Risk Areas (HRAs) including the Strait of Hormuz and the Gulf of Guinea so that we can deliver energy safely and reliably for our customers and the communities we serve. Vessels take extreme caution, such as transiting the area at maximum safe speed during the hours of daylight, keeping away from the troubled coastlines, posting extra lookouts, monitoring the Very High Frequency (VHF) radio closely to follow all instructions from coalition forces, treating unidentified vessels and small craft with caution and adhering to Best Management Practices (BMP). In total, BW LPG made 24 transits through the Strait of Hormuz in 2019 with the assistance of the UK Royal Navy at a time of heightened tension in the straits. We wish to extend our appreciation for their professional assistance, and for supporting the continued and vital flow of energy even during troubled times, to communities around the world.

BW LPG's VLGC BW Elm was the first UK-flagged gas carrier to pass through the Strait of Hormuz after Iran's seizure of the Stena Impero. BW LPG followed developments in the Strait of Hormuz closely and all vessels are to proceed with additional vigilance and to follow appropriate security protocols in place. We also liaised closely with all the relevant authorities such as flag, class, and insurers and operated at its highest security protocol.

In 2019, BW LPG is pleased to report that there were neither any incidents of piracy nor security incidents on board any of our vessels. Individual companies such as BW LPG cannot solve the problem to end piracy ourselves, but we take our responsibility to train and protect our crew, vessels and cargoes very seriously. The IMO has taken a leadership role in coordinating efforts to alleviate the problem from the maritime perspective.

DO NOT ASK; WE WILL NOT PAY

Spotlight

Focus	UNSDG Goals	Goal Met?	2019 Progress	2020 Targets
BW LPG stands united in the global stand against bribery and corruption in the maritime industry	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	✓	• 0 facilitation payments • Rolled out posters and crew communication with tagline "Do Not Ask; We Will Not Pay" • Continued membership in MACN • Global communication to commemorate UN Anti-Corruption Day	• 0 facilitation payments • Comply with legislation on anti-corruption practices • Continue membership in MACN • Global communication to commemorate UN Anti-Corruption Day

BW LPG has an Anti-Bribery and Anti-Corruption Policy that applies to all employees on shore and on board. The aim of the policy is to achieve best practice with respect to prevention of bribery and corruption and in particular to follow the principles set out in the well-known and commonly followed UK Bribery Act 2010.

We value our Company's reputation for ethical behavior and fair dealing with suppliers, customers, competitors and employees. All employees are expected to conduct themselves with the highest standard of integrity. In this regard, we provide training and guidance to employees, as well as require staff to report all gifts and entertainment received. Further, we will also support any employee who uses our Whistleblowing Policy to report any instances of bribery or corruption. BW LPG thanks all seafarers for their support and compliance with our "Do Not Ask; We Will Not Pay" initiative, and we stand united to play our part in ending bribery and corrupt practices in the maritime industry.

We commemorated with United Nation's International Anti-Corruption Day on 9 December with an announcement from the CEO of BW LPG to all shore staff, calling for continued vigilance against corruption and bribery. All vessels received a letter from the Executive Vice President, Technical and Operations to remind crew of the need to stand united and eradicate practices such as facilitation payments. Messages of support were posted on the Company's social media platforms.

IMPROVING LIVES THROUGH LPG

Spotlight

Focus	UNSDG Goals	Goal Met?	2019 Progress	2020 Targets
To partner with governments through WLPGA to bring LPG to communities which still rely on traditional fuels for cooking	3 GOOD HEALTH AND WELL-BEING 7 AFFORDABLE AND CLEAN ENERGY	✓	• Took part in WLPGA forums with representation by BW LPG CEO • Organised a "Running for Life" Marathon where the Company made donations to WLPGA for employees' participation in an event that also encourages a healthy lifestyle	• Continue to participate in WLPGA initiatives • Explore partnership opportunities to bring LPG to communities

In the context of development goals of the global community, the World LPG Association (WLPGA) launched the Cooking For Life campaign in 2012, with the aim to transition one billion people from cooking with traditional and other dirty and dangerous fuels to cleaner-burning LPG by 2030. By convening governments, public health officials, the energy industry and global NGOs, this campaign explores practical ways of expanding access to LPG in the developing world to improve the lives of billions of people whose health and safety are threatened by cooking with solid fuels. Cooking For Life focuses on communicating the benefits of switching populations from cooking with biomass and other dirty and dangerous fuels, to cooking with LPG. Ranging from key studies and reports to marketing initiatives, workshops and participation in public events, the WLPGA has provided good industry practices and policy tools to grow the industry in a safe and sustainable manner.

Switching to LPG would improve quality of lives and bring far-reaching environmental and economic benefits. LPG produces virtually no particulate matter and low emissions of carbon monoxide compared to most non-renewable fuels. Emissions of toxic gases that can cause serious health problems if breathed in are negligible, making LPG highly suitable as a household cooking fuel. The economic benefits include the reduction in health-related expenditure and productivity gains that result from less illness and longer life, as well as the time saved in collecting traditional fuels. The total economic benefits of half of all the people using solid fuels worldwide are estimated at around US$90 billion per year compared with net intervention costs of US$13 billion.

As the leading maritime carrier of LPG and living up to our aim to deliver clean energy for a sustainable world, BW LPG supports the WLPGA Cooking For Life Campaign. Since our inaugural participation in 2016, a team of shore employees has participated in the Standard Chartered Singapore Marathon every year. Not only does this inspire a healthy lifestyle amongst employees, we are also dedicated to donating to the campaign for each employee taking part in the 10km, half marathon and full marathon races.

GRI INDEX

This table provides specific references to sections within the BW LPG Annual Report which is in reference to GRI reporting standards. BW LPG is committed to the continuous improvement of our sustainability reporting practices, and have actively engaged professionals to assist us in improving our future sustainability reporting and sustainable strategy development.

GRI Disclosure		Description		Reference	Page
Universal Standards	102	General Disclosures			
		Organisational Profile			
		102-1	Name of the organisation	Report Title Page	Cover
		102-2	Activities, brands, products and services	Power of LPG	4
		102-3	Location of headquarters	Global Leader in LPG Shipping	5
		102-4	Location of operations	Global Leader in LPG Shipping	6-7
		102-5	Ownership and legal form	Diverse Shareholder Base	45
		102-6	Markets served	Power of LPG, Global Leader in LPG Shipping	4, 5-7
		102-7	Scale of the organisation	Global Leader in LPG Shipping, 2019 In Numbers, Our People, Fleet List	5-7, 10, 50-51, 130-131
		102-8	Information on employees and other workers	Our People	50-51
		102-13	Membership of associations	Spotlight: Ensuring Wellness@Sea, Risk Management, Corporate Governance	24, 52-53, 54
		Strategy			
		102-14	Statement from senior decision maker	Powered By LPG	2-3
		Ethics and Integrity			
		102-16	Values, principles, standards and norms of behaviour	Global Leader in LPG Shipping	7
		Governance			
		102-18	Governance structure	Board of Directors, Experienced Effective and Diverse Leadership	46-47, 48-49
		102-20	Executive level responsibility for economic, environmental and social topics	Board of Directors, Experienced Effective and Diverse Leadership	46-47, 48-49
		102-21	Consulting stakeholders on economic, environmental, and social topics	Our Stakeholders	13-14
		102-22	Composition of the highest governance body and its committees	Board of Directors	46-47
		102-23	Chair of the highest governance body	Board of Directors	46-47
		Stakeholder Engagement			
		102-40	List of stakeholder groups	Our Stakeholders	13-14
		102-43	Approach to stakeholder engagement	Our Stakeholders	13-14
		102-44	Key topics and concerns raised	Our Stakeholders	13-14
		Reporting Practice			
		102-45	Entities included in the consolidated financial statements	Consolidated Financial Statements	65
		102-46	Defining report content and topic boundaries	Our Sustainability Approach	16
		102-54	Claims of reporting in accordance with the GRI standards	Our Approach	13
		102-55	GRI content index	GRI Index	28
	103	Management Approach			
		103-2	The management approach and its components	Spotlight: Our Journey Towards Zero Harm, Spotlight: Driving the Worlds Energy Transition, Spotlight: Ensuring Wellness@Sea, Spotlight: Serving Society Through Energy Delivery, Spotlight: Do Not Ask; We Will Not Pay, Commercial Performance, Our People, Risk Management, Corporate Governance	21-26, 50-51, 52-53, 54

GRI Disclosure		Description		Reference	Page
Economic	201	Economic performance			
		201-1	Direct economic value generated and distributed	Consolidated Financial Statements	65
	203	Indirect Economic Value Generated			
		203-1	Infrastructure investments and services supported	Spotlight: Improving Lives Through LPG	27
	205	Anti-corruption			
		205-2	Communication and training about anti-corruption policies and procedures	Spotlight: Do Not Ask; We Will Not Pay	26
Environmental	302	Energy			
		302-1	Energy consumption within the organisation	Our Performance	20
	305	Emissions			
		305-1	Direct (Scope 1) GHG emissions	Our Performance	20
		305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Our Performance	20
	306	Effluents & Waste			
		306-3	Significant spills	Our Sustainability Approach	16
	307	Environmental Compliance			
		307-1	Non-compliance with environmental laws and regulations	BW LPG did not receive any fines or sanctions regarding non-compliance with environmental laws and regulations during 2019.	
Social	401	Employment			
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Spotlight: Ensuring Wellness@Sea, Our People	24 , 50-51
	403	Occupational Health & Safety			
		403-1	Occupational health and safety management system	Spotlight: Our Journey Towards Zero Harm	21-22
		403-3	Occupational health services	Spotlight: Our Journey Towards Zero Harm	21-22
		403-4	Worker participation, consultation, and communication on occupational health and safety	Spotlight: Our Journey Towards Zero Harm	21-22
		403-5	Worker training on occupational health and safety	Spotlight: Our Journey Towards Zero Harm	21-22
		403-6	Promotion of worker health	Spotlight: Ensuring Wellness@Sea	24
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Spotlight: Our Journey Towards Zero Harm	21-22
		403-9	Work-related injuries	Safety Results, Our Sustainability Approach, Spotlight: Our Journey Towards Zero Harm	11, 16, 21-22
	405	Diversity & Equal Opportunity			
		405-1	Diversity of governance bodies and employees	Our People	50-51
	407	Freedom of Association & Collective Bargaining			
		407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Spotlight: Ensuring Wellness@Sea	24
	413	Local Communities			
		413-1	Operations with local community engagement, impact assessments, and development programs	Spotlight: Improving Lives Through LPG	27
	415	Public Policy			
		415-1	Political contributions	It is BW LPG's principle not to make political contributions, whether in monetary payments or other donations in kind to political parties or their institutions, agencies or PR representatives anywhere in the world.	
	419	Socio-economic Compliance			
		419-1	Non-compliance with laws and regulations in the social and economic area	BW LPG did not receive any fines or sanctions regarding non-compliance with socio-economic laws and regulations during 2019.	

BUSINESS HIGHLIGHTS

POWERED BY LPG PROPULSION

BW LPG's conversion to LPG propelled dual-fuel engines represents a lifecycle upgrade and long-term commitment to promoting the use of LPG as a clean marine fuel.

We have committed to retrofit 12 vessels with pioneering propulsion technology, making us the global pioneer in LPG propulsion. Through next generation, high-tech green ships, LPG propulsion embraces a low carbon future and generates positive change for the environment, while positioning us to seize "green wave" business opportunities. At the same time, the move places us ahead of the global 0.5% fuel sulphur content cap instituted by the IMO, which went into effect on 1 January 2020.

Under this world-first initiative, our 2015-built VLGCs BW Gemini, BW Libra, BW Leo, and BW Orion will be retrofitted during their scheduled dry dockings in 2020. Our first LPG propulsion vessel is expected to be retrofitted and delivered by Q2 2020. Retrofitting for the remaining eight vessels is expected to start in 2021.

RELIABLE SUPPLY

LPG can rely on an extensive existing global infrastructure, including more LPG terminals built in the US, to cover increased demand for competitively priced LPG.

INCREASE IN EFFICIENCIES

With LPG as a marine fuel, output efficiencies will rise by around 10% against fuel oil, 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.

SUSTAINABLE SUPPLY CHAIN

The large network of import and export terminals around the world can become LPG bunkering points, with approximately 1,000 available globally. Existing LPG vessels can also be used as supply points.

MORE RELIABLE, FULLY FLEXIBLE AND CLEANER ALTERNATIVE WITH DUAL-FUEL ENGINES

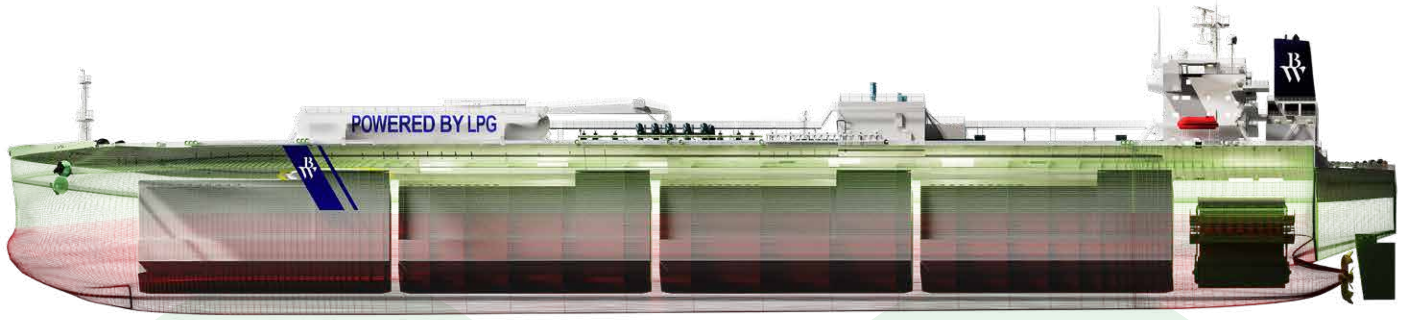
Harnessing LPG propulsion translates into cleaner, more efficient engines that are cheaper to maintain. In addition, the fuel flexibility of dual-fuel engines ensures full redundancy (duplication of critical components of a system with the intention of increasing reliability to improve actual system performance) for uninterrupted operations.

THE PERFECT SOLUTION FOR VLGCs AND OTHER VESSELS

LPG dual-fuel propulsion systems can be installed or retrofitted on a wide range of vessel types. With lower installation costs and cheaper operating and maintenance requirements than LNG equivalents, LPG propulsion systems also offer a shorter payback period with almost identical environmental benefits to LNG fuel.

LOWER PRICE SENSITIVITY, HIGHER COST EFFICIENCY

Cost-wise, LPG is also a better option than compliant fuel oil, with high lifetime 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 price fluctuations, thereby future-proofing the Company.



FIRST IN THE WORLD TO OPERATE

19 ships are ready to be retrofitted for LPG dual-fuel propulsion

2020 FIRST RETROFITTING

Retrofit 4 vessels with dual-fuel propulsion engines and prepare to retrofit another 8 vessels in 2021

ACHIEVEMENTS

BUSINESS SUSTAINABILITY

Improved Efficiencies

Cost Savings

Future Proof

LPG DUAL-FUEL ENGINES DELIVER

FUEL FLEXIBILITY

RESULTING IN FULL REDUNDANCY FOR UNINTERRUPTED OPERATIONS

ENVIRONMENTAL SUSTAINABILITY

CLEANER FUEL
LOWER EMISSIONS

Sulphur oxides down by 97%

Particulate matter down by 90%

Greenhouse gases down by 25%

Nitrogen oxides down by 20%

Ahead of IMO 2020
0.5%
SULPHUR EMISSIONS CAP

Full Compliance with Emission Control Areas (ECAs) and Sulphur Emission Control Areas (SECAs)
0.1%
SULPHUR CAP

COMMERCIAL PERFORMANCE

2019 – THE YEAR THE MARKET BOUNCED BACK

2019 can be characterised as the year that the VLGC market returned to profitability. The year started poorly due to the seasonal drop in demand for shipping in the first quarter, but improved over the course of the year. Delays at loading and discharging ports, congestion at the Panama Canal (an important gateway to the growing demand centers in the East) and delays due to availability of compliant fuels ahead of the IMO 2020 0.5% sulphur emissions regulations led to an increase in shipping supply inefficiencies, in a year when only 6.8% of new vessel capacity was added to the global fleet. Demand for VLGCs increased due to increased LPG supply from the US Gulf/US East Coast, supply disruptions in the Middle East Gulf and the US-China trade tariffs, which re-established longhaul trade from the US Gulf to South East Asia via the Cape of Good Hope. Our commercial utilisation improved from 90% in 2018 to 95% in 2019, reflecting a market with strong supply and demand fundamentals.

