



BW LPG



IN FOR THE LONG HAUL

ANNUAL REPORT 2015

BW LPG's mission
is to deliver
clean energy in
an environmentally
challenged world.

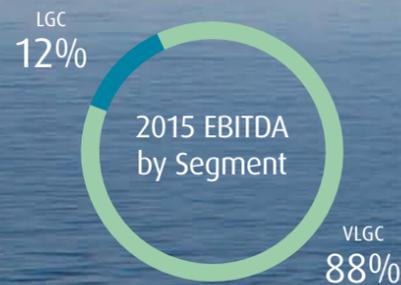


“Delivering energy is in our DNA. We believe in the future of LPG as a clean fossil fuel. As the world’s leading carrier of LPG, we create sustainable value to the growing global demand for energy.”



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Key Operational and Financial Data



	2015 US\$'000	2014 US\$'000	Change %
Revenue	773,335	747,362	3%
TCE income	626,492	539,170	16%
Operating profit before depreciation, amortisation and impairment (EBITDA)	430,260	340,045	27%
Operating profit (EBIT)	345,544	269,008	28%
Profit after tax for the financial year (NPAT)	326,138	255,669	28%
Cash and cash equivalents	93,784	70,245	34%
Borrowings	886,997	529,434	68%
Total assets	2,109,761	1,664,064	27%
Total liabilities	939,042	583,110	61%
Earnings per share	2.44	1.87	30%
ROE	27.9%	23.7%	18%
ROCE	16.8%	16.7%	1%



“Delivering energy is in our DNA. We believe in the future of LPG as a clean fossil fuel. As the world’s leading carrier of LPG, we create sustainable value to the growing global demand for energy.”



The Power of LPG

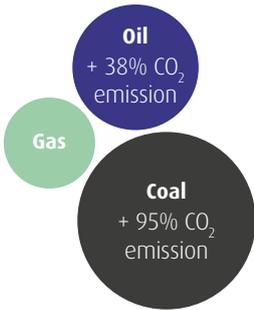
LPG is a derivative of two major energy processes: gas liquids extraction and crude oil refining. A significant number of gas wells produce propane and butane, accounting for approximately 60% of global LPG volumes. The remaining 40% is extracted from oil refining. The recent boom in shale gas extraction has transformed LPG from a by-product to a globally sought after commodity.



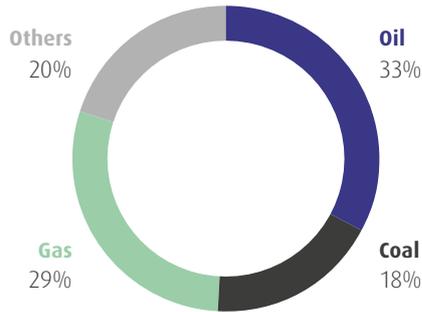
CLEAN

- Gas is nature’s cleanest fossil fuel much cleaner than competitors like coal and oil.
- Gas has a much lower carbon footprint than coal and oil.
- Fossil fuels makes up at least 80% of the global energy mix today and in the foreseeable future.

Hydrocarbon Emissions Comparison
(Carbon Dioxide emissions per unit of energy (mBtu))

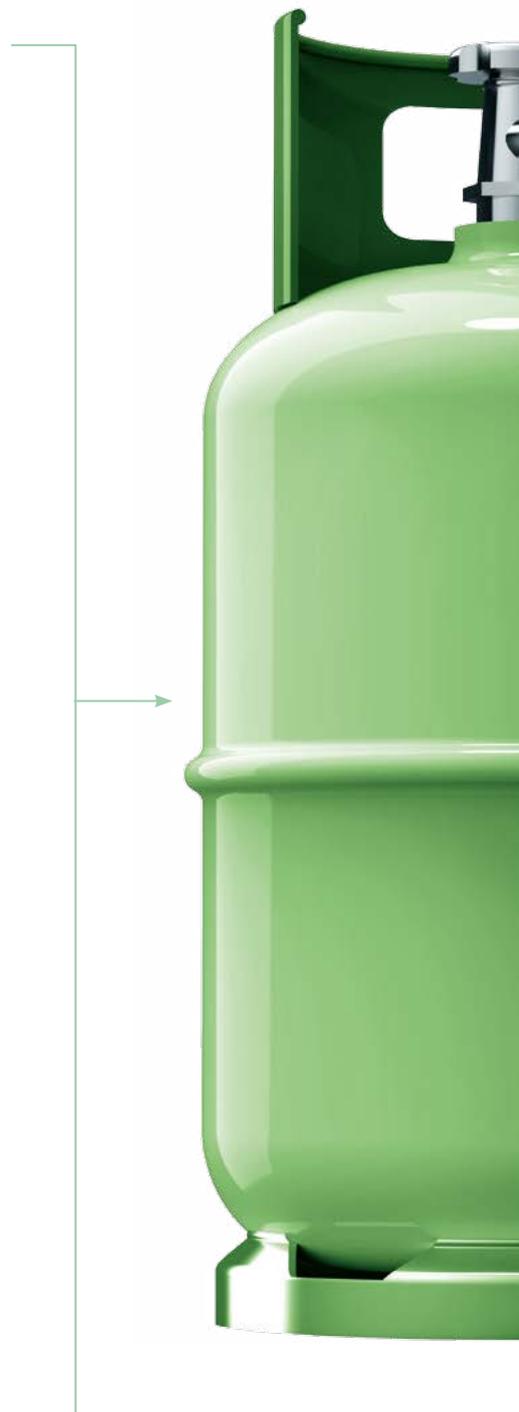
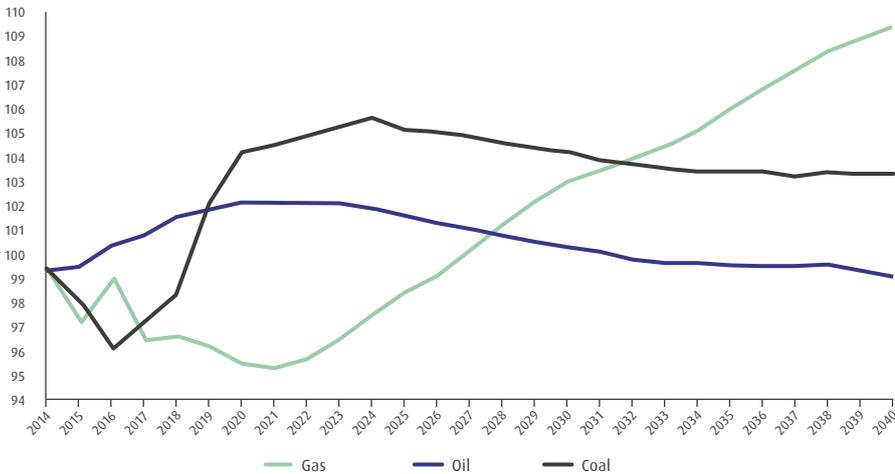


Hydrocarbon Share of Energy Mix (2040 Forecast)



- The consumption of gas is expected to rise faster than consumption of any other fossil fuel.

Hydrocarbon Growth Index (2014=100)





EFFICIENT

- LPG is an economical fuel source. It burns efficiently because it contains a higher calorie value per unit than other commonly used fuels.
- LPG has an indefinite shelf life; it does not expire.



VERSATILE

- LPG is a versatile fuel source and has many useful applications.



PORTABLE

- LPG can be stored and easily transported in cylinders. This makes it readily available to consumers around the world.
- The size and type of LPG containers can be adapted to local markets, modes of transport and geography.