EARNINGS PERFORMANCE

In anticipation of a market recovery, fixed-rate contract coverage for BW LPG in 2019 was minimised at 14% of VLGC revenue days with the remainder on the spot market. BW LPG maintained its focus on the spot market, improved utilisation in a rising market, and deployed the fleet to markets generating premium earnings. The VLGC fleet generated Time-Charter Equivalent (TCE) income of US$535 million in 2019 over 15,275 days, generating an average TCE of US$35,000 per day; up 90% year-on-year (YoY) representing the strongest earnings performance since 2015. During 2019, BW LPG selectively extended existing time-charters on fixed rates and Contracts of Affreightment (CoAs), on floating index-linked pricing structures.

The BW LPG VLGC fleet generated TCE income of

US$535 million
in 2019

15,275 days

generating an average TCE of

US$35,000 per day

(up 90% YoY)

Our commercial utilisation improved from 90% in 2018 to

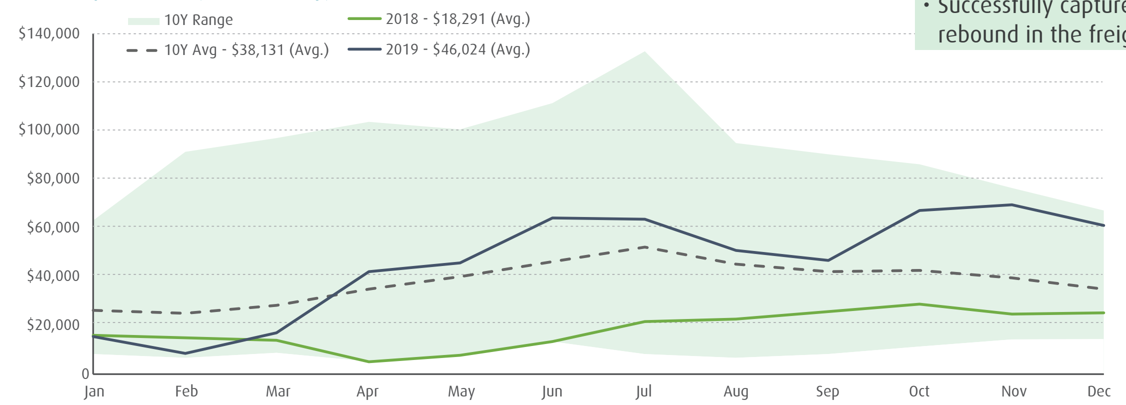
95%
in 2019

2019 MARKET IN SIX GRAPHS

VLGC spot rates significantly increased by 152% YoY in 2019...

- BW LPG operated 86% of its fleet in the spot market
- Successfully captured the rebound in the freight market

1 VLGC Spot Rates (US$ Per Day)

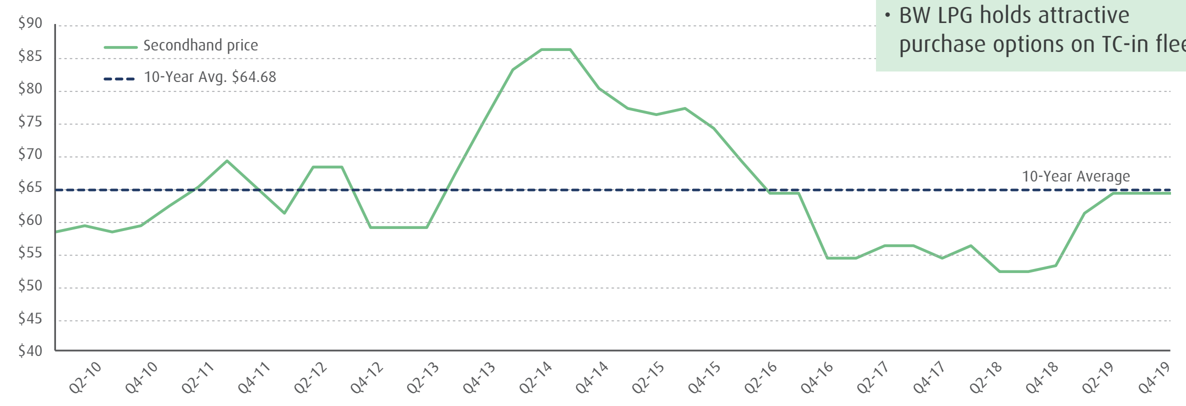


Source: Clarksons, BW LPG Analysis

...leading to secondhand prices recovering to the 10-year average.

- BW LPG exited LGC segment generating US$10 million book gain
- BW LPG holds attractive purchase options on TC-in fleet

2 Secondhand Price for 5-Year Old VLGCs (US$ Million)

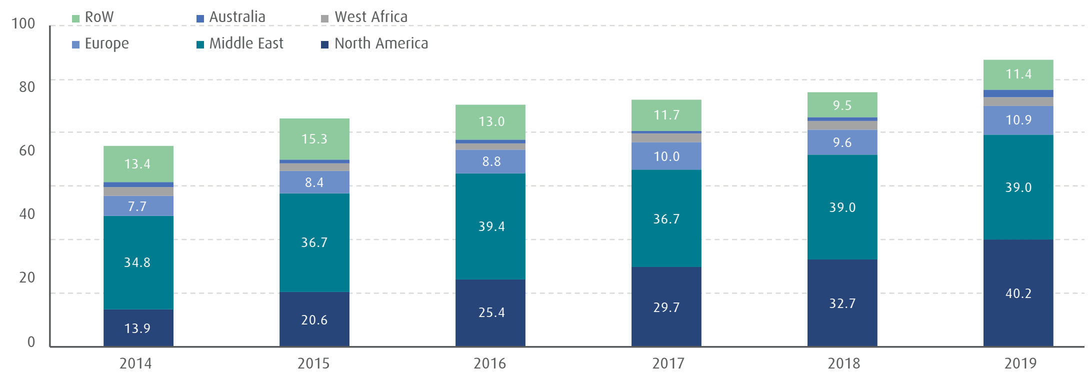


Source: Clarksons, BW LPG Analysis

The recovery was led by strong North America LPG exports growing 23% YoY...

- BW LPG lifted 7.4 million metric tons from the US alone which is 18.4% of North American exports

3 Global LPG Exports By Exporters (Million Metric Tons)

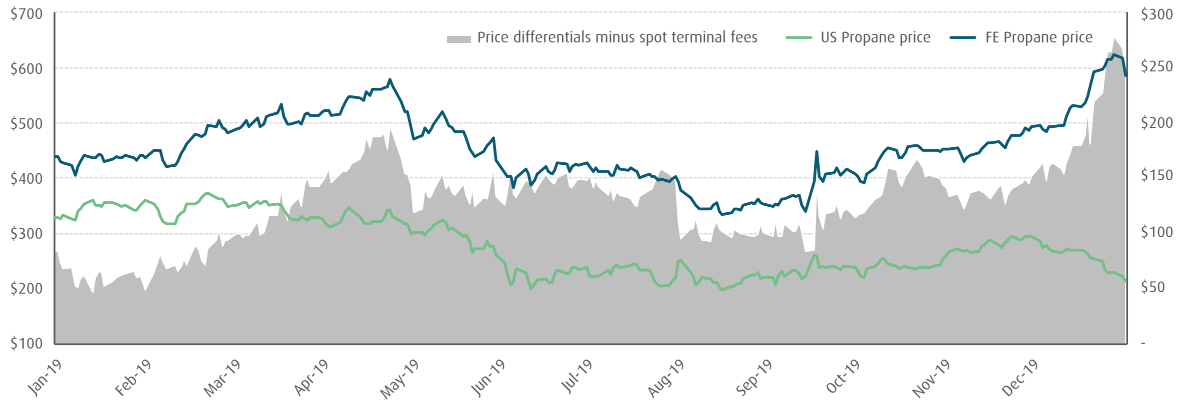


Source: Power BI, BW LPG Analysis

...which together with market inefficiencies* led to a widening LPG price differential between the US and the Far East.

- BW LPG lifted 8.9 million metric tons from the West market, which is 73% of its total volume lifted in 2019
- BW LPG Product Services helps improve utilisation in periods of weakness

4 US and Far East Propane Price Differentials via Panama Canal (US$ Per Metric Ton)

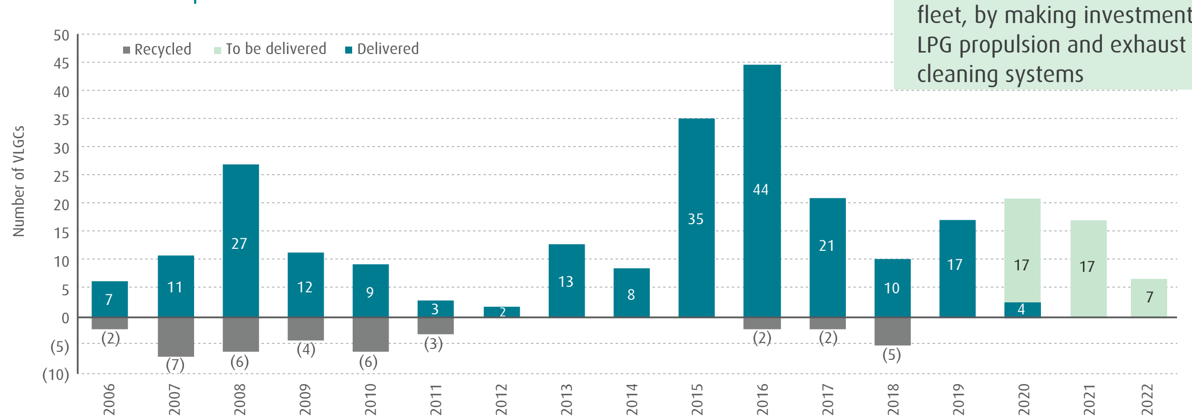


Source: Argus, BW LPG Analysis

17 VLGCs were delivered in 2019 and four were delivered so far in 2020. Orderbook stands at 41 ships or 14%...

- BW LPG decided not to add more capacity to the world fleet and committed to retrofitting its fleet, by making investments in LPG propulsion and exhaust gas cleaning systems

5 VLGC Fleet Development 2006 - 2022

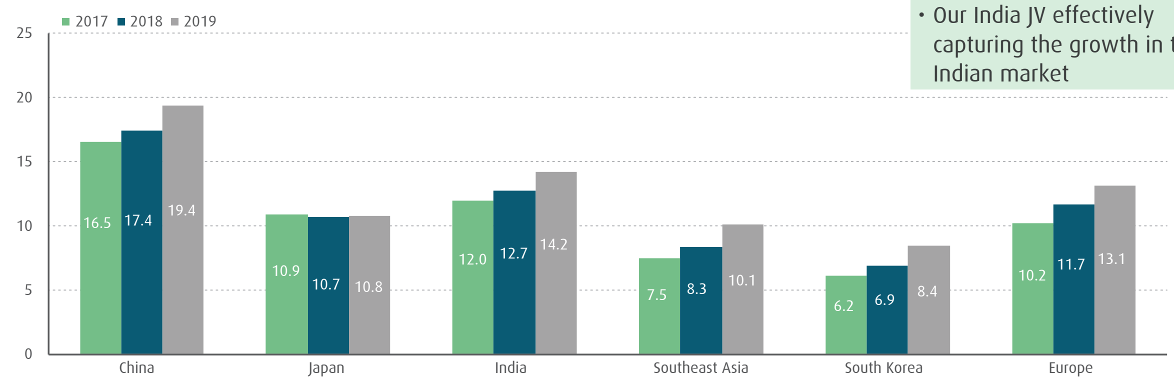


Source: Clarksons, BW LPG Analysis

... and Asia continues to be the main driver of LPG imports up 11.3% YoY.

- BW LPG launched Product Services in February 2019 to deliver cargo to end-users
- Our India JV effectively capturing the growth in the Indian market

6 Global LPG Imports By Importers (Million Metric Tons)



Source: IHS Waterborne, BW LPG Analysis

* Market inefficiencies decrease the supply of vessels in the market and improve the fleet utilisation such as shipping delays due to bunkering, canal transiting, port delays and other planned or unplanned off hires.

TIMING THE CYCLE

2013 – 2015:
STRONG FREIGHT MARKET

- Baltic Exchange average TCE: US$67,300/day
- 27 owned VLGCs with an average age of eight years

2016 – Q1 2019:
POOR FREIGHT MARKET

- Baltic Exchange average TCE: US$17,000/day
- Contract coverage stood at 75% when we exited period 1 (2013-2015) and entered the freight market downturn
- Preserved liquidity for the market downturn which lasted for over two years
- Acquired nine modern VLGCs, and divested seven vintage VLGCs* and three LGCs

* Including three sale leasebacks and two sales to our JV, BW Global United LPG India; BW LPG took delivery of six VLGC newbuilding in the period

Q2 2019 ONWARDS
MARKET RECOVERY

- BW LPG grew and modernised our fleet counter-cyclically in period 2 (2016-2019); at the start of the downturn we owned 27 VLGCs with an average age of eight years, by Q2 2019 when the market recovered we owned 35 VLGCs with the same average age
- Higher spot exposure well timed for the market recovery
- With a higher spot exposure and a larger fleet, we achieved a higher net profit than in 2013-2015, when the freight market was higher

Source: Argus, BW LPG Analysis

FLEET DEPLOYMENT

In 2019, the BW LPG VLGC fleet comprised 35 owned vessels with an average age of eight years, nine chartered-in vessels with an average age of nine years, two joint venture vessels and one chartered-in newbuilding. We are committed to investing US$106 million on fleet upgrades, which includes the installation of exhaust gas cleaning systems and retrofitting vessels with LPG dual-fuel propulsion engines.

At the end of 2019, the average remaining duration of our chartered-in vessels, including the chartered-in newbuildings and excluding the BW Empress on bareboat, was 4.2 years with an average rate of approximately US$26,000 per day, before profit sharing agreements. The majority of our chartered-in vessels have purchase options either during or at the end of the charter-in period. Three VLGC time-charters from long-term third-party owners (TC-in) were renewed in 2019 prior to the recovery in the spot market; the vessels continue to operate under BW LPG.

The two VLGCs operating under our joint venture in India continue to be gainfully employed with Indian Public Sector Units (PSU's) at an average charter hire rate of US$40,625 per day. The first of two VLGC chartered-in newbuildings was delivered in November 2019 and is employed on the spot market. The second VLGC chartered-in newbuilding was delivered in February 2020.

In November 2019, BW LPG entered into a Memorandum of Agreement (MOA) to sell the last two LGCs with the first vessel delivered to the buyer in December 2019. The sale generated US$16 million in liquidity with a net book gain of US$5 million in 2019. The sale of the second vessel is expected to generate US$15 million in liquidity with a net book gain of US$5 million in 2020.

For 2020, 7% of the fleet is fixed on fixed-rate time-charters. Time-charter out contracts give our customers access to our vessels for an agreed time period on a fixed price per day with the customer paying voyage expenses, such as fuel and port costs.

As of 1 January 2020, the entire BW LPG fleet of owned and operated VLGCs is IMO 2020 compliant.

2019:
Average remaining duration of chartered-in vessels was
4.2 years
with an average rate of approximately US$26,000 per day

POWERED BY LPG

2 VLGCs under a Joint Venture in India operate at an average charter hire rate of
US$40,625 per day

PRODUCT SERVICES:
ENHANCING OUR VALUE PROPOSITION

Powering integrated product and shipping solutions

In February 2019, BW LPG established a Product Services division to support our core shipping business, with the objective of enhancing our fleet utilisation which leads to improved earnings and returns for shareholders. This is part of our ambition to propose a low-risk and fully-integrated product delivery service to customers. Through this service, we purchase LPG and offer it delivered on the basis of Cost, Insurance, Freight (CIF), directly to the end user.

Operations commenced in Q2 2019 and by the end of Q4 2019 we had lifted eight VLGC cargoes out of the US. Whilst LPG shipping remains our core business, we aim to diversify our business offerings, innovate to capture market opportunities and provide a more comprehensive business solution to customers.

FIRST Product Services cargo lifting
JUNE 2019

Total **2019** liftings **8**

POWERED BY LPG

Improved fleet utilisation
+ 0.5%

FINANCIAL PERFORMANCE

US$399m
EBITDA
US$295m YoY

US$274m
Net profit after tax
US$346m YoY

US$118m
Total dividends paid

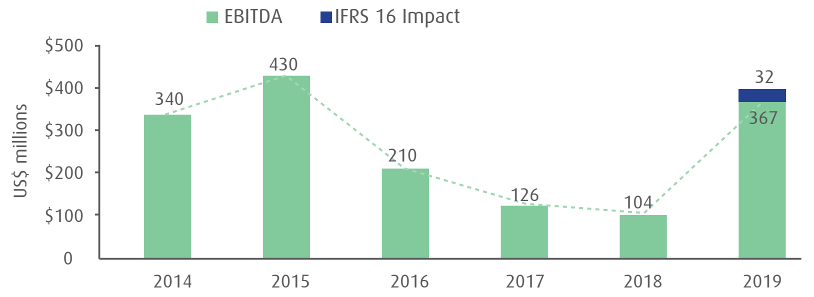
US$19,560
NPAT breakeven per day
US$443 per day YoY

	2019 US$ million	2018 US$ million
Results		
TCE income	547	301
EBITDA	399	104
NPAT	274	(72)
Balance Sheet		
Vessel net book value	1,904	2,006
Total assets	2,549	2,260
Total cash and cash equivalents	112	50
Total borrowings and lease liabilities	1,282	1,235
Shareholders' equity	1,177	984
Cash Flows		
Operating	322	89
Investing	50	76
Financing	(329)	(172)
Available liquidity (including undrawn facility)	294	215
Per Share Data	**US$**	**US$**
Earnings per share	1.97	(0.51)
Net asset value per share	8.31	7.01
Dividends per share	0.85	-
Per Day Costs		
Vessel calendar days	16,450	16,987
OPEX per day*	7,225	7,307
NPAT breakeven per day **	19,560	20,003
Ratios		
Earnings Yield	23.5%	(16.9%)
Return on Equity	25.3%	(7.0%)
Return on Capital Employed	13.9%	(1.1%)
EBITDA Margin	72.9%	34.6%
Leverage Ratio	52.1%	55.5%

* Only for owned and bareboat-in vessels
** Adjusted for impairment charge/write-back of impairment charge on vessels, negative goodwill, and gain on derecognition of right-of-use assets

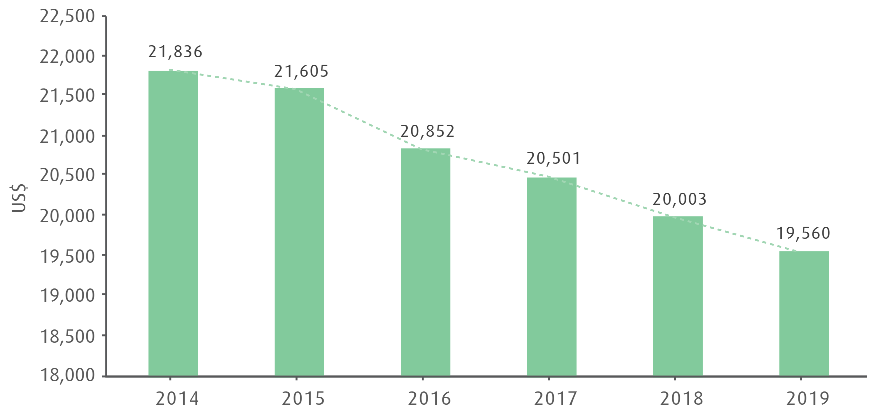
Positive EBITDA through cycle lows

EBITDA



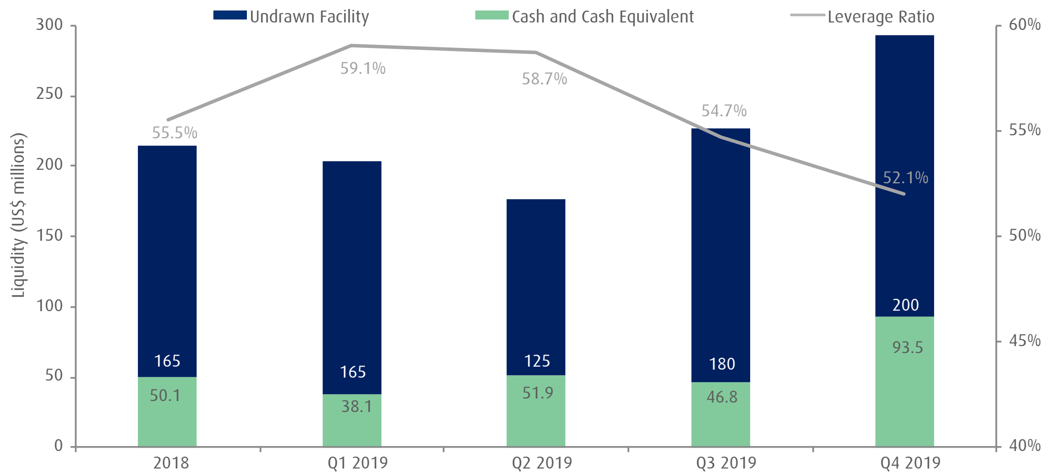
Industry leading cost position that drives best in class returns

NPAT Breakeven per day



Stable leverage and strong liquidity position through the cycle

Available Liquidity and Leverage Ratio



SHARE PERFORMANCE

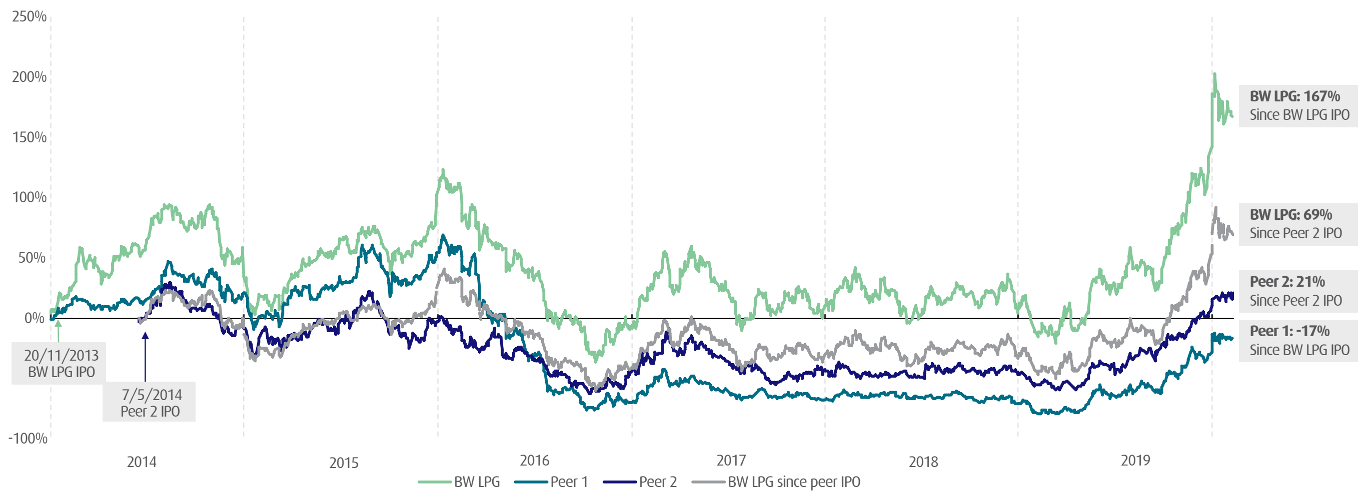
2019 RELATIVE AND ABSOLUTE PERFORMANCE OF SHARES

OVERVIEW

BW LPG share price started 2019 at NOK26.09 (Norwegian Krone) and ended the year at NOK73.85, up significantly by 183.1%. For the second half of the year BW LPG made it to the list of the 25 most traded shares, and effective 23 December, it was included in the OBX Total Return Index. Over the cycle, total shareholder return since our Initial Public Offering (IPO) in November 2013 ended at 167% (measured in NOK).

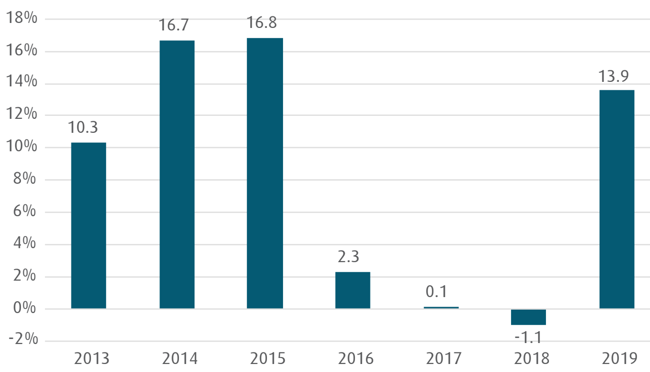
The strong share price recovery in 2019 was supported by strong US exports and widening geographical price differentials between the US and the Far East. This led to a strong recovery in VLGC freight rates from April 2019 after more than two years of prolonged freight market downturn. With a high percentage of the fleet positioned in the spot market, BW LPG's share price followed the freight market and recovered to above NOK30 in April. In November, BW LPG released its third quarter financial results with the highest net profit in the history of the Company and the share price traded to above NOK80.

Total Shareholder Return - BW LPG Relative to Listed Peers

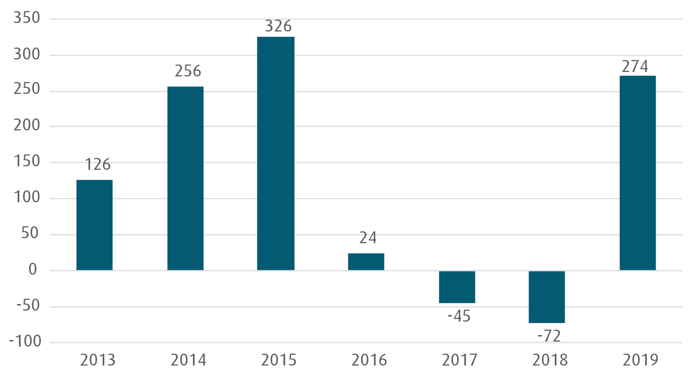


Note: Share price not adjusted for dividends, buybacks or share issuance. Total shareholder return assumes reinvested dividends.
Source: Bloomberg, BW LPG Analysis

Return On Capital Employed (%)

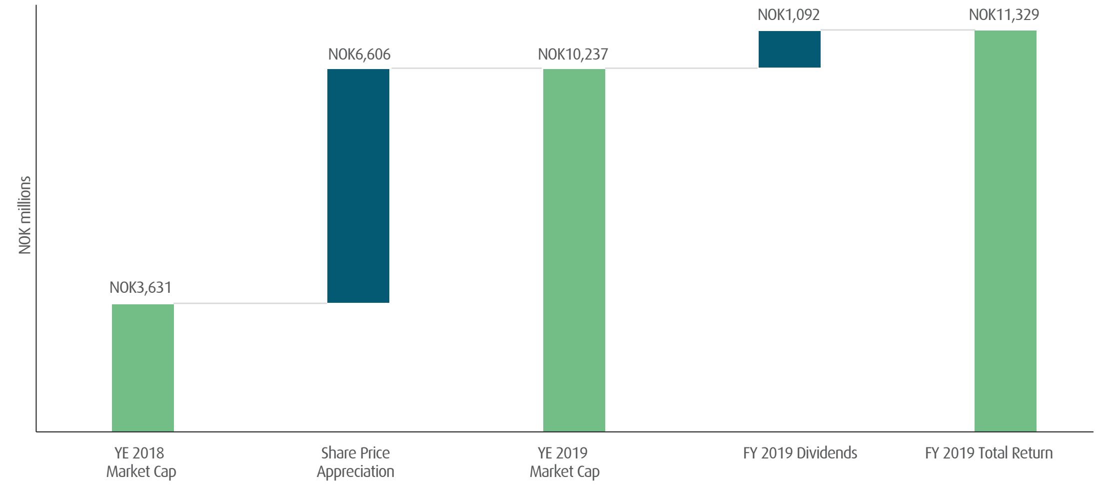


Net Profit After Tax (US$ million)



Source: BW LPG Analysis

FY 2019 Total Return



Source: Bloomberg, BW LPG Analysis

DIVIDEND PAYOUT POLICY AT 50% OF PROFITS

In November 2019, the Board amended the dividend policy from a semi-annual to a quarterly payout scheme. The target payout ratio of 50% of net profit after tax (NPAT) remains unchanged.

The policy takes into consideration appropriate limits on leverage, capital expenditure plans, financing requirements, financial flexibility and anticipated cash flows.

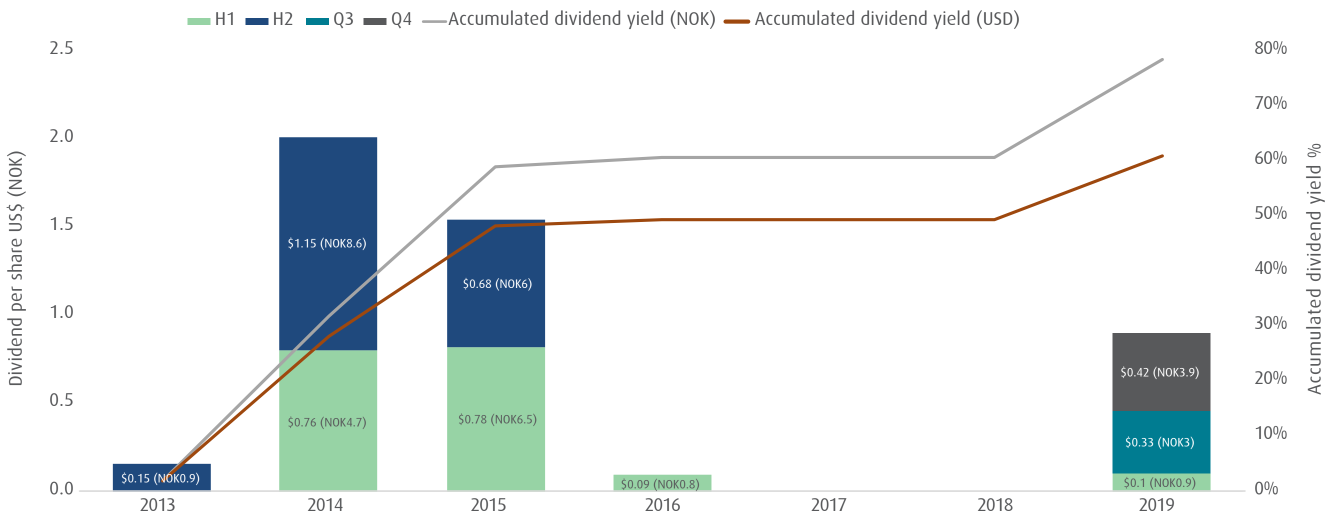
	Earnings per share (US$)	Dividend per share (US$)	Share Price at period end (US$)	Annualised Earnings yield (%)	Annualised Dividend yield (%)
Accumulated	$6.57	$4.46			
Q4 2019	$1.11	$0.42	$8.41	53%	20%
Q3 2019	$0.83	$0.33	$5.85	57%	23%
1H 2019	$0.02	$0.10	$4.88	1%	4%
2H 2018	($0.26)	$0.00	$2.98	-17%	-
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%

Source: BW LPG Analysis
Annualised Earnings Yield before Q3 2019 = (Earnings per share) x 2/Share price at end of the period
Annualised Earnings Yield after Q3 2019 = (Earnings per share) x 4/Share price at end of the period
Annualised Dividend Yield before Q3 2019 = (Dividends per share) x 2/Share price at end of the period
Annualised Dividend Yield after Q3 2019 = (Dividends per share) x 4/Share price at end of the period

ACCUMULATED DIVIDEND YIELD OF 74%

Since listing in 2013, we have paid out dividends of NOK35 (US$4.46) per share with an accumulated dividend yield of 74% on the IPO price of NOK47 per share (US$7.72).