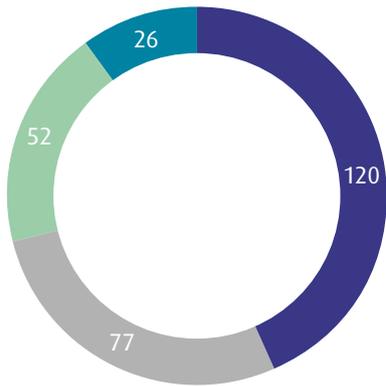
Global Uses of LPG

LPG is a multi-purpose energy source with more than 1,000 applications. It is used in business, industry, transportation, farming, power generation, cooking, heating and for recreational purposes.

The global LPG market is 275 million tonnes. Retail is the largest component.

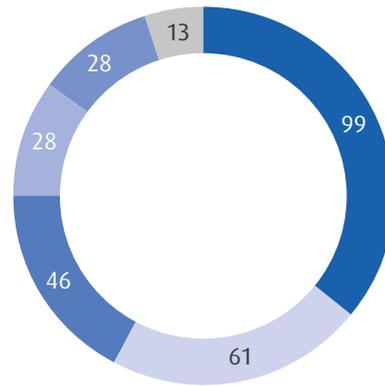
Asia is the single biggest consumer of LPG.

2014 Global LPG Consumption by Sector (Million Metric Tons)



- Retail – 44% of Total
- Chemical – 28% of Total
- Power – 18% of Total
- Transport – 10% of Total

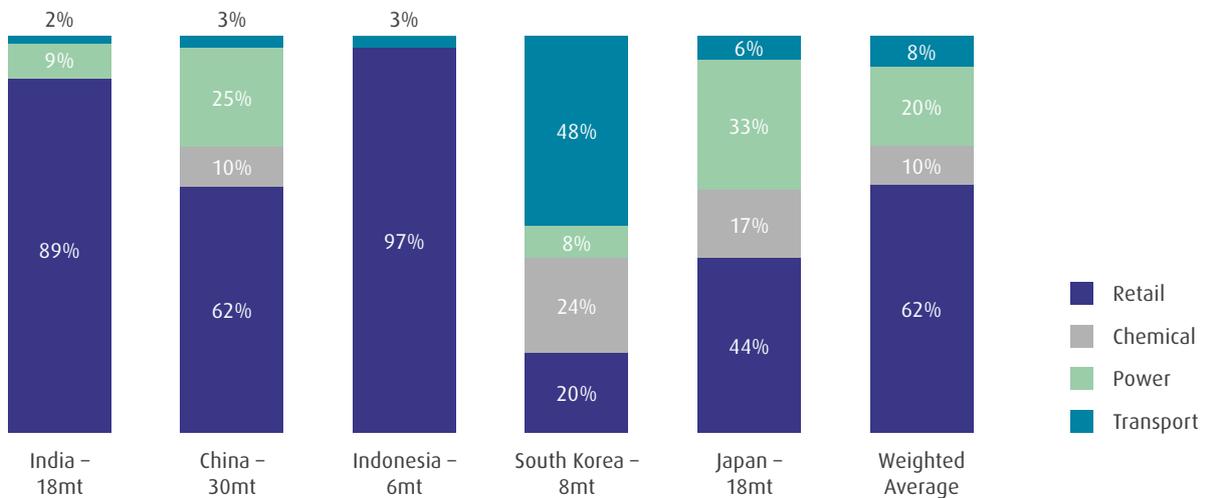
2014 Global LPG Consumption by Region (Million Metric Tons)



- Asia – 36% of Total
- Europe – 17% of Total
- Latin America – 10% of Total
- North America – 22% of Total
- Middle East – 10% of Total
- Africa – 5% of Total

Indonesia, India and China use LPG predominantly in the retail sector.

2014 LPG Consumption by Sector - Main Importing Countries





RETAIL

- Cooking and heating are the best known household uses of LPG, but it is also commonly used to produce power for example, pest control, air-conditioning, garden care and lighting.
- LPG is ideal where limited infrastructure is available to consumers.



TRANSPORTATION

- Automotive LPG (Autogas) is LPG used as fuel for transport.
- Autogas can power cars, buses, ATVs, trucks, golf carts, three-wheelers, fork lift trucks and street cleaning vehicles.
- LPG is also used on the water to power both small recreational crafts and large ships
- Autogas can also fuel airborne vehicles, including hot air balloons and small aircrafts.



POWER

- LPG can be used for both large and small power generators in large gas turbines and in smaller localised power generation.
- LPG allows for highly efficient decentralised power generation through small self-containing generators.
- LPG is a natural partner to renewable energy. It is well suited for hybrid appliances that include heat pumps, solar energy systems and photo-voltaic power generators.



PETROCHEMICAL DEVELOPMENT

- LPG is used as a feedstock in the petrochemical industry.
- In chemical production, LPG is turned into petrochemical gases such as ethylene, propylene, butylene, and butadiene to produce synthetic plastics, rubbers and fibres.
- LPG is also used in the production of pharmaceuticals, medicine, paints, detergents, explosives and dyestuffs.
- In the chemical industry, LPG is used as a fuel for process heating (through steam), roasting and drying of chemicals.

Did you know?



COOKING FOR LIFE

Run by the World LPG Association, Cooking for Life is a campaign aimed at facilitating the transition of one billion people from cooking with traditional biomass to clean LPG by 2030.



AUTOGAS SUCCESS

Autogas is the most accepted alternative fuel in the automotive sector with more than 23 million vehicles operating worldwide. The global consumption of Autogas has been increasing by 13%, from 23 million tonnes in 2011 to 26 million tonnes in 2014.



LPG TO POWER

In the world's first LPG to power project, Water and Power Authority (WAPA) in the U.S. Virgin Islands is upgrading its two main power plants to burn LPG for power generation. WAPA estimates a 30% fuel cost savings and 20% reduction in carbon emissions.



PETCHEM FEEDSTOCK

Nearly half of the world's ethylene will be produced from ethane and LPG by 2023.

A typical house is made of approximately USD 12,000 worth of chemicals, and a car approximately USD 3,000 worth of chemicals, a large proportion of which stems from gas.

Global LPG Trade

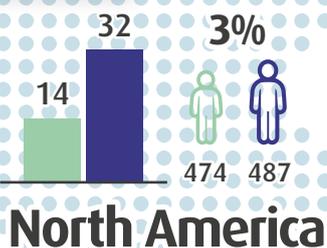
The LPG export market will be led by U.S. volumes;
Far East Asia & India will be the main drivers of import demand growth.



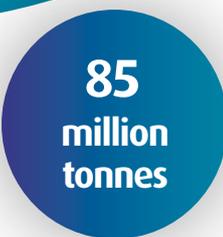
LPG exports carried by sea

- U.S. will continue to have a surplus of LPG into the future.
- The completion of the Panama Canal will reduce VLGC voyage times to the Far East from 45 days to 25 days.

- Growing exports in the Middle East due to additional gas production & easing of Iran sanctions.
- Additional petrochemical capacity could offset surplus available for export.

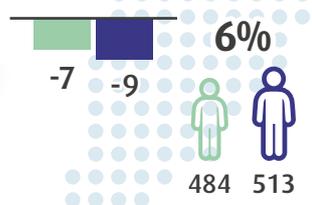


North America



2015 Global Seaborne LPG Trade

Latin America



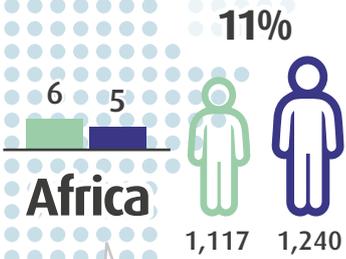
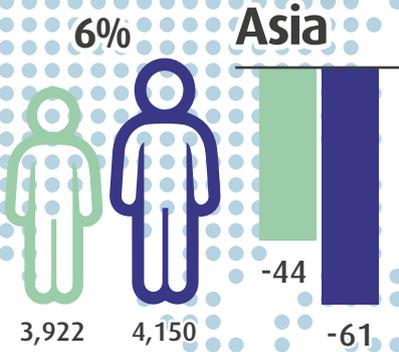
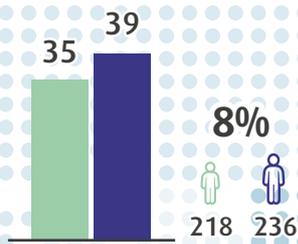
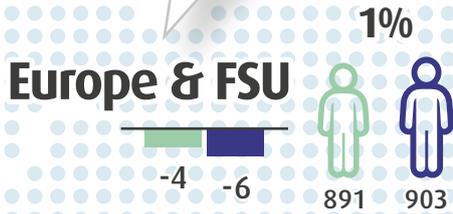
- Import growth led by retail demand in Brazil, Chile & Peru.
- Completion of Panama Canal will facilitate trade to West Coast of Latin America.