History of Dividend Payment since IPO



Source: Bloomberg, BW LPG Analysis

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

Maintain 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 and 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

BW LPG will provide news updates via email within 24 hours of any announcements we make on our website and on Oslo Bors

DIVERSE SHAREHOLDER BASE

BW LPG has issued a total of 141,938,998 shares of which 3,320,921 have been bought back and were held as treasury shares as of 31 December 2019. The year-end total number of outstanding shares stood at 138,618,077 held by 3,105 shareholders.

Top 20 Shareholders	Shares	% Ownership
BW Group	59,764,242	42.11%
Folketrygdfondet	7,022,818	4.95%
Columbia Management Investment Advisers	6,612,613	4.66%
Dimensional Fund Advisors	3,944,909	2.78%
DNB Asset Management	3,567,529	2.51%
KLP	3,281,621	2.31%
JPMorgan Securities (Custodian)	2,775,360	1.96%
Storebrand Asset Management	1,794,475	1.26%
JO Hambro Capital Management	1,552,087	1.09%
Nordea Asset Management	1,520,064	1.07%
Barclays Capital (Custodian)	1,506,817	1.06%
Vanguard Group	1,427,157	1.01%
KBC Bank	1,234,010	0.87%
GMO	1,030,879	0.73%
Stavern Helse Og Forvaltning AS	1,000,000	0.70%
Skandinaviska Enskilda Banken (Custodian)	1,000,000	0.70%
Amundi Pioneer Asset Management	967,580	0.68%
Delphi Fondene	850,680	0.60%
Mediolanum	813,409	0.57%
CQS Asset Management	810,947	0.57%
Remaining shares	36,140,880	25.47%
Treasury shares	3,320,921	2.34%
Total	141,938,998	100%

Source: RD:IR Shareholder Analysis dated 31 December 2019

BOARD OF DIRECTORS

The Board works together as a team to exercise proper supervision of the management of the Company, and are independent of the Executive Management and material business connections of the Company. The majority (four of the six members) are independent of the Company's largest shareholder (BW Group).

ANDREAS SOHMEN-PAO
Chairman

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, BW Energy, Hafnia, Epic Gas and Singapore Maritime Foundation. He is also a non-executive director of Singapore National Parks Board 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 4 of 4 Board meetings in 2019.

Born: 1971

JOHN BARRIE HARRISON
Vice Chairman

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, serving on the risk committee and nomination committee, Cathay Pacific Airways Limited and Grosvenor Asia Pacific Limited and Chair of their audit committees, and a member of Cathay Pacific Airways Limited's risk committee and safety committee.

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 4 Board meetings in 2019.

Born: 1956

ANDERS ONARHEIM
Chief Executive Officer

Anders Onarheim has served on the BW LPG Board since 21 November 2013. Effective 1 January 2020, he is also the interim CEO of the Company.

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 and Vice Chairman of Reach Subsea ASA.

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

Mr Onarheim has attended 4 of 4 Board meetings in 2019.

Born: 1959

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 and Infrastructure, for la Caisse de depot et placement du Quebec, and as a Partner and 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 Beroutsos has attended 4 of 4 Board meetings in 2019.

Born: 1965

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 4 of 4 Board meetings in 2019.

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 prior to that spent 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 Doctorate 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 4 of 4 Board meetings in 2019.

Born: 1962

EXPERIENCED, EFFECTIVE AND DIVERSE LEADERSHIP

ELAINE ONG
Chief Financial Officer

Elaine Ong has over 25 years of experience in all aspects of Finance.

Prior to joining BW LPG in 2015, Ms Ong was Senior Vice President, Finance, at BW Group since 2011. She had previously 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 degree 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 25 years of shipping experience from Ship Owners and Technical Management companies. Mr Berg has sailed up to and in the rank of Chief Engineer.

Prior to joining BW LPG in 2015, Mr Berg was General Manager and 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 University.

Born: 1976

PRODYUT BANERJEE
Vice President, Operations

Captain Prodyut Banerjee has more than 18 years of experience in Global Fleet Operations in the maritime industry. He has held various leadership positions with BW Group since 2005. Prior to joining BW, he worked at ExxonMobil and IMT for over 15 years, serving at sea in the Mobil Tanker fleet, and on shore in the UK office. He holds a Master's degree in Business Administration from the National University of Singapore.

Born: 1962

KNUT-HELGE KNUTSEN
Vice President, Technical

Knut-Helge Knutsen has been in global leadership positions in the maritime industry for the last 19 years. Before joining BW back in 2013, he was Regional Manager in VPS. Mr Knutsen has previously worked 11 years for DNV GL leading various technical disciplines in Norway and in South Korea. He holds a Masters 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 International Eastern Trading Company and SK Gas International Pte Ltd in Singapore.

Born: 1964

OUR PEOPLE

At BW LPG, people are at the heart of our operations

We aim to continue to build a sustainable pipeline of talent, retain best in class staff and create an environment where employees can fulfil their potential. We have a workforce of more than 2,000 personnel at sea and on shore, and are proud of the fact that we have an almost equal gender ratio across shore staff.

17 **nationalities** represented across our workforce

GENDER RATIO

51% males

49% females

All our staff are bound together by common HR policies which conform to local regulations and a solid commitment to work within our Vision, Mission and Values (VMV). In October 2019, new employees attended a VMV training in which the Company's core values were explained and instilled. Leaders within the Company attended a 2-day Leadership Training course, with the aim of developing their potential through a range of theories and activities. Of these leaders, 43.5% are women.

TALENT ATTRACTION AND RETENTION

Our people are central to our business, and as such we invest heavily in recruiting, training and retaining a highly-talented workforce. We place emphasis on providing ongoing career advancement opportunities for all personnel, and support individuals in achieving their personal best within our organisation. In a constantly changing industry, we also ensure that all personnel are supported with both in-house and external training and development so that they are always equipped with the skills and insight needed to succeed.

EMPLOYEE ENGAGEMENT

Our Employee Engagement Survey guides our ongoing actions to ensure our people remain engaged, feel empowered and are energised to take on any challenges that may arise.

Our core values summarise our approach to business and serve as a common foundation for employees.

We aspire to be

C OLLABORATIVE
A MBITIOUS
R ELIABLE
E NDURING

in all that we do.

REWARDS AND COMPENSATION

Our employees are rewarded based on Company and individual performance and on how well they uphold the Company's core values. We conduct annual salary benchmarking, and performance calibration ensures fair compensation and rewards. Additionally, managers are assessed on how well they lead, engage and develop their teams. Critical to this is ensuring that our employees have clarity on the overall goal and are able to execute effectively through individual contributions. Incentives are designed to inspire continued excellence while adapting to evolving business and market trends.

HEALTH, SAFETY AND SOCIAL RESPONSIBILITY

We do not compromise when it comes to creating a safe and healthy work environment. It is equally important to us that all our employees act in a socially responsible manner. Our policies ensure that we comply with governing laws and regulations wherever we operate. We ensure that we provide our employees with a work environment that is free from discrimination, harassment and corruption. The Company has zero tolerance for such conduct.

SHORE STAFF

72 Total number of employees (on shore)

33% women in leadership (on shore)

CREW

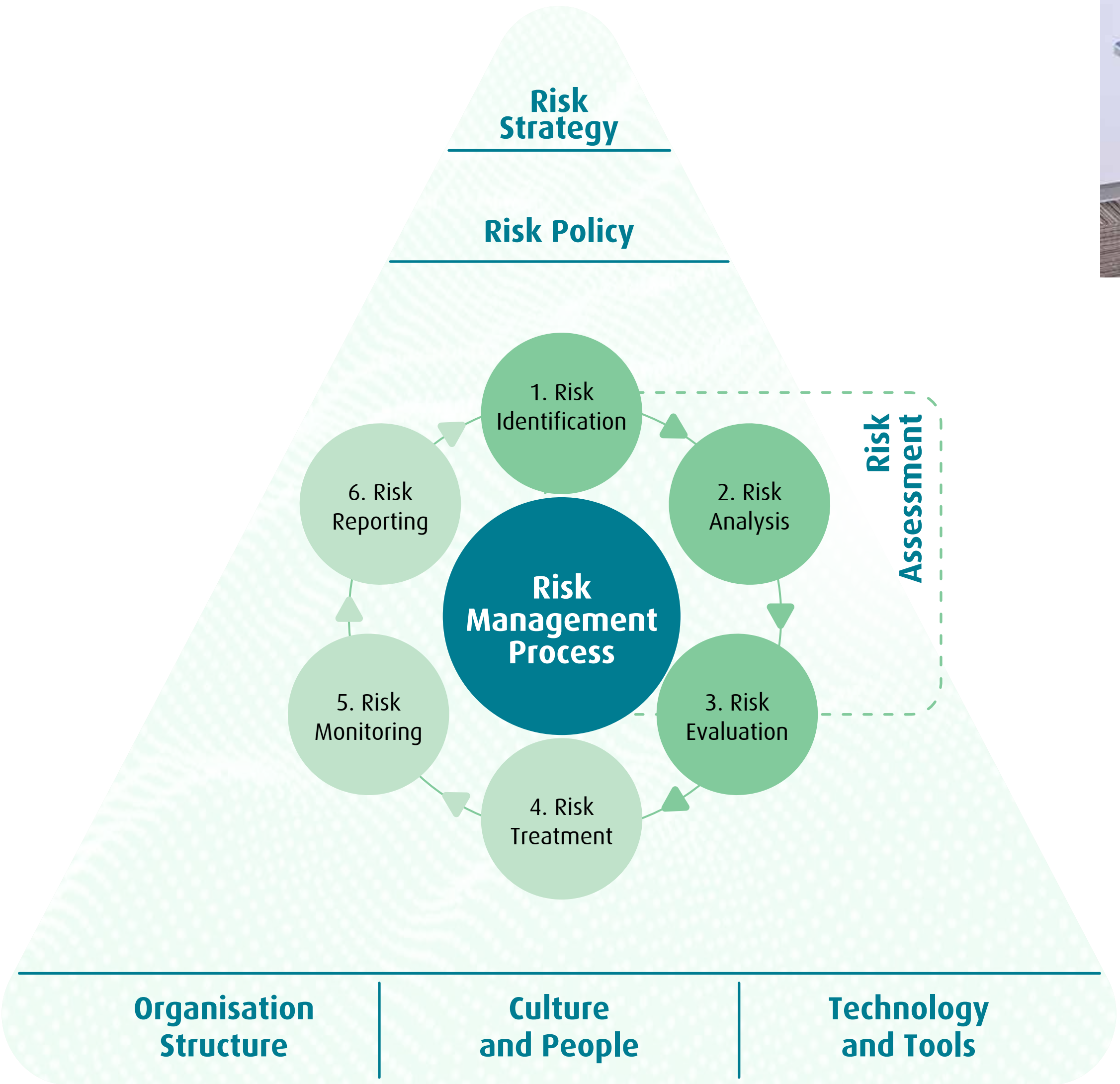
2,004 Total number of crew

RISK MANAGEMENT

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 from any unfavourable events and market conditions.

Our Enterprise Risk Management (ERM) is based on the principles from the ISO 31000 and the Committee of Sponsoring Organizations' (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. We regularly monitor our risk framework, policy and review processes to ensure appropriate and efficient mitigation of risk.



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 our 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 BW LPG, 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

BW LPG'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 the potential adverse effects on financial performance. Where applicable, the Company uses financial instruments such as interest rate swaps, forex forward contracts and bunker swaps to hedge certain financial risk exposures. The Company 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 Company is handled by the Executive Management with guidance and input by the Board of Directors.

CORPORATE GOVERNANCE

Corporate governance in BW LPG is primarily governed by the Bermuda Companies Act, its Memorandum of Association and its Bye-laws. In addition, certain aspects of the Company's corporate governance are governed by the Norwegian Securities Trading Act, the Norwegian Stock Exchange Regulations and the Continuing Obligations for Companies Listed on the Oslo Stock Exchange.

The Board must issue a comprehensive corporate governance report providing an overall overview of the Company's Corporate Governance practices, with specific reference to the Norwegian Code of Practice for Corporate Governance (dated 17 October 2018 issued by the Norwegian Corporate Governance Board). Adherence to the Code of Practice will be based on the "comply or explain" principle.

The full Corporate Governance Report can be downloaded on our website at www.bwlpg.com/sustainability/corporate-governance

COMPLY OR EXPLAIN OVERVIEW

Section of the Code	Deviations
Implementation and reporting on corporate governance	None
Business	The Company's objectives are wider and more extensive.
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.
Equal treatment of shareholders and transactions with close associates	None
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.
General meetings	The Chairman of the Board also acts as the Chair of the General Meetings.
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.
Board of Directors: composition and independence	None
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.
Risk management and internal control	None
Remuneration of the Board of Directors	None
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.
Information and communications	None
Take-overs	None
Auditor	None

BOARD OF DIRECTORS' REPORT

ANDERS ONARHEIM | **ANDREAS BEROUTSOS** | **ANNE GRETHE DALANE** | **ANDREAS SOHMEN-PAO** | **MARTHA KOLD BAKKEVIG** | **JOHN BARRIE HARRISON**

FINANCIAL PERFORMANCE

Our operating revenue was US$817 million in FY 2019 vs US$522 million in FY 2018 driven by higher LPG spot rates and overall fleet utilisation. Our Time-Charter Equivalent (TCE) income increased to US$547 million in 2019 from US$301 million in 2018 mainly due to higher spot rates, with an average daily rate of US$39,100 in 2019. We generated VLGC TCE earnings of US$35,000 per day in 2019 vs US$18,400 per day in 2018. This affirms our active strategy to reduce our contract coverage in line with an increasing freight market throughout the year where the average Baltic Exchange LPG 2019 assessment increased to US$57.0 per metric ton from an average Baltic Exchange LPG 2018 assessment of US$34.5 per metric ton. The Group adopted IFRS 16 'Leases' on 1 January 2019 which had resulted to an increase of US$32 million and US$6 million on EBITDA and profit after tax, respectively. BW LPG wrote back an impairment charge of US$38 million on its vessels in FY 2019 due to an improvement in assets values arising from a recovery of the freight market. BW LPG reported a profit after tax of US$274 million in FY 2019 vs a loss after tax of US$72 million in FY 2018.

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$1,052 million, shareholders' equity is US$1,051 million, and total liabilities are US$0.4 million. Income is solely from dividends from our subsidiary of US$125 million. Expenses of US$3 million consists of overhead and other costs related to the operations of the investment holding company as a listed entity.

SAFETY

Safety is our 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 2019, our LTIF (Lost Time Injury Frequency per million working hours) rate was 0.25 and our TRCF (Total Recordable Case Frequency) in 2019 stands at a rate of 0.89 compared to our baseline target of 1.5.

SUSTAINABILITY

Our sustainability report makes reference to the Global Reporting Initiative (GRI) Reporting Standards, which have allowed for comprehensive examination of our Company's practices, and in turn set the foundation for better stewardship and responsible investment. Understanding the challenges of our time demonstrates our capability and adaptability to change and enhances our reputation as a Company with integrity and a keen focus on sustainability for the future. We work hard to comply fully with all regulations, including the 2020 regulation which places a 0.5% global sulphur cap on marine fuels, and look ahead to the IMO's 2050 GHG Strategy which aims to reduce GHG emissions by 50% by 2050 (against 2008 baselines). We continue to work on measures to enhance fuel efficiency and reduce greenhouse gas emissions across our fleet, including pioneering the development of LPG dual-fuel vessels.

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 four meetings in 2019.

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.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2019

In February 2020, BW LPG exercised options for the delivery and retrofitting of eight additional dual-fuel LPG propulsion engines. With this, BW LPG has committed to retrofit 12 vessels with pioneering propulsion technology.

On 20 February 2020, a supplemental agreement was signed to amend the existing US$458 million Senior Secured Facility to convert US$100 million of Term Loan to Revolving Credit Facility while other terms remain the same. This will provide BW LPG with greater financial flexibility.

The last LGC committed to be sold is expected to be delivered in March 2020. The sale is expected to generate US$15 million in liquidity and a net gain of US$5 million.

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.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the financial statements for the year 1 January to 31 December 2019 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.

ANDREAS SOHMEN-PAO
Chairman

JOHN B HARRISON
Vice Chairman

ANDREAS BEROUTSOS
Director

ANDERS ONARHEIM
Director

ANNE GRETHE DALANE
Director

MARTHA KOLD BAKKEVIG
Director

28 February 2020

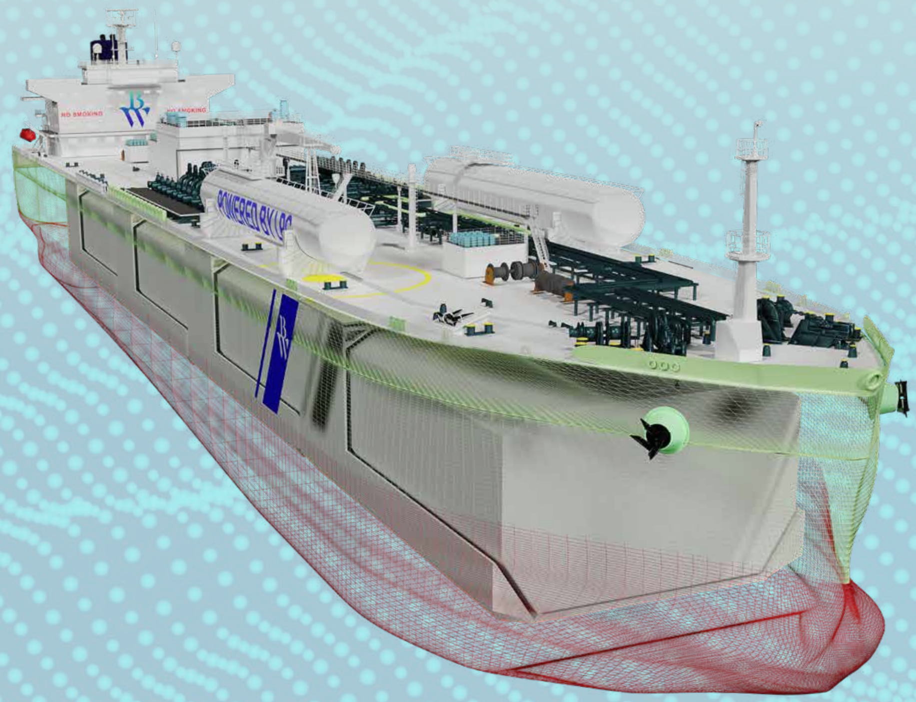
BW LPG

BW LPG LIMITED AND ITS SUBSIDIARIES

(INCORPORATED IN BERMUDA)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019



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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 2019, 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 2019, 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 2019, 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 the 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)(7) and note 10 of the Group's financial statements. As at 31 December 2019, the carrying value of the Group's vessels including dry docking, amounted to US$1,904 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"). In FY 2019, the Group wrote-back an impairment charge of certain vessels to their recoverable amounts following the recovery of the freight market and asset prices. 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. The recoverable amount of each vessel is estimated predominantly based on independent third party valuation reports, which made reference to comparable transaction prices of similar vessels. The Group has assessed that the brokers has 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. The determination of the recoverable amount of these vessels involves a high degree of judgement owing to the cyclical nature of freight rates, which results in estimation uncertainties.	We have performed the following audit procedures: • We assessed the Group's process for identifying and reviewing the CGUs subject to impairment/ reversal of 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. No significant matters were noted from our procedures performed.

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.

Auditors' 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.

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

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.

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 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2019

	Note	2019 US$'000	2018 US$'000
Revenue	3	**817,204**	521,754
Voyage expenses	5	**(269,930)**	(220,858)
TCE income^		**547,274**	300,896
Net gain from commodity contracts	4	**1,198**	-
Vessel operating expenses	5	**(109,602)**	(105,461)
General and administrative expenses	5	**(26,852)**	(27,511)
Charter hire expenses	5	**(14,208)**	(66,874)
Finance lease income		**1,171**	-
Other operating (expenses)/income – net	5	**(193)**	3,039
Operating profit before depreciation, amortisation and impairment (EBITDA)		**398,788**	104,089
Depreciation charge	10	**(126,273)**	(98,022)
Amortisation charge	9	**-**	(2,650)
		272,515	3,417
Gain on derecognition of right-of-use assets	2(a)(5ii)	**10,394**	-
Gain on disposal of assets held-for-sale		**6,950**	5,727
Write-back of impairment charge/(impairment charge) on vessels	10	**37,995**	(33,500)
Operating profit/(loss) (EBIT)		**327,854**	(24,356)
Foreign currency exchange loss - net		**(676)**	(110)
Interest income		**5,349**	5,419
Interest expense		**(57,609)**	(50,405)
Derivative (loss)/gain		**(187)**	53
Other finance expense		**(1,517)**	(1,949)
Finance expense - net		**(54,640)**	(46,992)
Share of profit/(loss) of a joint venture		**3,025**	(864)
Profit/(Loss) before tax for the financial year		**276,239**	(72,212)
Income tax expense	8	**(2,343)**	(178)
Profit/(Loss) after tax for the financial year (NPAT)		**273,896**	(72,390)

^ "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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the financial year ended 31 December 2019

	Note	2019 US$'000	2018 US$'000
Other comprehensive (loss)/income:			
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges			
- fair value (loss)/gain		(17,165)	4,262
- reclassification to profit or loss		(1,351)	(1,140)
Currency translation reserve		(30)	(51)
Other comprehensive (loss)/income, net of tax		(18,546)	3,071
Total comprehensive income/(loss) for the financial year		255,350	(69,319)
Profit/(Loss) attributable to:			
Equity holders of the Company		273,840	(71,400)
Non-controlling interests		56	(990)
		273,896	(72,390)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		255,294	(68,329)
Non-controlling interests		56	(990)
		255,350	(69,319)
Earnings/(Loss) per share attributable to the equity holders of the Company:			
(expressed in US$ per share)			
Basic and diluted earnings/(loss) per share	7	1.97	(0.51)

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

CONSOLIDATED BALANCE SHEET
As at 31 December 2019

	Note	2019 US$'000	2018 US$'000
Intangible assets	9	1,004	-
Derivative financial instruments	16	723	6,580
Loan receivables from a joint venture	11	52,550	58,150
Finance lease receivables	12	35,326	-
Investment in a joint venture		2,861	-
Total other non-current assets		91,460	64,730
Property, plant and equipment	10	2,068,912	2,006,368
Total non-current assets		2,161,376	2,071,098
Inventories	14	40,682	28,015
Trade and other receivables	15	166,372	96,756
Derivative financial instruments	16	14,080	3,769
Loan receivables from a joint venture	11	5,645	5,408
Finance lease receivables	12	22,266	-
Assets held-for-sale	13	26,725	4,823
Cash and cash equivalents	17	112,210	50,075
Total current assets		387,980	188,846
Total assets		2,549,356	2,259,944
Share capital	18	1,419	1,419
Share premium	18	289,812	289,812
Treasury shares	18	(14,432)	(12,700)
Contributed surplus		685,913	685,913
Other reserves		(45,688)	(27,356)
Retained earnings		260,289	46,055
		1,177,313	983,143
Non-controlling interests		-	482
Total shareholders' equity		1,177,313	983,625
Borrowings	19	923,177	1,101,343
Lease liabilities	20	167,654	-
Derivative financial instruments	16	10,516	527
Provision for onerous contracts	21	-	1,100
Other provisions		697	230
Total non-current liabilities		1,102,044	1,103,200
Borrowings	19	140,863	133,353
Lease liabilities	20	50,241	-
Derivative financial instruments	16	18,131	839
Current income tax liabilities	8	1,560	309
Trade and other payables	22	59,204	38,618
Total current liabilities		269,999	173,119
Total liabilities		1,372,043	1,276,319
Total equity and liabilities		2,549,356	2,259,944

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2019

		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 2019		1,419	289,812	(12,700)	685,913	(36,259)	8,914	16	(27)	46,055	983,143	482	983,625
Profit for the financial year		-	-	-	-	-	-	-	-	273,840	273,840	56	273,896
Other comprehensive loss for the financial year		-	-	-	-	-	(18,516)	-	(30)	-	(18,546)	-	(18,546)
Total comprehensive (loss)/income for the financial year		-	-	-	-	-	(18,516)	-	(30)	273,840	255,294	56	255,350
Share-based payment reserve - Value of employee services		-	-	-	-	-	-	214	-	-	214	-	214
Purchases of treasury shares	18	-	-	(1,732)	-	-	-	-	-	-	(1,732)	-	(1,732)
Dividends paid	28	-	-	-	-	-	-	-	-	(59,606)	(59,606)	-	(59,606)
Distributions to non-controlling interests	27	-	-	-	-	-	-	-	-	-	-	(538)	(538)
Total transactions with owners, recognised directly in equity		-	-	(1,732)	-	-	-	214	-	(59,606)	(61,124)	(538)	(61,662)
Balance at 31 December 2019		1,419	289,812	(14,432)	685,913	(36,259)	(9,602)	230	(57)	260,289	1,177,313	-	1,177,313

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the financial year ended 31 December 2019

		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	18	-	-	15	-	-	-	(15)	-	-	-	-	-
Purchases of treasury shares	18	-	-	(11,150)	-	-	-	-	-	-	(11,150)	-	(11,150)
Distributions to non-controlling interests	27	-	-	-	-	-	-	-	-	-	-	(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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2019

	Note	2019 US$'000	2018 US$'000
Cash flows from operating activities			
Profit/(Loss) before tax for the financial year		276,239	(72,212)
Adjustments for:			
- amortisation charge	9	-	2,650
- depreciation charge	10	126,273	98,022
- (write-back) of impairment charge/impairment charge on vessels	10	(37,995)	33,500
- derivative loss		-	25
- gain on disposal of assets held-for-sale		(6,950)	(5,727)
- interest income		(5,349)	(5,419)
- interest expense		57,609	50,405
- other finance expense		1,267	1,677
- share-based payments		214	(151)
- share of (profit)/loss of a joint venture		(3,025)	864
- finance lease income		(1,171)	-
- gain on derecognition of right-of-use assets	2(a)(5ii)	(10,394)	-
		396,718	103,634
Changes in:			
- inventories		(12,667)	(8,591)
- trade and other receivables		(69,480)	(5,987)
- trade and other payables		19,704	(378)
- provision for onerous contracts		-	1,100
- derivative financial instruments		7,678	-
- margin account held with broker	17	(18,685)	-
Cash generated from operations		323,268	89,778
Tax paid	8(b)	(1,092)	(451)
Net cash provided by operating activities		322,176	89,327
Cash flows from investing activities			
Purchases of property, plant and equipment		(10,097)	(11,766)
Proceeds from sale of assets held-for-sale		39,089	113,648
Loans to a joint venture		-	(33,000)
Repayment of loan receivables from a joint venture		5,350	1,500
Repayment of finance lease		9,624	-
Interest received		6,533	5,362
Net cash provided by investing activities		50,499	75,744
Cash flows from financing activities			
Proceeds from bank borrowings		358,500	265,000
Payment of financing fees		(4,576)	(1,727)
Repayments of bank borrowings		(560,326)	(372,816)
Payment of lease liabilities		(34,450)	-
Interest paid		(56,519)	(47,302)
Other finance expense paid		(3,282)	(1,729)
Purchases of treasury shares		(1,732)	(11,150)
Drawdown of trust receipts		114,318	-
Repayment of trust receipts		(81,014)	-
Distributions to non-controlling interests		(538)	(1,820)
Dividend payment		(59,606)	-
Net cash used in financing activities		(329,225)	(171,544)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the financial year ended 31 December 2019

	Note	2019 US$'000	2018 US$'000
Net increase/(decrease) in cash and cash equivalents		43,450	(6,473)
Cash and cash equivalents at beginning of the financial year	17	50,075	56,548
Cash and cash equivalents at end of the financial year	17	93,525	50,075

Reconciliation of liabilities arising from financing activities

	Borrowings US$'000	Lease liabilities US$'000	Interest rate swaps* US$'000
At 1 January 2019	1,234,696	-	(8,968)
Adoption of IFRS 16	-	174,295	-
At 1 January 2019 (adjusted)	1,234,696	174,295	(8,968)
Cash changes:			
Proceeds from bank borrowings and trust receipts	468,242	-	-
Principal and interest (payments)/receipts	(691,898)	(41,053)	1,994
	(223,656)	(41,053)	1,994
Non-cash changes:			
Interest expense/(income)	52,496	6,603	(1,490)
Changes in interest rate swaps	504	-	(504)
Changes in fair value of interest rate swaps	-	-	18,873
Additions to lease liabilities	-	78,050	-
	53,000	84,653	16,879
At 31 December 2019	1,064,040	217,895	9,905
At 1 January 2018	1,341,136	-	(5,792)
Cash changes:			
Proceeds from bank borrowings	265,000	-	-
Principal and interest (payments)/receipts	(422,145)	-	300
	(157,145)	-	300
Non-cash changes:			
Interest expense/(income)	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)

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

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 30).

These consolidated financial statements were authorised for issue by the Board of Directors of the Company on 28 February 2020.

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 2019. 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:

IFRS 16 'Leases' – adopted from 1 January 2019

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. The disclosure requirements in IFRS 16 have not generally been applied to comparative information.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

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

IFRS 16 'Leases' (continued)

(1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. As a result, it applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(2) As a lessee

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

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

2. **Significant accounting policies** (continued)

(a) Basis of preparation (continued)

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

IFRS 16 'Leases' (continued)

(2) As a lessee (continued)

The lease liability is subsequently increased by the interest costs on the lease liability and decreased by the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgment to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Variable lease payments not dependent on an index or rate and lease payments arising from leases with lease terms less than 12 months are recognised as an expense as incurred, or on a straight-line basis over the lease term and presented within "charter hire expenses".

Payments made in relation to the non-lease components of the leases are recognised as an expense on a straight-line basis over the lease term and presented within "other vessel operating expenses".

Transition

Previously, the Group classified time charter-in vessels as operating leases under IAS 17. The lease terms range up to 15 years. Some leases include renewal options after the end of the non-cancellable periods. Some leases provide for additional lease payments that are based on changes in certain indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term. Lease payments associated with these leases shall be recognised as an expense on a straight-line basis over the lease term;

2. **Significant accounting policies** (continued)

(a) Basis of preparation (continued)

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

IFRS 16 'Leases' (continued)

(2) As a lessee (continued)

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and

- Relied on its assessment of whether leases are onerous applying IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' immediately before 1 January 2019 as an alternative to performing an impairment review. As a result, the right-of-use asset was adjusted by the amount of provision for onerous leases recognised in the consolidated balance sheet immediately before 1 January 2019 (note 21).