**+100
U.S. Cargoes**

U.S. LPG exports carried by BW LPG in 2015

- Europe as the battleground for U.S., Algerian & Middle Eastern cargoes all compete for European buyers.
- The petrochemical industry will be the driver of import demand.
- Additional export volumes are expected to come on board from Russia in 2020 & beyond.

- NE Asia import growth led by propane dehydrogenation (PDH) demand in China & Korea.
- Growing residential LPG demand in SE Asia & India.
- Moderate export volume growth ex-Australia in 2017 and beyond due to Ichthys & Prelude LNG projects.



- Stable export volume growth offset by domestic retail demand growth.
- Shortfall to Asia likely to be met by long haul U.S. cargoes.

- 2014 LPG Net Export/Import in Million Tonnes
- 2020e LPG Net Export/Import in Million Tonnes
- Trade Lane
- Population in 2014 in Hundred Million
Source: IMF
- Expected Population Growth in 2020 in Hundred Million
Source: IMF

80 Years of Delivering Energy

BW Group is proud to have been in the maritime energy business for more than 80 years. In 1935, Sigval Bergesen d.y. founded Bergesen d.y. and in 1955, Sir Y.K. Pao began the World-Wide Steamship Company, which acquired Bergesen in 2003. BW Group has grown from strength to strength, and is now a leader in the delivery of clean energy around the world.



In 2013, BW Group's presence in the VLGC segment expanded substantially with the acquisition of a 10-vessel VLGC fleet from Maersk Tankers. In the same year, BW LPG was listed on the Oslo Stock Exchange, and has been capturing growth opportunities within the rapidly expanding LPG market ever since.



2005

A Common Identity

2007

Acquisition of APL

2009

BW Gas privatised

2006

BW Gas listing as pure gas carrier company

2008

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

2012

Sale of APL
Acquisition of Prosafe

2014

BW LPG wins Deal of the Year Award by Marine Money

Took delivery of BW Aries, first of eight newbuildings from HHI

2013

Acquisition of Maersk Tankers' VLGC fleet

Listing of



BW LPG

Formed LNG JV with Pavilion Energy

2015

Acquisition of 15% stake in Aurora LPG

Signed contracts for four newbuildings with DSME

Took delivery of five newbuildings from HHI

Global Leader in Maritime LPG

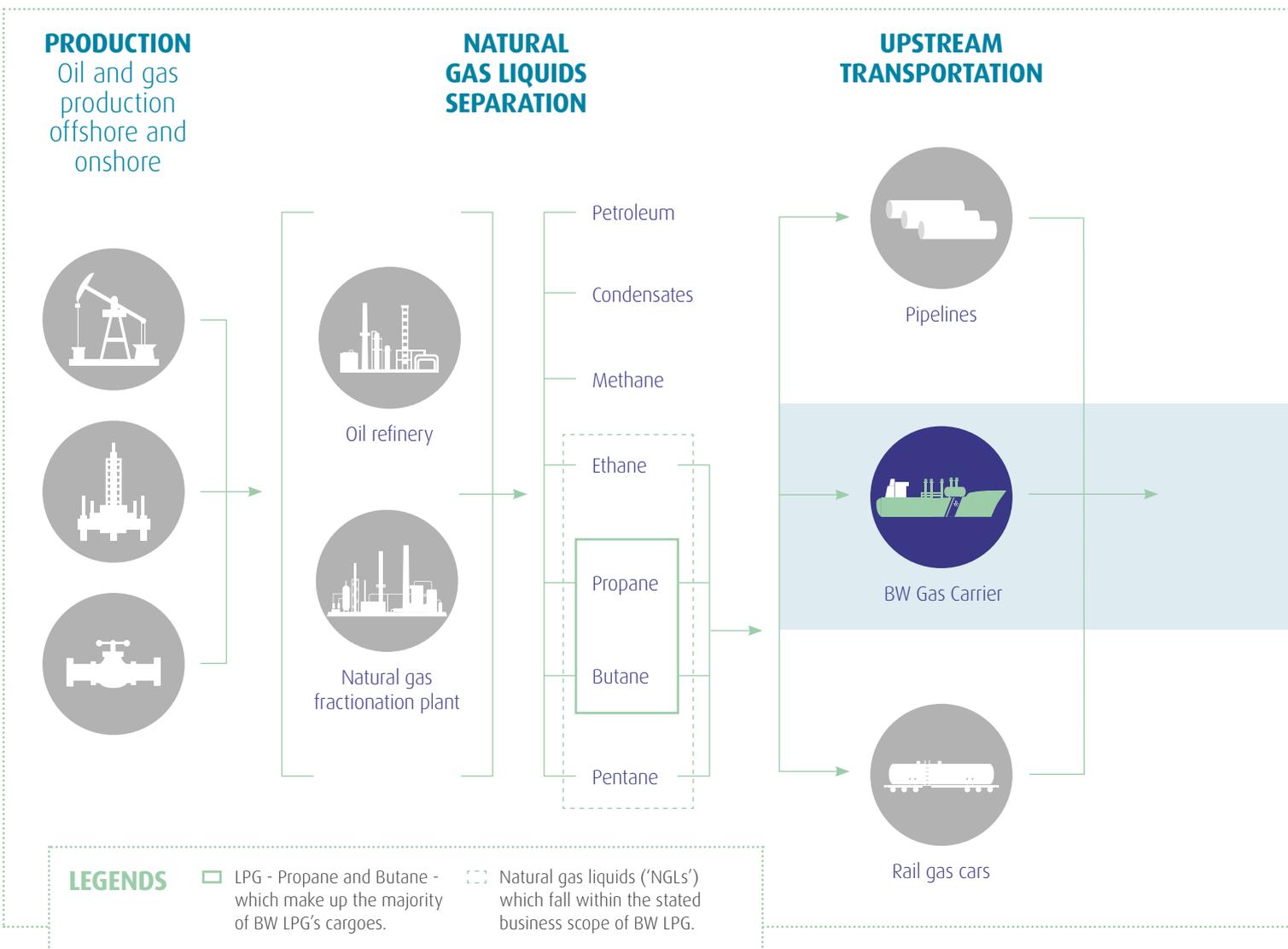
We are the global leader in maritime LPG. Our key strengths differentiate us from others and enable us to operate across the value chain.

Proven operating platform

Proximity to capital markets and the Asian demand centre

6 NEWBUILDINGS

OPERATING ACROSS THE LPG VALUE CHAIN





Preferred partner for blue chip charterers



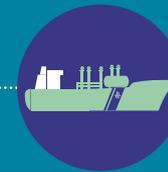
Share liquidity



In-house technical management



Market leading financing



Largest fleet of VLGCs in the world

GLOBAL LEADER IN MARITIME LPG



34

OWNED AND OPERATED VLGCs

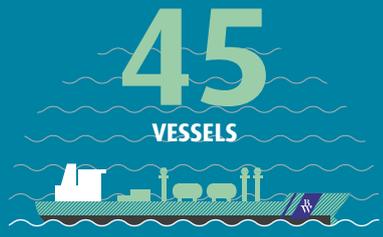
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5

OWNED LGCs

=



45

VESSELS

REFINING & STORAGE



Pressure LPG storage tanks



Floating Storage



Refrigerated LPG storage tanks

DOWNSTREAM TRANSPORTATION



Pipelines



BW Gas Carrier



LPG bulk road tanker cars

STORAGE & BOTTLING



Storage facilities



Floating Storage



Bottling plant

DISTRIBUTION



LPG bulk bottle distribution

END USERS



Power Generation



Petrochemical Feedstock



Autogas for Transport



Retail Consumers

Realising Vision Through Leadership

Excellence is achieved not by accident. Our leadership sets the strategic vision for the Company and we have a capable and empowered organisation. We encourage every single employee to demand excellence in their daily encounters and decisions.



BW LPG's vision is to
be the global leader
in maritime LPG.



Chairman's Statement

The LPG sector was one of a few bright spots in an otherwise challenging year for shipping. LPG was the best performing sector within the maritime industry, against a backdrop of declining oil prices and volatile equity markets. BW LPG continues to deliver strong shareholder returns in its second year as a publicly listed company, generating the best share performance among 55 maritime stocks in 2015¹.

As the company matures and our focus on commercial opportunities along the LPG value chain increases, the Board felt the timing was right to implement a leadership change with Martin Ackermann as the new CEO. The team has focused its efforts on strengthening our commercial positioning, driving operational efficiencies and capturing new strategic opportunities.

BW LPG has a long-term view on the business. We have the largest fleet of modern VLGCs, good contract coverage, strong customer relationships and internal capabilities. While we have positioned ourselves well in the past years, it is important that we exercise vigilance over income and costs in an increasingly uncertain and competitive environment.

The outlook for LPG as a sector is bright, with increasing supply and demand for the product. The shipping industry has been known to overreact on the ship supply side and we are watching with caution as a significant number of vessels enter the market over the next 24 months.

I would like to express my appreciation to our stakeholders – customers, investors, financiers, suppliers and all our other business partners – who have helped us deliver our services and who continue to be strong supporters of BW LPG.

Andreas Sohlen-Pao
Chairman



¹ As evaluated by Clarksons Platou Securities

CEO's Letter

2015 was a year of many firsts for the global LPG market. It was the year of the strongest ever freight rate market, of China overtaking Japan as the world's largest LPG importer, and the year of U.S. taking the helm as the largest LPG exporting country in the world. It was also a year that saw the world's first floating storage project for converting LPG for power generation in the U.S. Virgin Islands – a project in which BW LPG delivered the storage facility with our Very Large Gas Carrier (VLGC) Berge Summit. Total LPG seaborne trade rose to 85 million tonnes in 2015, which, in combination with an increasing proportion of U.S. volumes headed East, resulted in a 20% growth in VLGC ton mile demand. As the world's largest transporter of LPG, BW LPG captured this market transformation.

As testament to a company in a leading position in its market, BW LPG emerged as the best performing maritime stock in 2015. With the highest profits ever achieved in our history, investors continue to enjoy high returns with a dividend payout of 75% of net profits for the first half of 2015. The board of directors has recommended a 50%

payout of net profits for second half 2015 in line with our stated dividend policy. Fleet utilisation continues to be strong and we capitalised on high spot rates which averaged USD 68,000 per day throughout the year, but equally our strong full year contract coverage of 75% secured our strong utilisation and earnings.

2015 was also an eventful year for BW LPG, with new additions to the executive team with Elaine Ong as CFO and Pontus Berg as Senior Vice President, Technical & Operations in addition to my own onboarding. I am proud to be part of an organisation with such a legacy in maritime energy transportation and with a proven history of market leadership in our sector. BW LPG has over the years grown into a strong industrial platform and our vision for the future is to remain a global leader in maritime LPG.

BW LPG's market-leading position was further enhanced during the year when we were able to take over four existing VLGC newbuilding contracts with Daewoo Shipbuilding and Marine Engineering (DSME). We also took delivery of five newbuildings from Hyundai Heavy Industries (HHI). Purchase options declared on BW Sakura and the Berge Summit enabled

us to expand our fleet in a way that did not burden the growing VLGC order-book.

While LPG shipping emerged as one of the strongest sectors within shipping, we are always mindful of the changing economic landscape in which we operate. The global economy has begun feeling the impact of the reorientation of Chinese growth from fixed asset investment-led to being consumer-driven, and from the decline in oil and commodity prices. Against such a backdrop, we will continue to rely upon the pillars of our strong operational and financial results: the high calibre and collective experience of our people, a keen understanding of our customers' needs, and a high level of operational efficiency. These strengths remain the key drivers of our success and will enable us to continue delivering best-in-class and sustainable solutions to our customers in the long term. For BW LPG, the customer remains king.

Our outlook for 2016 remains positive. While we expect a continuation of the upward trend in the global LPG trade, we do anticipate heightened market volatility in view of the substantial VLGC order-book. With a strong balance sheet, excellent relationships, a proven operating platform and a balanced charter portfolio, BW LPG is well positioned to deliver in the long haul.

Martin Ackermann
Chief Executive Officer



Board of Directors

ANDREAS SOHMEN-PAO

Chairman
Chair, Nomination Committee

Andreas Sohmen-Pao, born 1971, is Chairman of BW LPG Limited, BW Group Limited and BW Offshore Limited. He is also Chairman of the Singapore Maritime Foundation and a non-executive director of Singapore National Parks, Sport Singapore and the Singapore Symphony Orchestra.

Mr. Sohmen-Pao previously worked at Goldman Sachs International in London. He has served as a director of The London P&I Club, the Hongkong and Shanghai Banking Corporation Ltd, the Maritime and Port Authority of Singapore and The Esplanade Co. Ltd.

Mr. Sohmen-Pao was educated at Oxford University in England, from which he graduated in 1993 with an honours degree in Oriental Studies. He also holds an MBA from Harvard Business School. Mr Sohmen-Pao is an Austrian citizen, and resides in Singapore. He has served on the Board as Chairman since 1 September 2013.

JOHN B HARRISON

Vice Chairman
Chair, Audit Committee

John B Harrison, born 1956, is currently an independent non-executive director at AIA Group Limited, where he also serves as Chairman of the audit committee and as a member of the risk committee and nomination committee. Mr. Harrison is currently an independent non-executive director of Hong Kong Exchanges and Clearing Limited, The London Metal Exchange Limited and LME Clear Limited. Mr. Harrison had been appointed as a non-executive director of Cathay Pacific Airways Limited in 2015. He is also a non-executive director of BW Group Limited. Mr. Harrison is a council member, standing committee member and honorary treasurer of The Hong Kong University of Science and Technology.

Mr. Harrison retired in September 2010 as the Deputy Chairman of public accounting firm KPMG International, where he had held key leadership positions having started with KPMG in 1977. Prior to 2008, Mr. Harrison was Chairman of KPMG Asia Pacific Region and Chairman of KPMG China for six years from 2003. Mr. Harrison was educated at Durham University in England, from which he graduated in 1977 with a Degree in Mathematics. Mr. Harrison is a British citizen, and resides in Hong Kong. He has served on the Board as Vice-Chairman since 21 November 2013.

DATO' JUDE P BENNY

Director
Member, Remuneration Committee

Dato' Jude P Benny, born 1957, is a senior partner of Joseph Tan Jude Benny LLP in Singapore. His practice areas include commercial, shipping litigation and arbitration. He specialises in civil litigation, shipping admiralty law and insurance law.