(3) As a lessor

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

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 in which it acts as a lessor.

(4) As an intermediate lessor

The accounting policy applicable to the Group as a lessor in the comparative period were the same under IFRS 16 except when the Group is an intermediate lessor.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Finance lease receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in the statement of comprehensive income. Lease liability relating to the head lease is retained on the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Revenue". The right-of-use asset relating to the head lease is not derecognised.

2. **Significant accounting policies** (continued)

(a) Basis of preparation (continued)

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

IFRS 16 'Leases' (continued)

(5) Impact on financial statements

(i) Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	As at 1 January 2019 US$'000 Increase/ (Decrease)
Right-of-use assets presented in property, plant and equipment	173,195
Lease liabilities	174,295
Provision for onerous contracts	(1,100)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 4%.

	As at 1 January 2019 US$'000
Operating lease commitment as at 31 December 2018 as disclosed in the Group's consolidated financial statement	400,945
Less:	
- Leases with commencement date after 1 January 2019	(129,079)
- Recognition exemption for leases with less than 12 months of lease term at transition	(11,148)
- Consideration allocated to non-lease components	(65,099)
	195,619
Discounted using the incremental borrowing rate as at 1 January 2019	(21,324)
Lease liabilities recognised at 1 January 2019	174,295

2. **Significant accounting policies** (continued)

(a) Basis of preparation (continued)

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

IFRS 16 'Leases' (continued)

(5) Impact on financial statements (continued)

(ii) Impact for the financial year

In 2019, back-to-back time charter contracts were entered into and at the commencement of these contracts, finance lease receivables of US$67.2 million were recognised along with the derecognition of right-of-use assets of US$56.8 million. This had resulted in a derecognition gain of US$10.4 million.

The adoption of IFRS 16 resulted in the recognition of right-of-use assets of US$165.0 million (note 10), finance lease receivables of US$57.6 million (note 12) and lease liabilities of US$217.9 million (note 20) as at 31 December 2019.

The impact on profit or loss is summarised below.

	31 December 2019 US$'000
Decrease in time charter revenue	(14,069)
Decrease in charter hire expenses	54,413
Increase in other operating expenses (non-lease components)	(9,744)
Interest income (from finance lease receivable)	1,171
EBITDA	**31,771**
Gain on derecognition of right-of-use assets	10,394
Depreciation of right-of-use assets	(29,737)
Interest expense (from lease liabilities)	(6,603)
Profit after tax	**5,825**

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.

(6) Useful life and residual value of assets

The Group reviews the useful life and residual value 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.

(7) 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 10(b) and 10(c) for further disclosures.

2. **Significant accounting policies** (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

(8) Revenue recognition

All freight revenues, demurrage and voyage expenses are recognised on a percentage of completion basis. Load-to-discharge basis 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 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(l)(2ii)).

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. Under this method, voyage revenue is recognised evenly over the period from the point of loading of the current 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.

(2) Interest income

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

2. **Significant accounting policies** (continued)

(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.

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.

2. **Significant accounting policies** (continued)

(c) Group accounting (continued)

(1) Subsidiaries (continued)

(ii) Acquisitions (continued)

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.

(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.

2. **Significant accounting policies** (continued)

(c) Group accounting (continued)

(3) Joint venture (continued)

(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

Computer software

Acquired computer software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the assets for its intended use. They are subsequently carried at cost less accumulated amortisation and impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated remaining useful lives of 5 years.

The useful lives 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.

Chartered hire contracts acquired

Chartered hire contracts are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs were fully amortised in 2018.

(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.

(iii) If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

(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/Scrubbers	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.

2. **Significant accounting policies** (continued)

(e) Property, plant and equipment (continued)

(2) Depreciation (continued)

(ii) Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. The remaining carrying amount of the old component as a result of a replacement will be written off to profit or loss.

(3) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment, including replacing a significant component, 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.

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.

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.

2. **Significant accounting policies** (continued)

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

(1) Interest rate swaps

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.

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.

(2) Forward bunker swaps

The Group has entered into forward bunker swaps that are cash flow hedges for the Group's exposure to cash flow variability for its forecasted bunker purchases. These contracts entitle the Group to receive bunker at floating rates and oblige the Group to pay for bunker at fixed prices, or in some contracts to pay a fixed incremental spread (between high and low sulphur fuel oil) for low sulphur fuel oil. It was assessed that the economic relationship between the forward bunker swaps and the hedged item was effective as the critical terms match.

The fair value changes on the effective portion of the forward bunker swaps designated as cash flow hedges are recognised in other comprehensive income. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

(3) Forward freight agreements (FFAs)

The Group has entered into FFAs that are cash flow hedges for the Group's exposure to cash flow variability for its forecasted freight earnings. These contracts entitle the Group to receive fixed freight rates and oblige the Group to pay floating freight rates for the volumes transacted. This effectively hedges the forecasted freight revenue contracted at future market freight rates. It was assessed that the economic relationship between the FFAs and the hedged item was effective as the critical terms match.

The fair value changes on the effective portion of the FFAs designated as cash flow hedges are recognised in other comprehensive income. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

2. **Significant accounting policies** (continued)

(h) Financial assets

Financial assets at amortised 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 11), "finance lease receivables" (note 12) "trade and other receivables" (note 15) and "cash and cash equivalents" (note 17) 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 (ECLs) associated with these groups of financial assets.

For trade receivables and finance lease 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 ECL 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 ECL will be calculated and recognised.

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.

2. **Significant accounting policies** (continued)

(h) Financial assets (continued)

Financial assets at amortised cost (continued)

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 ECL 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 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.

(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.

2. **Significant accounting policies** (continued)

(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) Leases

(1) When the Group is the lessee (before 1 January 2019)

The Group leases vessels under operating leases from non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Rental expenses are recognised in profit or loss on a straight-line basis over the period of the leases. The difference between the actual lease payment and the amount taken to profit or loss is capitalised as deferred lease payables.

Refer to note 2(a) IFRS 16 'Leases' for the accounting policy from 1 January 2019.

(2) When the Group is the lessor

The Group leases vessels under finance leases and operating leases to non-related parties.

(i) Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable is recognised on the balance sheet, representing the net investment in the lease.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2. **Significant accounting policies** (continued)

(l) Leases (continued)

(2) When the Group is the lessor (continued)

(ii) Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

(m) 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.

(n) Inventories

Inventories comprise fuel oil remaining on board and liquefied petroleum gas held for trading purposes.

Fuel oil is measured at the lower of cost (on a first-in, first-out basis) and net realisable value.

Liquefied petroleum gas held for trading purposes are measured at fair value less costs to sell. Any change in fair value is recognised in profit or loss for the period in which it arose.

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".

(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

2. **Significant accounting policies** (continued)

(p) Foreign currency translation (continued)

(3) Translation of Group entities' financial statements (continued)

(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.

(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.

2. **Significant accounting policies** (continued)

(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.

(t) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(u) Dividend to Company's shareholders

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

(v) 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.

2. **Significant accounting policies** (continued)

(w) 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.

(x) Commodity contracts

Contracts to buy and sell commodities are accounted for as derivatives at fair value through profit or loss. Accordingly, the net settlement of these contracts are presented within "Net gain from commodity contracts" on the Consolidated Statement of Comprehensive Income.

(y) Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest rate benchmark reform*

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed as at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognised in other comprehensive income that existed at 1 January 2019. The related disclosures about risks and hedge accounting are disclosed in note 16 and note 25.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of Interbank Offered Rates ("IBOR") reform for the purpose of asserting that the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. The Group will no longer apply the amendments to its highly probable assessment of the hedged item when the uncertainty arising from interest rate benchmark reform with respect to the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued. To determine whether the designated forecast transaction is no longer expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of the interest rate benchmark reform.

(z) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

The Group is involved in certain claims, litigations and disputes. Due to the nature of these disputes and matters, and the uncertainty of the outcome, the Group believes that possible obligations arising is remote and the amount of exposure cannot currently be determined.

BW LPG LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

3. **Revenue**

	2019 US$'000	2018 US$'000
Revenue from:		
- voyage charter	737,264	419,186
- time charter	79,940	102,568
	817,204	521,754

4. **Net gain from commodity contracts**

	2019 US$'000	2018 US$'000
Net settlement of commodity sale contracts and derivatives*	158,533	-
Net settlement of commodity purchase contracts and derivatives	(157,335)	-
Net gain from commodity contracts	1,198	-

In February 2019, the new Product Services Division commenced its product trading and delivery activities.

*Excluded from this amount is US$39.4 million which relates to freight service, recognised proportionately on a load-to-discharge basis, and recorded as voyage charter revenue within "Revenue" on the Consolidated Statement of Comprehensive Income.

5. **Expenses by nature**

	2019 US$'000	2018 US$'000
Fuel oil consumed	188,036	154,800
Port charges	72,719	63,402
Other voyage expenses	9,175	2,656
Voyage expenses	269,930	220,858
Manning costs	55,401	57,670
Maintenance and repair expenses	30,634	30,426
Insurance expenses	3,895	2,002
Other vessel operating expenses	19,672	15,363
Vessel operating expenses	109,602	105,461
Employee compensation (note 6)	10,612	8,846
Directors' fees	427	475
Audit fees	447	402
Other general and administrative expenses	15,366	17,788
General and administrative expenses	26,852	27,511
Charter hire expenses	14,208	66,874
Sundry income	(381)	(3,039)
Other operating expenses	574	-
Other operating expenses/(income) – net	193	(3,039)

6. Employee compensation

	2019 US$'000	2018 US$'000
Wages and salaries	10,063	8,575
Share-based payments - equity settled	214	(151)
Post-employment benefits - contributions to defined contribution plans	335	422
	10,612	8,846

7. Basic and diluted earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the financial year.

Diluted earnings/(loss) per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the financial year, after adjusting for all dilutive potential ordinary shares. The potential common shares arising from the Company's equity-settled, share-based compensation plan does not have a material impact on the computation of basic earnings/loss per share.

	2019	2018
Net profit/(loss) attributable to equity holders of the Company (US$'000)	273,840	(71,400)
Weighted average number of common shares outstanding ('000)	138,720	140,216
Basic and diluted earnings/(loss) per share (US$ per share)	1.97	(0.51)

8. Income tax expense

(a) Income tax expense

	2019 US$'000	2018 US$'000
Tax expense attributable to profit is made up of:		
- profit for the financial year:		
current income tax	1,670	293
- under/(over) provision in prior financial years:		
current income tax	673	(115)
	2,343	178

8. Income tax expense (continued)

(b) Movement in current income tax liabilities

	2019 US$'000	2018 US$'000
At beginning of the financial year	309	582
Income tax expense	2,343	178
Income tax paid	(1,092)	(451)
At end of the financial year	1,560	309

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

	2019 US$'000	2018 US$'000
Profit/(Loss) before tax	276,239	(72,212)
Tax calculated at a tax rate of 0% (2018: 0%)	-	-
Effects of different tax rates in other countries	2,343	178
Income tax expense	2,343	178

9. Intangible assets

	Computer software US$'000	Charter hire contracts acquired US$'000	Total US$'000
At 1 January 2018	-	2,650	2,650
Amortisation charge	-	(2,650)	(2,650)
At 31 December 2018 and 1 January 2019	-	-	-
Additions	1,004	-	1,004
At 31 December 2019	1,004	-	1,004

10. Property, plant and equipment

	Vessels US$'000	Dry docking US$'000	Furniture and fixtures US$'000	Right-of-use assets (Vessels) US$'000	Total US$'000
Cost					
At 1 January 2019	2,457,956	86,068	423	-	2,544,447
Adoption of IFRS 16 (note 2)	-	-	-	173,195	173,195
At 1 January 2019 (adjusted)	2,457,956	86,068	423	173,195	2,717,642
Additions	6,699	3,275	123	78,051	88,148
Disposals	-	-	-	(60,131)	(60,131)
Reclassified to assets held-for-sale (note 13)	(100,677)	(4,083)	-	-	(104,760)
Write off on completion of dry docking costs	-	(3,791)	-	-	(3,791)
At 31 December 2019	2,363,978	81,469	546	191,115	2,637,108
Accumulated depreciation and impairment charge					
At 1 January 2019	495,544	42,384	151	-	538,079
Depreciation charge	79,108	17,294	134	29,737	126,273
Disposals	-	-	-	(3,651)	(3,651)
Write-back of impairment charge	(37,995)	-	-	-	(37,995)
Reclassified to assets held-for-sale (note 13)	(48,922)	(1,797)	-	-	(50,719)
Write off on completion of dry docking costs	-	(3,791)	-	-	(3,791)
At 31 December 2019	487,735	54,090	285	26,086	568,196
Net book value					
At 31 December 2019	**1,876,243**	**27,379**	**261**	**165,029**	**2,068,912**
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 13)	(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 13)	(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

10. Property, plant and equipment (continued)

(a) Vessels with an aggregate carrying amount of US$1,897.0 million as at 31 December 2019 (2018: US$1,995.8 million) are secured on borrowings (note 19).

(b) As at 31 December 2019, the Group has capital commitments relating to vessel upgrade of US$15.9 million.

(c) In FY 2019, the Group wrote-back an impairment charge amounting to US$38.0 million (FY 2018: an impairment charge of US$33.5 million) of certain vessels to their recoverable amounts following the recovery of the freight market and asset prices. 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 each vessel 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.

11. Loan receivables from a joint venture

The loan receivables from a joint venture are secured by two VLGCs, 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.

	2019 US$'000	2018 US$'000
Loan receivables – non-current	**52,550**	58,150
Loan receivables – current	**5,645**	5,408
	58,195	63,558

12. Finance lease receivables

In 2019, back-to-back time charter contracts were entered into and the subleases were accounted for as finance leases under IFRS 16. The adoption of IFRS 16 resulted in the recognition of net investment in the subleases as finance lease receivables of US$57.6 million as at 31 December 2019.

	2019 US$'000
At beginning of the financial year	-
Addition	67,216
Amortisation	(9,624)
At end of the financial year	57,592

The table below sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Total US$'000
At 31 December 2019				
Undiscounted lease receivables	24,164	18,291	18,946	61,401
Less: Unearned finance income	(1,898)	(1,025)	(886)	(3,809)
	22,266	17,266	18,060	57,592

13. Assets held-for-sale

	2019 US$'000	2018 US$'000
At beginning of the financial year	4,823	103,098
Reclassified from property, plant and equipment (note 10)	54,041	9,646
Disposal	(32,139)	(107,921)
At end of the financial year	26,725	4,823

As at 31 December 2019, assets held-for-sale comprised one LGC that has been committed for sale to a non-related party and is expected to be delivered in the first quarter of 2020.

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

14. Inventories

	2019 US$'000	2018 US$'000
Fuel oil, at cost	26,353	28,015
Liquefied petroleum gas	14,329	-
	40,682	28,015

15. Trade and other receivables

	2019 US$'000	2018 US$'000
Trade receivables – non-related parties	135,427	69,606
Other receivables – non-related parties	4,173	10,572
Other receivables – related parties^	4,081	7,159
	143,681	87,337
Prepayments	22,691	9,419
	166,372	96,756

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

Contract assets – accrued revenue of US$50.5 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.

As at 31 Dec 2019, the Company has recorded a pool receivable of US$12.0 million. The Company had initiated arbitration proceedings against the prior pool members to claim the amounts owed to the Company. Although the Company has won the arbitration, the prior pool members have challenged the arbitration award. It is the opinion of the Management that the Company will recover this pool receivable.

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 due to the short-term nature of these balances.