Dato' Benny is an Accredited Arbitrator in numerous Arbitration Institutions. He is a director of the Maritime and Port Authority of Singapore and has been awarded the D.I.M.P Medal by Malaysia in 2000 and Public Service Medal by the President of Singapore in 2013. He was educated at Queen Mary's College at London University in England, from which he graduated with honours, and he was called to the Bar in Singapore in 1983. Dato' Benny is a Singapore citizen, and resides in Singapore. He has served on the Board since 21 November 2013.

(left to right)



ANDREAS BEROUTSOS

Director

Andreas Beroutsos, born 1965, is the Executive Vice President, Private Equity & Infrastructure, at La Caisse de dépôt et placement du Québec. Previously, Mr. Beroutsos was the founder and Managing Partner of One Point Capital Management, a private equity firm, and partner and Senior Managing Director at Eton Park Capital Management, where he led private investments. He 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. He holds a BA and an MBA from Harvard University, both with high honours. Mr. Beroutsos is a Greek citizen, a United States permanent resident, and he resides in New York. He has served on the Board since 21 November 2013.

ANNE GRETHE DALANE

Director

Chair, Remuneration Committee

Anne Grethe Dalane, born 1960, is the CFO, Downstream at Yara International ASA. She

has been with Yara International since 2003. Prior to this, Ms. Dalane has held various executive positions at Norsk Hydro from 1992 to 2003, in the areas of Human Resources, Corporate Strategy and Finance. She has also served as director of various companies. Ms. Dalane's board experience includes Hafslund, EDB Business Partners and Prosafe.

Ms. Dalane is a Certified Financial Analyst and holds a Masters degree from the Norwegian School of Economics and Business Administration in Bergen, Norway. She is a Norwegian citizen, and resides in Norway. Ms. Dalane has served on the Board since 21 November 2013.

ANDERS ONARHEIM

Director

Member, Audit Committee

Anders Onarheim, born 1959, has extensive knowledge within management, business development and capital markets after holding the position of 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 U.K. From 1986 to 1990, he served as the Vice President for institutional sales in Merrill Lynch in the U.S. and the U.K.

Mr. Onarheim is a board member of Solstad Offshore, North Energy, Reach Subsea and other investment firms. He holds an MBA from Washington University in St. Louis, where he graduated in 1986. Mr. Onarheim is a Norwegian citizen, and resides in Norway. He has served on the Board since 21 November 2013.

CARSTEN MORTENSEN

Director

Carsten Mortensen, born 1966, is CEO of BW Group and board member of BW LPG Limited and BW Offshore Limited. He has 30 years of shipping experience, of which 11 years were spent at A.P. Moller-Maersk and 17 at D/S Norden. His previous appointments include CEO of D/S Norden from 2005 to 2014 and Managing Director of Maersk Broker (UK) Ltd from 1995 to 1997.

Mr. Mortensen was a board member of the Danish Shipowners' Association (DSA) and its Chairman from 2011 to 2014. He served as board member of the International Chamber of Shipping (ICS) from 2009 to 2011. From 2012 to 2013, he chaired "Vækstteam" (or Growth Team), an initiative by the Danish Government to create jobs in the Danish Maritime Cluster.

He is a citizen of Denmark and resides in Copenhagen. Carsten has served on the Board since 19 May 2015.



Board of Directors' Report

BW LPG achieved revenue growth and profitability in 2015. We paid a first-half dividend of USD 0.78; which is above our stated policy of 50% of net profits, providing substantial returns to shareholders as a result of profitability and solid cash flows.

FINANCIAL PERFORMANCE

2015 time charter equivalent income was USD 626.5 million, 16% higher than 2014. EBITDA for the year was USD 430.3 million, 27% higher than the USD 340.0 million achieved in 2014. The improved profitability was driven by record high utilisation of the VLGC trading fleet, underpinned by LPG trade growth of 8% and an increasing proportion of long haul volumes.

Profit after tax was USD 326.1 million in 2015, a 28% increase from USD 255.7 million in 2014.

Operating expenses increased due to the increase in fleet size.

Operating cash flows were USD 420.5 million, 10% higher than the USD 381.4 million delivered in 2014.

As a result of the profitability and positive cash flows, the Board has recommended total dividend payments of USD 1.46 for the full year 2015, with USD 0.78 paid in September 2015 for the first half, and USD 0.68 recommended to the May 2016 Annual General Meeting for the second half.

OUTLOOK

2015 saw the U.S. solidify its status as the leading LPG exporter, with total export volumes growing from 14 million tonnes in the previous year to just over 20 million tonnes. It was also the year that China surpassed Japan

as the world's largest LPG importer, led by growth in domestic retail demand and the continued expansion of petrochemical capacity with LPG as the primary feedstock. Retail demand growth in India and Southeast Asia, Indonesia in particular, remained on an upwards trajectory as a result of sustained low LPG prices stimulating demand and government initiatives that are part of a broader scheme to improve quality of life by switching from biomass to LPG. The development of this structural shift in LPG trade, increasing U.S. export volumes to Asian markets, has been and will continue to be the most important driver of LPG shipping demand.

Looking ahead to 2016, the precipitous decline in crude oil prices has tempered the outlook for continued strong LPG production growth in the U.S. and elsewhere. The oil markets seem intent on establishing a price level that will prompt production declines that are large enough, at the very least, to slow the pace of global inventory builds. As we embark on a year in which we expect to encounter VLGC fleet growth of more than 20%, a shrinking surplus of U.S. LPG available for export, increased competitiveness of naphtha and a slowdown in the Chinese economy, it is crucial that we maintain focus on managing our business for the long term.

BW LPG remains steadfast in its commitment to foster the long term

USD 626 Million
2015 TCE INCOME

USD 430 Million
2015 EBITDA

USD 326 Million
2015 NPAT

growth of the LPG market by facilitating global trade and being the leading provider of safe, reliable and innovative marine logistics solutions to our customers.

SAFETY RECORD

Safety is a top priority at BW LPG. In 2015, the safety statistics for the Company improved with a LTIF (Lost Time Injury Frequency per million working hours) rate of 0.752 compared to a rate of 1.252 in 2014. TRCF (Total Recordable Case Frequency) in 2015 stands at a rate of 1.954 compared to a rate of 3.042 in 2014. The Board is conscious that safety performance is a continuous process, and the Company has active programs in place with a focus on 'Zero Harm'.

CORPORATE GOVERNANCE

The Board of Directors has adopted a corporate governance policy reflective of the Company's commitment to good governance and taking into account standards of corporate governance in the listed environment in Norway. Deviations from the code are addressed in the Corporate Governance section of this Annual Report. The Board held five meetings in 2015.

RISKS

BW LPG is exposed to various market, operational, and financial risks. The most significant of these risks were set out in the IPO prospectus issued in November 2013. That document

and other information on risks are available on the Company website at www.bwlpq.com.

The Group employs an enterprise-wide risk assessment process to analyse and evaluate risk exposures and to allocate appropriate resources to risk mitigation activities. The Group's risk mitigation activities take into account the unpredictability of shipping and financial markets.

The Group'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 2015

On 11 January 2016, BW LPG announced the resignation of its Chief Commercial Officer, Andrew Hoare. Mr. Hoare will continue to support the company while he serves his notice period.

On 27 January 2016, BW LPG signed an agreement with the lenders of the existing USD 700 million senior secured term loan and revolving credit facility to increase the revolving credit facility

by USD 100 million from USD 200 million to USD 300 million.

GOING CONCERN

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

PARENT COMPANY ACCOUNTS

The financial statements of the Company, BW LPG Limited, are prepared in accordance with International Financial Reporting Standards (IFRS).