16. Derivative financial instruments

	2019 Assets US$'000	2019 Liabilities US$'000	2018 Assets US$'000	2018 Liabilities US$'000
Interest rate swaps	723	(10,628)	10,334	(1,366)
Forward freight agreements and related bunker swaps	3,742	(1,674)	-	-
Commodity contracts and derivatives	10,298	(16,345)	-	-
Forward foreign exchange contracts	40	-	15	-
	14,803	(28,647)	10,349	(1,366)
Non-current	723	(10,516)	6,580	(527)
Current	14,080	(18,131)	3,769	(839)
	14,803	(28,647)	10,349	(1,366)

As at 31 December 2019, the Group has interest rate swaps with total notional principal amounting to US$656.2 million (2018: US$789.1 million). The Group's interest rate swaps mature between 2020 to 2028.

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

Interest rate swaps were transacted to hedge the interest rate risk on bank borrowings. After taking into account the effects of these contracts, for part of the bank borrowings, the Group would effectively pay fixed interest rates ranging from 1.3% 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.

Forward freight agreements and related bunker swaps were transacted to hedge freight rates and bunker price risks. Hedge accounting was adopted for these contracts.

Commodity contract derivatives comprise physical buy and sell commodity contracts measured at fair value through profit or loss, and commodity derivative contracts. The Group did not adopt hedge accounting for these contracts.

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

17. **Cash and cash equivalents**

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2019 US$'000	2018 US$'000
Cash and cash equivalents per consolidated balance sheet	112,210	50,075
Less: Margin account held with broker	(18,685)	-
Cash and cash equivalents per consolidated statement of cash flows	93,525	50,075

18. **Share capital and other reserves**

(a) Issued and fully paid share capital

(i) As at 31 December 2019 and 2018, 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. The 2015 Long-Term Incentive Plan ("LTIP 2015") was fully vested in 2018 and common shares of 2,197 were issued to certain employees. The LTIP 2015 was replaced by a 2017 Long-Term Incentive Plan ("LTIP 2017"). For LTIP 2017, at the end of the vesting periods between February 2020 and February 2024, common shares of 2,260,000 (2018: 1,420,000) may be issued to certain employees.

18. **Share capital and other reserves**

(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 2019 and 31 December 2018, 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 2019, an expense of US$214,000 (2018: reversal of an expense of US$151,000) was recognised in the consolidated profit or loss with a corresponding increase (2018: decrease) recognised in the share-based payment reserve.

(e) Treasury shares

	Number of shares		Amount	
	2019 **'000**	2018 '000	**2019** **US$'000**	2018 US$'000
Balance as at 1 January	**2,753**	350	**12,700**	1,565
Reissue of treasury shares	**-**	(3)	**-**	(15)
Purchases of treasury shares	**568**	2,406	**1,732**	11,150
Balance as at 31 December	**3,321**	2,753	**14,432**	12,700

Pursuant to the Company's Long-term Management Share Option Plan ("LTIP 2017") announced on 21 April 2017, the third tranche of 568,000 shares were purchased during the period from 5 March 2019 to 11 March 2019 at an average price of US$3.05 (NOK26.60) per share for an aggregate consideration of US$1.7 million (NOK15.1 million). In 2018, pursuant to the same LTIP 2017 plan, the second tranche of 284,000 shares was purchased on 5 March 2018 at US$4.70 (NOK36.20) per share for an aggregate consideration of US$1.3 million (NOK10.3 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 (NOK36.00) per share for an aggregate consideration of US$9.9 million (NOK76.4 million) for the year ended 31 December 2018.

19. Borrowings

	2019 US$'000	2018 US$'000
Borrowings		
Bank borrowings	**1,026,321**	1,228,986
Trust receipts	**33,304**	-
Interest payable	**4,415**	5,710
	1,064,040	1,234,696
Non-current	**923,177**	1,101,343
Current	**140,863**	133,353
	1,064,040	1,234,696

As at 31 December 2019, bank borrowings amounting to US$1,030.7 million (2018: US$1,234.7 million) are secured by mortgages over certain vessels of the Group (note 10). These bank borrowings are interest bearing at three-month or six-month US Dollar LIBOR plus a margin. The carrying amounts of non-current and current borrowings approximate their fair values because interest rates are repriced on a regular basis.

20. Lease liabilities

	2019 US$'000
At beginning of financial year	-
Adoption of IFRS 16 (note 2)	174,295
At beginning of financial year (adjusted)	174,295
Lease liabilities	78,050
Principal repayments	(34,450)
Interest expense	6,603
Interest paid	(6,603)
At end of financial year	217,895
Non-current	167,654
Current	50,241
	217,895

21. Provision for onerous contracts

In 2018, the Group recognised a provision for onerous contracts of US$1.1 million arising from non-cancellable lease commitments for the charter of eight VLGCs and two VLGC newbuilds. This was adjusted to impair the right-of-use assets immediately before 1 January 2019.

Movements in provision for onerous contracts are analysed as follows:

	2019 US$'000	2018 US$'000
At beginning of financial year	**1,100**	-
Adoption of IFRS 16 (note 2)	**(1,100)**	-
At beginning of financial year (adjusted)	**-**	-
Provision for onerous contracts	**-**	1,100
At end of financial year	**-**	1,100

22. Trade and other payables

	2019 US$'000	2018 US$'000
Trade payables – non-related parties	**7,465**	6,221
Other payables – non-related parties	**117**	117
Other payables – related parties^	**536**	-
Charter hire received in advance	**7,489**	1,825
Other accrued operating expenses	**43,597**	30,455
	59,204	38,618

^ 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 due to the short-term nature of these balances.

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

23. 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

	2019 US$'000	2018 US$'000
Corporate service fees charged by related parties^	**6,073**	4,696
Ship management fees charged by related parties^	**2,584**	7,221
Corporate service fees charged to related parties^	**304**	-

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

(b) Key management's remuneration

	2019 US$'000	2018 US$'000
Salaries and other short-term employee benefits	**2,934**	2,195
Post-employment benefits - contributions to defined contribution plans and share-based payment	**226**	24
Directors' fees	**427**	475
	3,587	2,694

(c) Others

	2019 US$'000	2018 US$'000
Interest income from a joint venture	**4,690**	4,683
Sale of a vessel to a joint venture	**-**	33,000

24. Commitments

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:

	2019 US$'000	2018 US$'000
Not later than one year	50,273	32,597
Later than one year but not later than five years	21,212	7,290
	71,485	39,887

25. 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 2019, fuel oil costs comprised 46% (2018: 44%) 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.

25. Financial risk management (continued)

(a) Market risk (continued)

(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 19). If the US$ interest rates increase/decrease by 50 basis points (2018: 50 basis points) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by approximately US$5.7 million (2018: 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 loss will be lower/higher by approximately US$11.8 million (2018: other comprehensive income will be higher/lower by approximately US$13.5 million).

The Group is in the process of establishing policies for amending the interbank offered rates ("IBOR") on its existing floating-rate loan portfolio indexed to IBORs that will be replaced as part of IBOR reform. The Group expects to participate in bilateral negotiations with the counterparties to begin amending the contractual terms of its existing floating-rate financial instruments in the second half of 2020. However, the exact timing will vary depending on the extent to which standardised language can be applied and the extent of bilateral negotiations between the Group and its counterparties. The Group expects that these contractual changes will be amended in a uniform way.

The Group holds derivatives for risk management purposes, some of which are designated in hedging relationships. These derivatives have floating legs that are indexed to various IBORs. The Group's derivative instruments are governed by ISDA's 2002 definitions. ISDA is currently reviewing its definitions in light of IBOR reform and the Group expects it to issue standardised amendments to all impacted derivative contracts at a future date. No derivative instruments have been modified as at the reporting date.

25. 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, finance lease receivables, amounts due from related parties and cash and cash equivalents. The Group has assessed the ECL 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 2019 and 31 December 2018:

- 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;
- loan receivable to a joint venture is not past due;
- finance lease receivables are due from customers with good credit standing, and in the event of default, the Group would be entitled to repossess the vessels chartered. Based on the assessment of the qualitative factors that are indicative of the risk of default, expected credit losses based on the 12-month ECLs have been assessed to be insignificant; and
- there have been no significant increases in the credit risk since the initial recognition of amounts due from related parties, expected credit losses based on the 12-month ECLs have been assessed to be insignificant.

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.

25. Financial risk management (continued)

(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.

	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 2019				
Trade and other payables	51,715	-	-	-
Bank borrowings	140,072	135,902	416,935	523,570
Trust receipts	33,304	-	-	-
Lease liabilities	57,049	47,885	107,911	28,707
	282,140	**183,787**	**524,846**	**552,277**
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

(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 2019 is 52% (2018: 56%).

The Group is in compliance with all other externally imposed capital requirements for the financial year ended 31 December 2019 and 2018.

25. Financial risk management (continued)

(e) Financial instruments by category

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

	2019 US$'000	2018 US$'000
Net derivative (liabilities)/assets measured at fair value	(13,844)	8,983
Financial assets at amortised cost	263,561	200,970
Financial liabilities at amortised cost	1,115,755	1,271,489

(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
2019			
Assets			
Derivative financial instruments	-	14,803	14,803
Total assets	-	14,803	14,803
Liabilities			
Derivative financial instruments	-	28,647	28,647
Total liabilities	-	28,647	28,647
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

25. 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, bunker swaps and commodity contracts measured at fair value and are within Level 2 of the fair value hierarchy (note 16). 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. The fair values of bunker swaps and commodity contracts measured at fair value are determined using quoted forward commodity indices at the balance sheet date.

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.

26. Segment information

The Group has three main operating segments:

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

The Group's shipping activities are predominantly generated from the VLGC fleet with the reduction in the LGC fleet size as well as Management's continued primary focus on the VLGC segment. The last two LGCs were sold in Q4 2019, with one delivered in December 2019 and another expected to be delivered in Q1 2020.

The Product Services Division was established on 25 February 2019 to support the Group's core shipping business and commenced its product trading and delivery services in Q2 2019.

Both the LGC and Product Services segments represent less than ten percent of the Group's total assets, revenue and profit or loss. The Group has determined that these segments are not material to the Group for the year ended 31 December 2019, and has reported information as one combined segment.

26. Segment information (continued)

Geographical information

Non-current assets comprise mainly vessels, operating 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.

27. Distributions to non-controlling interests

	2019 US$'000	2018 US$'000
Distributions to non-controlling interests in		
- KS Havgas Partners	538	1,820
	538	1,820

The partnership, which is subsidiary of the Group, had made distributions in accordance with the requirements of the partnership agreement. Distributions above reflect those amounts that were paid to non-controlling interests. The partnership was liquidated during the financial year.

28. Dividends paid

	2019 US$'000	2018 US$'000
Interim dividend paid in respect of H1 2019 of US$0.10 (2018: in respect of H1 2018 of US$nil) per share	13,862	-
Interim dividend paid in respect of Q3 2019 of US$0.33 (2018: in respect of Q3 2018 of US$nil) per share	45,744	-
	59,606	-

The Board has declared a final cash dividend of US$0.42 per share for 2019, amounting to US$58.2 million. Together with the interim dividend paid for H1 2019 and Q3 2019 of US$0.10 per share and US$0.33 per share, respectively, the total dividend payout for FY 2019 will amount to US$0.85 per share or US$117.8 million. The shares will be traded ex-dividend from 04 March 2020. The dividend will be payable on or about 13 March 2020 to shareholders of record as at 05 March 2020.

29. Subsequent events

Subsequent to the year end, the Group revised the useful life of its vessels from 30 years to 25 years given recent developments in market conditions arising from new regulatory requirements. This change will be prospective, effective 1 January 2020 and will increase depreciation charge by approximately US$23 million for FY2020.

In February 2020, the Group exercised options for the delivery and retrofitting of eight additional dual-fuel LPG propulsion engines. With this, the Group has committed to retrofit 12 vessels with pioneering propulsion technology.

On 13 February 2020, a time chartered-in VLGC newbuild was delivered.

BW LPG LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

29. Subsequent events (continued)

On 20 February 2020, a supplemental agreement was signed to amend the existing US$458 million Senior Secured Facility to convert US$100 million of Term Loan to Revolving Credit Facility while other terms remain the same. This will provide the Group with greater financial flexibility.

The last LGC committed to be sold is expected to be delivered in March 2020. The sale is expected to generate US$15.4 million in liquidity and a net gain of US$5.0 million.

30. Listing of companies in the Group

Name of companies		Principal activities	Country of incorporation	**Equity holding 2019**	Equity holding 2018
(i) Subsidiaries held by the Company					
BW LPG Holding Limited		Investment holding	Bermuda	**100%**	100%
BW LPG Product Services Limited		Investment holding	Bermuda	**100%**	100%
(ii) Significant subsidiaries held by BW LPG Holding Limited and BW LPG Product Services Limited					
BW Gas LPG Limited	(c)	Dormant	Bermuda	**-**	100%
BW Gas LPG Chartering Pte. Ltd	(a)	Chartering	Singapore	**100%**	100%
BW Austria Limited	(c)	Dormant	Bermuda	**-**	100%
BW VLGC Pte. Ltd	(a)	Shipowning	Singapore	**100%**	100%
BW Lord Limited		Shipowning	Bermuda	**100%**	100%
BW Prince Limited	(c)	Dormant	Bermuda	**-**	100%
BW Princess Limited		Shipowning	Bermuda	**100%**	100%
LPG Transport Service Ltd.		Dormant	Bermuda	**100%**	100%
BW Liberty Limited	(c)	Dormant	Bermuda	**-**	100%
BW Loyalty Limited		Shipowning	Bermuda	**100%**	100%
KS Havgas Partners	(c)	Shipowning	Norway	**-**	78%
AS Havgas Partners	(c)	Investment holding	Norway	**-**	100%
BW Green Transport AS		Chartering	Norway	**100%**	100%
BW Green Carriers AS		Chartering	Norway	**100%**	100%
BW LPG Pool Pte. Ltd.	(b)	Chartering	Singapore	**100%**	-
BW LPG Partners Pte Ltd		Shipowning	Singapore	**100%**	100%
BW LPG Partners AS	(c)	Investment holding	Norway	**-**	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 Pte. Ltd.	(a)	Shipowning	Singapore	**100%**	100%
BW Constellation II Pte. Ltd.	(a)	Shipowning	Singapore	**100%**	100%
BW LPG Investments Limited		Investment holding	Bermuda	**100%**	100%
BW VLEC Limited		Dormant	Bermuda	**100%**	100%
BW Okpo Pte. Ltd.	(a)	Shipowning	Singapore	**100%**	100%
BW Seoul Pte. Ltd.	(a)	Shipowning	Singapore	**100%**	100%
BW LPG LLC		Management	United States	**100%**	100%
Aurora LPG Holding AS		Management	Norway	**100%**	100%
Aurora Shipping Holding AS	(c)	Investment holding	Norway	**-**	100%
Aurora Shipping II AS		Shipowning	Norway	**100%**	100%
BW LPG Product Services Pte. Ltd.	(d)	Product delivery services	Singapore	**100%**	100%
(iii) Joint venture held by BW LPG Holding Limited					
BW Global United LPG India Private Limited		Shipowning	India	**50%**	50%

(a) Companies redomiciled from Bermuda to Singapore during the financial year
(b) Company incorporated during the financial year
(c) Companies liquidated during the financial year
(d) Company held by BW LPG Product Services Limited