BW LPG Limited is an investment holding company. Vessels and related assets, as well as external debt financing, are held in subsidiary companies within the Group. The investment holding company balance sheet includes primarily cash and receivables from subsidiaries and related parties; as well as shareholders' equity, trade payables and accrued expenses. Total assets are USD 956.8 million; shareholders' equity USD 956.3 million; and total liabilities USD 0.5 million. Income of USD 252.9 million is solely dividends from subsidiaries, and expenses of USD 3.7 million consists of overhead and other costs related to the operations of the investment holding company as a listed entity.

Our People, Our Priority

At BW LPG, value creation is determined by our employees, who are our most valuable asset. Our key people priority is ensuring that we maintain a highly committed workforce who are ready to meet the needs of the current market and the future. Our bi-annual employee engagement survey, guides our ongoing actions to make sure our people remain engaged and feel empowered and energised to take on the challenges ahead.



Our employees are rewarded on company and individual performance and their upholding of the company values. Managers carry the added responsibility of being measured not only on the achievement of results but also how well they lead, engage and develop their teams. Incentives are designed to motivate continued excellence while ensuring ongoing relevance to evolving business and markets.

PEOPLE DEVELOPMENT

People development remains high on our agenda and we work with our employees to help them improve their ability to deliver results. People development is a key motivational driver that helps us attract and retain talent.

SIMPLIFICATION AND STANDARDISATION

In 2015, we continue our drive for efficiency and simplification. An internal review process provided an opportunity for all our employees to contribute towards the development of strategic priorities for the Company and at the same time provide feedback on simplification and standardisation opportunities. The outcomes of these sessions are being converted into actionable objectives which will be cascaded throughout the organisation.

HEALTH, SAFETY AND SOCIAL RESPONSIBILITY

We remain uncompromising when it comes to a safe, healthy work

COMMITMENT TO DELIVERING RESULTS

Our objective remains constant in delivering sustainable results and building the Company for the future. Key to the results we achieve is ensuring that our employees have clarity on the overall goals and a clear cascading of these goals towards individual contributions.

Our core values of **We deliver on our promises, We act for the future, We always try to do better, We create positive energy through collaboration** drive decision-making and serve as a common foundation connecting 1,537 BW LPG employees across the fleet and shore.

OUR CORE VALUES

- 1 We deliver**
on our promises
- 2 We act**
for the future
- 3 We always try**
to do better
- 4 We create**
positive energy
through collaboration



environment and acting in a socially responsible manner. Our policies are built around making sure we comply with applicable laws, regulations and standards where we operate. We are committed to providing our employees with a work environment that is free from discrimination, harassment and corruption. The Company has zero tolerance for such conduct.

FOSTERING WORKPLACE DIVERSITY

We are committed to fostering, cultivating and preserving a culture of diversity and inclusion. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation,

self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and Company's capabilities as well.

Our diversity initiatives are applicable but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and varied employee perspectives.
- Work-life balance through flexible work schedules to accommodate employees' varying needs.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for diversity.

Executive Management



1 Martin Ackermann Chief Executive Officer

Martin Ackermann is Chief Executive Officer of BW LPG. He has over a decade of international management experience within the maritime industry. Before joining BW LPG, Mr. Ackermann was Chief Executive Officer of Evergas A/S for seven years. Prior to that he held positions as Managing Director in both Eitzen Gas and B-Gas, where he led the rejuvenation of the former Eitzen Gas fleet.

Mr. Ackermann was previously with Sigas Kosan A/S from 2003 to 2005 and with Lauritzen Kosan A/S from 1998 to 2003. He holds an AMP degree from INSEAD and has received executive qualifications from China Europe International Business School, The Oxford Princeton Programme and Copenhagen Business School. Mr. Ackermann is a member of the Institute of Chartered Shipbrokers.

4 Pontus Berg Senior Vice President, Technical and Operations

Pontus Berg is Senior Vice President, Technical and Operations at BW LPG. He oversees the technical management and the operations of the BW LPG fleet. He has over 20 years of shipping experience of which his past eight years have been in senior technical managerial positions in ship operating and technical management companies. Mr. Berg has worked in all ranks in engineering, with his last rank held as Chief Engineer.

Previously, Mr. Berg was General Manager and Director General of Greenship Gas France, a Jaccar Group Company where he headed a fleet of Ethylene carriers and a series of Multigas dual-fuelled new buildings. Prior to this Mr. Berg worked as Technical Manager in Evergas A/S and in Eitzen Gas. Mr. Berg holds a Bachelor of Science in Marine Engineering from Kalmar Merchant Marine University and is a member of the Lloyd's Register and Bureau Veritas Southeast Asia Technical Committees. and Bureau Veritas.

2 Elaine Ong Chief Financial Officer

Elaine Ong is Chief Financial Officer of BW LPG. Ms. Ong is responsible for the treasury, financial reporting, business controlling, investor relations and information technology departments at BW LPG.

Ms. Ong has over 20 years of experience in all aspects of Finance. Prior to this, she was Senior Vice President, Finance and Head of Finance at BW Group.

From 2009 to 2011, Ms. Ong was the Internal Audit Lead for Kraft Foods Asia Pacific and prior to that, she was with Teekay Corporation based in Vancouver and Singapore from 1999 to 2009, holding various positions in Finance. Her last position at Teekay was Vice President, Global Financial Projects & Systems and Regional Controller for Asia Pacific. Ms. Ong is a member of the Institute of Chartered Accountants of British Columbia, Canada.

5 Sonia Vaswani Head of Human Resources and Communications

Sonia Vaswani is Head of Human Resources and Communications at BW LPG. Ms. Vaswani has over 20 years of experience within the maritime industry. Prior to joining BW LPG. Ms. Vaswani was Head of HR at MCC Transport Singapore Pte. Ltd. from 2011 to 2014.

Ms. Vaswani started her maritime career within the fleet of A.P. Moller-Maersk where she sailed as a deck officer on numerous vessel types over a period of 11 years.

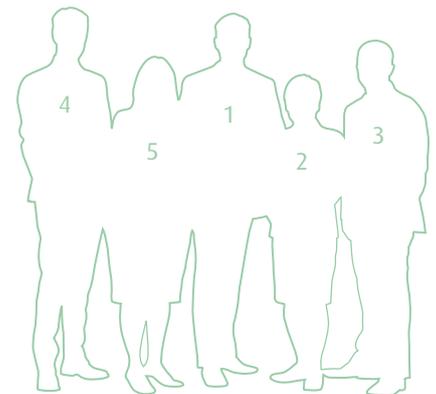
Over the last 12 years Ms. Vaswani has held strategic HR positions across different businesses and geographies within the A.P. Moller-Maersk Group, including terminal operations, container shipping and shipowning.

Ms. Vaswani is a Master Mariner and holds an MBA from the University of Leicester.

3 Andrew Hoare Chief Commercial Officer

Andrew Hoare was Chief Commercial Officer of BW LPG from 21 November 2013 to 10 January 2016. He resigned from the Company on 11 January 2016. He was responsible for operations, chartering, sales and purchase (S&P) strategy for the company and the development of new shipping projects and investment opportunities.

Before joining BW LPG, Mr. Hoare was Vice President, Commercial and Operations at BW Shipping. Previously, Mr. Hoare was with Clarksons Plc from 1992 to 2001 in London, China and Hong Kong. His last role was as Director of Clarkson Asia Ltd. Mr Hoare holds a Masters in Arts (Honors) in Management with International Relations from the University of St Andrews, Scotland, and an MBA from Ashridge Management College, UK. Mr. Hoare is a Fellow of the Institute of Chartered Shipbrokers.



Delivering Performance Through Strategy

Pursuing the right opportunities while keeping an eye on the long term, along with a robust organisation focused on delivering results enabled us to deliver a strong performance in 2015.



ROE
28%

TCE
INCOME
USD 626 Million

EBITDA
USD 430 Million



2015 – The Year of Records & Firsts

2015 saw a strong rise in global LPG production led by the U.S. which has become the number one exporter of LPG in the world. The LPG shipping industry had one of its busiest years in 2015 with the rise in seaborne LPG trade being fuelled by increasing exports from the U.S. and Algeria, China becoming the number one importer as well as demand from Asia growing. 2015 also saw some 'firsts' for the natural gas industry across the VLGC, LPG and energy markets. Building on its position of strength with the world's leading LPG exporting companies, BW LPG maintained its market leading position within the VLGC landscape.

VLGC Market

- Strongest VLGC freight rates of all time
- VLGC fleet exceeds 200 vessels
- Berge Summit as the first VLGC used as storage for 'Gas to power' project

LPG Market

- U.S. LPG exports exceed 20 million tons
- China overtakes Japan as biggest LPG importer
- First seaborne U.S. Ethane exports hit the water

Energy Market

- Energy prices trade below financial crisis levels
- U.S. oil and gas production decreases sequentially for the first time since 2008
- First El Nino in 20 years

UPSTREAM AND PRODUCTION

Global

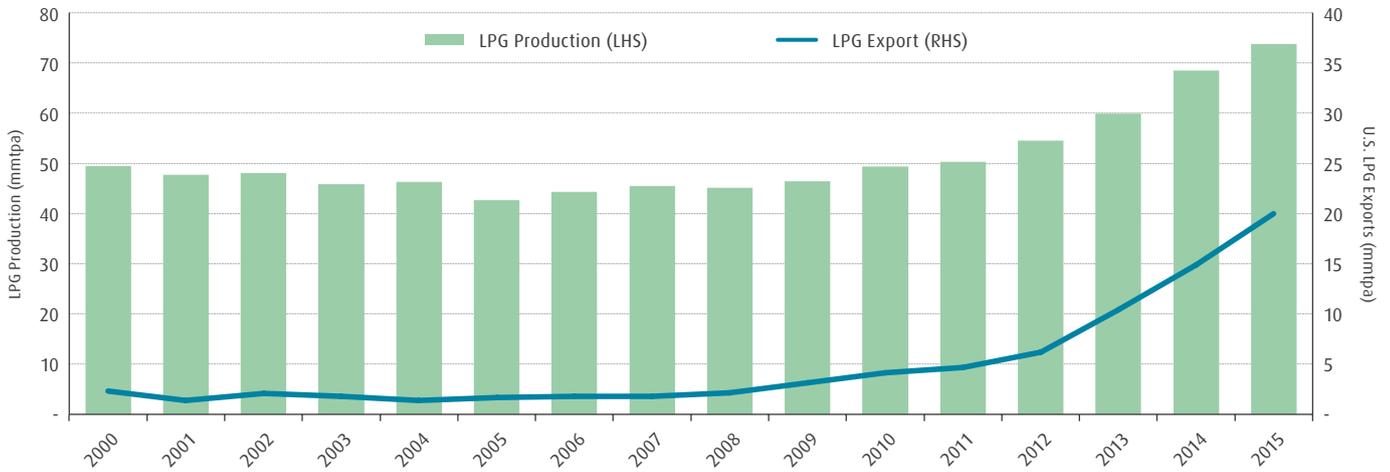
Following the dramatic decline in oil prices, concerns have been raised over the ability of the US to maintain the pace of LPG production growth, that has led to it becoming the world's largest LPG exporter. In the absence of excess LPG production over domestic consumption needs, the US will need to draw down from its LPG inventory stockpile, in order to export sufficient LPG to keep the VLGC market at healthy rate levels. Total LPG trade increased by 10% last year to 85 million tons. Factoring in an increase in long haul trade, VLGC tonne-mile demand grew by roughly 20% in 2015, outpacing volume growth by a factor of 2.

In its January 2016 Short Term Energy Outlook, the EIA revised its 2016 U.S. LPG production growth forecast down

from 6% to 2%, while also revising 2016 U.S. LPG demand down from growth of 2% to a decline of 2.5% and maintaining an export forecast of 25 million tonnes (mt). The EIA's export forecast exceeds surplus LPG available for export of 23.5mt by 1.7mt, implying a drawdown from the record high LPG inventories throughout 2016. In light of the recent fall in crude oil prices, the revision, albeit negative, is positive in that it still calls for growth in LPG production and is consistent with the EIA's 1% growth forecast for 2016 U.S. natural gas production. With almost half of U.S. LPG being produced as a by-product of natural gas production, the recent rally in gas prices has provided producers with a window of opportunity to hedge production at above breakeven levels.

The two shale plays that have been most supportive of the EIA's 2016 natural gas (and by extension, LPG) production growth forecast are the prolific Marcellus basin, where natural gas production has contracted by 6% from peak levels, and the Utica which continues to hit new production highs (3.25mmcf/d in February 2016). Permian basin production remains the most resilient to low oil prices, but this is offset by Eagle Ford Basin oil production that has now contracted from Permian levels in January 2015 to 1.15mb/d, similar to the Bakken at 1.09mb/d. Given that crude oil production accounts for a quarter of U.S. LPG production, the EIA's forecast of a 460kb/d contraction in 2016 U.S. crude oil production should temper optimism for above consensus LPG growth.

U.S. LPG Production & Seaborne Exports (million metric tonnes per annum)



MARKETS

Global

Total LPG trade rose by 10% in 2015, led by an increase in U.S. export volumes and a notable uptick in Chinese, Indian and Indonesian LPG imports.

Freight rates averaged USD88,000 per day throughout 2015, a 14% increase from last year, while the Baltic Index remained flat at USD92 per ton. The West – East LPG arbitrage window remained open for most of the second quarter, but has been open only intermittently since following the decline in Asian naphtha and propane prices on the back of the collapse in crude oil.

By the end of the year, spot rates had eased to USD50,000 per day. Time charter rates remained strong during the year, but had settled at year end in the region of USD40,000 for three year charters and USD50,000 for one year charters.

Interestingly, a growing number of fixtures in 2015 were concluded at levels that were lower than the implied Houston–Chiba Baltic equivalent, in line with our view that ship owners will capture a smaller share of the arbitrage profit than previous years as shipping capacity increases.

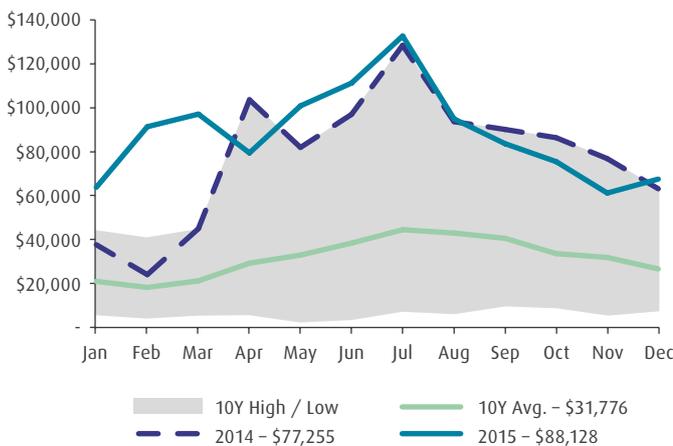
BW LPG

BW LPG achieved time charter equivalent earnings of USD45,100 per day for 2015, representing the strongest earnings performance since listing.