31. New or revised accounting standards and interpretations

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

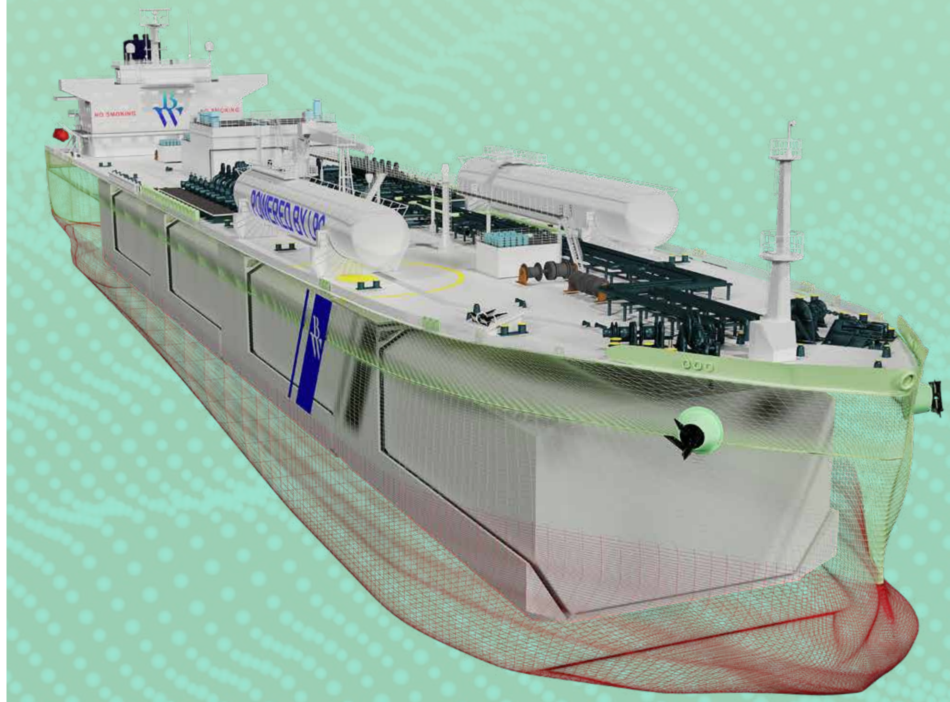
The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Definition of a Business (Amendments to SFRS(I) 3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I)1- 8)
- SFRS(I) 17 Insurance Contracts

BW LPG

PARENT COMPANY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019



STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2019

	Note	2019 US$'000	2018 US$'000
Dividend from a subsidiary		125,000	8,000
Other operating expenses	3	(3,468)	(4,654)
		121,532	3,346
Other finance income		308	5
Profit before tax for the financial year		121,840	3,351
Income tax expense	4	-	-
Profit after tax and total comprehensive income for the financial year		121,840	3,351

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

BALANCE SHEET
As at 31 December 2019

	Note	2019 US$'000	2018 US$'000
Subsidiaries	5	1,051,559	988,864
Total non-current assets		1,051,559	988,864
Other receivables	6	170	200
Cash and cash equivalents	7	-	-*
Total current assets		170	200
Total assets		1,051,729	989,064
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	230	16
Retained earnings		73,951	11,717
Total shareholder's equity		1,051,325	988,877
Trade and other payables	9	404	187
Total liabilities		404	187
Total equity and liabilities		1,051,729	989,064

*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 2019

	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 2019		1,419	289,812	685,913	16	11,717	988,877
Profit for the financial year		-	-	-	-	121,840	121,840
Total comprehensive income for the financial year		-	-	-	-	121,840	121,840
Share-based payment reserve - Value of employee services	8	-	-	-	214	-	214
Dividends paid	12	-	-	-	-	(59,606)	(59,606)
Total transactions with owners, recognised directly in equity		-	-	-	214	(59,606)	(59,392)
Balance at 31 December 2019		**1,419**	**289,812**	**685,913**	**230**	**73,951**	**1,051,325**

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

STATEMENT OF CHANGES IN EQUITY (continued)
For the financial year ended 31 December 2019

	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 CASH FLOWS
For the financial year ended 31 December 2019

	Note	2019 US$'000	2018 US$'000
Cash flows from operating activities			
Profit before tax for the financial year		121,840	3,351
Adjustments for:			
- share-based payment		214	(166)
- dividend income		(125,000)	(8,000)
Operating cash flow before working capital changes		(2,946)	(4,815)
Changes in working capital:			
- other receivables		30	(30)
- trade and other payables		217	(39)
Net cash used in operating activities		(2,699)	(4,884)
Cash flow from investing activities			
Dividends received		125,000	8,000
Receivables from subsidiaries		(62,695)	(3,126)
Net cash provided by investing activities		62,305	4,874
Cash flow from financing activity			
Dividends paid		(59,606)	-
Net cash used in financing activity		(59,606)	-
Net decrease in cash and cash equivalents		-*	(10)
Cash and cash equivalents at beginning of the financial year	7	-*	10
Cash and cash equivalents at end of the financial year	7	-	-*

*Amount less than US$1,000

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

BW LPG LIMITED
PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

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 2020.

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 2019. 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.

2. **Significant accounting policies** (continued)

(b) Revenue and income recognition

Dividend income

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

(c) Interest in subsidiaries

Investments in subsidiaries 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.

Receivables from subsidiaries where settlement is neither planned nor likely in the foreseeable future, are classified as non-current. These receivables are measured at amortised cost subsequent to initial measurement. In assessing an impairment allowance, the Company uses the accounting policy described in note 2(e).

(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 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)

(e) Financial assets

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 ECLs 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 ECL 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 ECL 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 ECL 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.

(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.

2. Significant accounting policies (continued)

(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 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.

(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.

BW LPG LIMITED
PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

3. Expenses by nature

	2019 US$'000	2018 US$'000
Directors' fees	427	475
Share-based payments – equity settled	214	(151)
Support service fees charged by subsidiaries	1,557	1,956
Other expenses	1,270	2,374
Total other operating expenses	3,468	4,654

4. Income tax

No provision for tax has been made for the year ended 31 December 2019 and 2018 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

	2019 US$'000	2018 US$'000
Equity investments at cost	685,920	685,920
Receivables from subsidiaries	365,639	302,944
	1,051,559	988,864

The receivables from subsidiaries are classified as financial assets at amortised cost. Allowance for impairment on these receivables is insignificant. The receivables are unsecured, interest-free and have no fixed terms of repayment. The settlement of these receivables is neither planned nor likely in the foreseeable future. Accordingly, the receivables are classified as non-current.

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

Name of company	Principal activity	Country of incorporation	Equity holding 2019	Equity holding 2018
BW LPG Holding Limited	Investment holding	Bermuda	100%	100%
BW LPG Product Services Limited	Investment holding	Bermuda	100%	100%

6. Other receivables

	2019 US$'000	2018 US$'000
Other receivables – related parties^	6	6
Other receivables – non-related parties	164	194
	170	200

^ 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 2019 and December 2018, 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.

(ii) The Company operates two equity-settled, share-based compensation plans. The 2015 Long-Term Incentive Plan ("LTIP 2015") was fully vested in 2018 and common shares of 2,197 were issued to certain employees. The LTIP 2015 was replaced by a 2017 Long-Term Incentive Plan ("LTIP 2017"). For LTIP 2017, at the end of the vesting periods between February 2020 and February 2024, common shares of 2,260,000 (2018: 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.

8. Share capital and other reserves (continued)

(c) Share-based payment reserve

Certain employees are entitled to receive common shares in the Company. This award is recognised as an expense in profit or loss with a corresponding increase in the share-based payment reserve over the vesting periods. For the year ended 31 December 2019, an expense of US$214,000 (2018: reversal of an expense of US$151,000) was recognised in profit or loss with a corresponding increase (2018: decrease) recognised in the share-based payment reserve.

9. Trade and other payables

	2019 US$'000	2018 US$'000
Trade payables – related parties^	-*	2
Trade payables – non-related parties	22	57
Other accrued operating expenses	382	128
	404	187

* Amount less than US$1,000
^ 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 due to the short-term nature of these balances.

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:

(a) Services

	2019 US$'000	2018 US$'000
Corporate service fees charged by subsidiaries	1,557	1,956

(b) Key management's remuneration

	2019 US$'000	2018 US$'000
Directors' fees	427	475

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.

	Less than 1 year US$'000
At 31 December 2019	
Trade and other payables	404
At 31 December 2018	
Trade and other payables	187

11. Financial risk management (continued)

(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 2019 and 2018.

(e) Financial instruments by category

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

	2019 US$'000	2018 US$'000
Financial assets at amortised cost	**365,809**	303,144
Financial liabilities at amortised cost	**404**	187

12. Dividends paid

	2019 US$'000	2018 US$'000
Interim dividend paid in respect of H1 2019 of US$0.10 (2018: in respect of H1 2018 of US$nil) per share	**13,862**	-
Interim dividend paid in respect of Q3 2019 of US$0.33 (2018: in respect of Q3 2018 of US$nil) per share	**45,744**	-
	59,606	-

The Board has declared a final cash dividend of US$0.42 per share for 2019, amounting to US$58.2 million. Together with the interim dividend paid for H1 2019 and Q3 2019 of US$0.10 per share and US$0.33 per share, respectively, the total dividend payout for FY 2019 will amount to US$0.85 per share or US$117.8 million. The shares will be traded ex-dividend from 04 March 2020. The dividend will be payable on or about 13 March 2020 to shareholders of record as at 05 March 2020.

13. New or revised accounting standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2020, 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.

FLEET LIST

Total number of vessels: 47

as at 28 February 2020

Owned VLGCs (100% Ownership)

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

* Conversion planned to start in 2020-2021

TOTAL 35 VESSELS

(2.9 million CBM and Average Age - 9 years)

VLGCs in BW Global United LPG India Private Limited

Name	Year	Shipyard	Ownership (%)	Propulsion
BW Energy	2002	Kawasaki H.I.	50%	Compliant fuel
BW Boss	2001	Kawasaki H.I.	50%	Compliant fuel

TOTAL 2 VESSELS

(0.2 million CBM and Average Age - 18 years)

Chartered VLGCs

Name	Year	Shipyard	Charter type	Propulsion
BW Yushi	2020	Mitsubishi H.I.	Time charter	Exhaust gas cleaning system
BW Kizoku	2019	Mitsubishi H.I	Time charter	Exhaust gas cleaning system
BW Messina	2017	DSME	Time charter	Compliant fuel
Oriental King	2017	Hyundai H.I.	Time charter	Compliant fuel
BW Kyoto	2010	Mitsubishi H.I.	Time charter	Compliant fuel
Yuricosmos	2010	Mitsubishi H.I.	Time charter	Compliant fuel
BW Tokyo	2009	Mitsubishi H.I.	Time charter	Compliant fuel
Berge Nantong	2006	Hyundai H.I.	Time charter	Compliant fuel
Berge Ningbo	2006	Hyundai H.I.	Time charter	Compliant fuel
BW Empress	2005	Mitsubishi H.I.	Bareboat	Compliant fuel

TOTAL 10 VESSELS

(0.8 million CBM and Average Age - 8 years)

GLOSSARY

Term	Definition
'BW LPG Group' or the 'Group'	BW LPG and its subsidiaries
'BW LPG' or the 'Company'	BW LPG Limited
Ballast Water Management Convention	The International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) requires vessels to comply with standards and procedures for the management and control of ships' ballast water and sediments
Baltic LPG Index	Baltic Exchange Liquid Petroleum Gas Index - An assessment of the daily spot charter rates of a vessel moving LPG between the Middle East and Japan
Bermuda Companies Act	The Companies Act 1981 (as amended) of Bermuda
BIMCO	Baltic and International Maritime Council - The largest international association representing shipowners
Board of Directors' or the 'Board'	Board of Directors of BW LPG
Bunker fuel	Any fuel used to power a ship's engines
CBM	Cubic meter - A unit of volume of a gas vessel's capacity for carrying gas cargoes
Charter	Hiring of a vessel, or use of its carrying capacity for either (i) a specified period of time (time-charter) or (ii) a specific voyage or set of voyages (voyage charter)
CIF	Cost, Insurance, Freight - Rules covering the carriage of international goods by sea
CoA	Contract of Affreightment - Under a CoA, the shipowner 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 ton basis. The freight rate can be fixed or floating, or a combination of both
Commercial management	Marketing of vessels for business, negotiating and firming carriage of cargo contracts with customers and operating of vessels in accordance with the terms of the charter parties
Dry docking	Placing a vessel out of water alongside a dock for major repairs and surveys usually coinciding with periodical regulatory survey requirements of the vessel
Dual-fuel engine	An engine that is able to run on both gas oil and LNG or LPG
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ECA	Emission Control Area - Sea areas in which stricter controls were established to minimise airborne emissions from ships. Until 31 December 2019, the limit for sulphur content of ships' fuel oil was 3.5% for vessels trading outside ECAs. Today, a global cap of 0.5% applies.
EEDI	Energy Efficiency Design Index - An IMO measure designed to ensure the use of more energy efficient equipment and engines
ESG	Environmental, social and governance principles
Flag state	Administration offering vessel registration services and responsible for ensuring implementation of international conventions
G&A	General and administrative expenses
GHG	Greenhouse gases
GRI	Global Reporting Initiative - An international standard for sustainability reporting
HSSEQ	Health, Safety, Security, Environment, Quality
IFRS	International Financial Reporting Standards - An international standard for accounting and financial reporting
IMO	International Maritime Organization - A United Nations global standard-setting authority for the safety, security and environmental performance of international shipping
IMO 2020	A global regulation effective from 1 January 2020 requiring all ships to burn fuels with less than 0.5% sulphur or use emission abatement technologies
ISM	International Safety Management Code - An international standard for the safe management and operation of ships and for pollution prevention
LGC	Large Gas Carrier - Gas carrier of 50,000 - 70,000 CBM
LNG	Liquified Natural Gas
LPG	Liquefied Petroleum Gas
LTIF	Lost Time Injury Frequency Rate - A ratio of the number of lost time injuries occurring in a workplace per 1 million hours worked. An LTIFR of 7, for example, shows that 7 lost time injuries occur on a jobsite every 1 million hours worked. The formula gives a picture of how safe a workplace is for its workers
MACN	Maritime Anti-Corruption Network - A global business network working towards the vision of a maritime industry free of corruption
MARPOL	International Convention for the Prevention of Pollution from Ships designed to prevent pollution from shipping
MGO	Marine gas oil
MLC	Maritime Labour Convention - An international agreement that sets out minimum requirements for the working conditions for seafarers
Newbuilding	A new vessel under construction
NM	Nautical miles
NOX	Nitrogen oxide
OPEX	Vessel operating expenses, such as manning, insurance, maintenance and repairs
P&I Club	Protection & Indemnity Club - A mutual insurance association providing risk pooling, information and representation for its shipowner members
PM	Particulate matter
Pools	Arrangement under which vessels owned by different owners are contributed into a pool. 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
Port State Control	Inspection of ships to ensure that the ship and its equipment complies with international conventions
Poseidon Principles	Framework developed by leading ship financiers for integrating climate considerations into lending decisions to promote international shipping's decarbonisation
QI	Qualified Individual - Under the US Oil Pollution Act, all vessels calling in US waters must ensure that a Qualified Individual is available to implement a response plan
Scrubber	Emission abatement technology installed on a ship allowing it to burn high sulphur fuels
SIRE	Ship Inspection Report Programme - A programme for evaluating and rating tanker vessels' technical and safety standards, for use as a reference by oil and gas companies when utilising vessels
SOx	Sulphur dioxide
TCE income	Gross freight less voyage related costs
Technical Management	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
Ton-mile	Unit cargo x distance; i.e. 10 metric tons carried 25 miles = 250 ton miles
TRCF	Total Recordable Case Frequency - The sum of all work-related fatalities and injuries per one million hours worked over the quantity of hours worked
UNSDGs	United Nations' Sustainable Development Goals
Vessel recycling	The sale of a vessel for dismantling and reprocessing the building materials
VLGC	Very Large Gas Carrier - A gas carrier above 70,000 CBM
Voyage charter	Typically a single round trip that is priced on a current or spot market value. The owner of the vessel receives payment derived by multiplying the metric tons of cargo loaded on board by the agreed upon freight rate expressed on a per cargo metric ton 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
WLPGA	World LPG Association - An international association representing over 250 companies involved in the LPG value chain
YoY	Year on Year

BW LPG

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