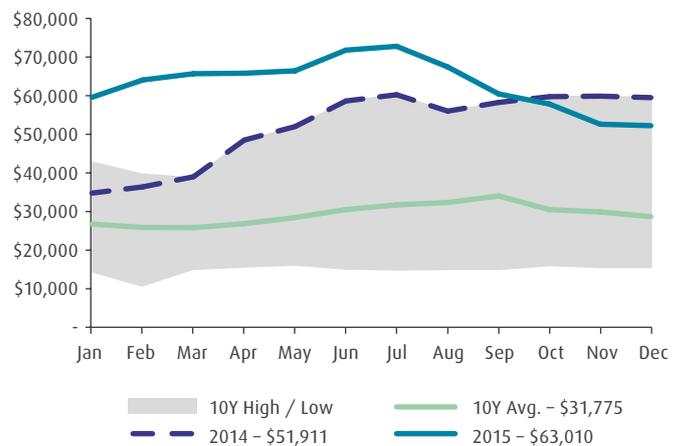
We deployed an average of 36 vessels during the year and implemented these assets at an unprecedented 99% utilisation rate. This reflects a fully optimised deployment model that captured not only spot earnings, but also secured strong levels of Contract of Affreightment (CoA) and time charter employment.

As we move into 2016, BW LPG will continue to focus on optimising fleet deployment and maximising utilisation.

Trailing Ten Year Monthly VLGC Spot Rates (USD Per Day)



Trailing Ten Year Monthly VLGC Timecharter Rates (USD Per Day)



Source: Clarksons, BW LPG analysis

FLEET GROWTH

Global

The VLGC fleet grew by 6.7% and 21.5% in the fourth quarter and full year 2015, respectively. Driven by sustained high freight rates and a desire to circumvent the implementation of Tier III NOx emissions standards, VLGC newbuilding orders amounted to 28 vessels in 2015, with half of those orders placed in the fourth quarter alone. It is expected that 46 VLGCs will enter service in 2016, with seven already having been delivered in January 2016.

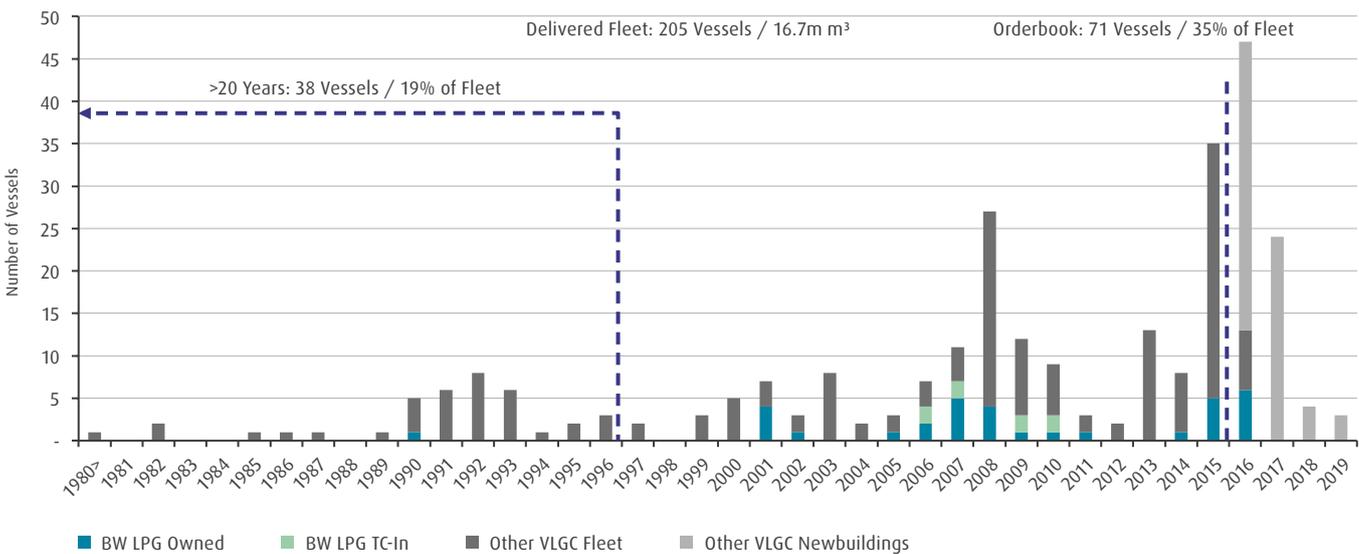
BW LPG

BW LPG took delivery of five newbuildings in 2015 and in addition entered into four previously reserved shipbuilding contracts with Daewoo Shipbuilding and Marine Engineering in April 2015. Due to these deliveries, BW LPG was able to increase the size of its fleet without adding to the already growing global orderbook.

FLEET AGE



VLGC Fleet Profile



CUSTOMERS AND CONTRACT COVERAGE

Global

With the growth in the number of counterparties, the global LPG trade is becoming increasingly complex. Retail demand for LPG continues to grow especially in the emerging demand centres of India, China and Latin America. The advent of a new generation of propane dehydrogenation plants in China has seen new participants enter the business as either charterers or end users.

BW LPG

BW LPG is proud of its blue-chip customer base, emanating from the world's leading National Oil Companies, International Oil Companies (Oil Majors) and leading trading companies. We have made significant efforts in 2015 to develop sources of demand for LPG and are looking at petrochemical industries, retail and gas-to-power markets while advocating the use of LPG by enabling trade.

A highlight of 2015 was when BW LPG worked with one of its leading customers to develop the first Gas to Power project in the U.S. Virgin Islands. It provided a floating storage unit to support a hub and spoke operation for the customer. As a result, the U.S. Virgin Islands are now able to utilise LPG to generate energy to the local power grid, delivering a cleaner fuel to the market place.

The Future of LPG

The global market for LPG is expected to increase from 278 million tonnes this year to 350 million tonnes by 2020. Population growth is inextricably linked to the future of LPG and this growth will impact global LPG trade flows. Increasing population coupled with favourable regulatory support and subsidies are expected to be key driving factors of the future growth in LPG.

China, India & Sub-Saharan Africa all have less than average LPG consumption per capita, while accounting for 45% of the world's population.

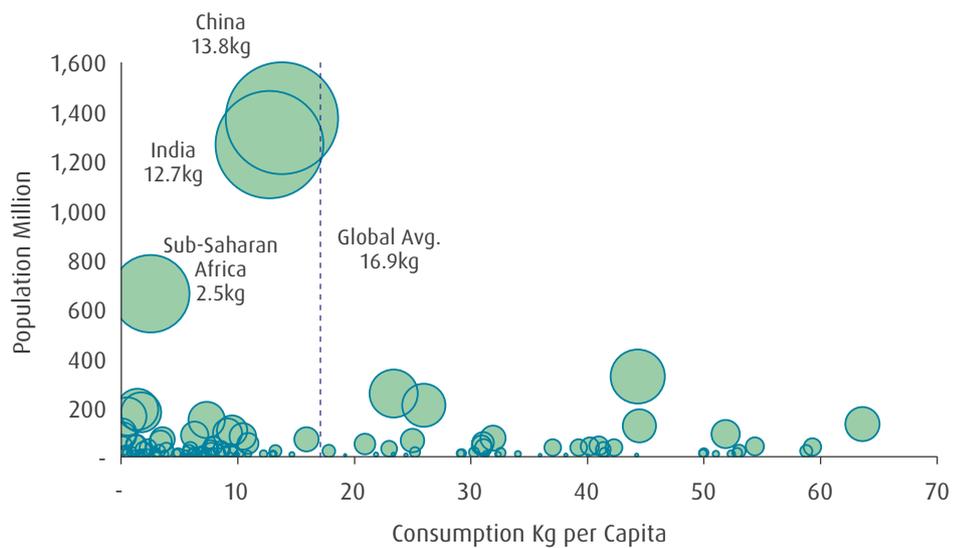
We attempt to estimate future potential uplift in retail demand by assuming kg per capita consumption levels in high potential regions/countries converges with global average levels (16.9 kg/capita). We then apply the adjusted kg per capita consumption levels to 2016's estimated population.

As retail demand grows in Sub-Saharan Africa, we expect to see a traditionally export oriented market switching towards serving the growing domestic market, with incremental Asian demand increasingly sourcing their LPG from the U.S. as well as the Middle East.

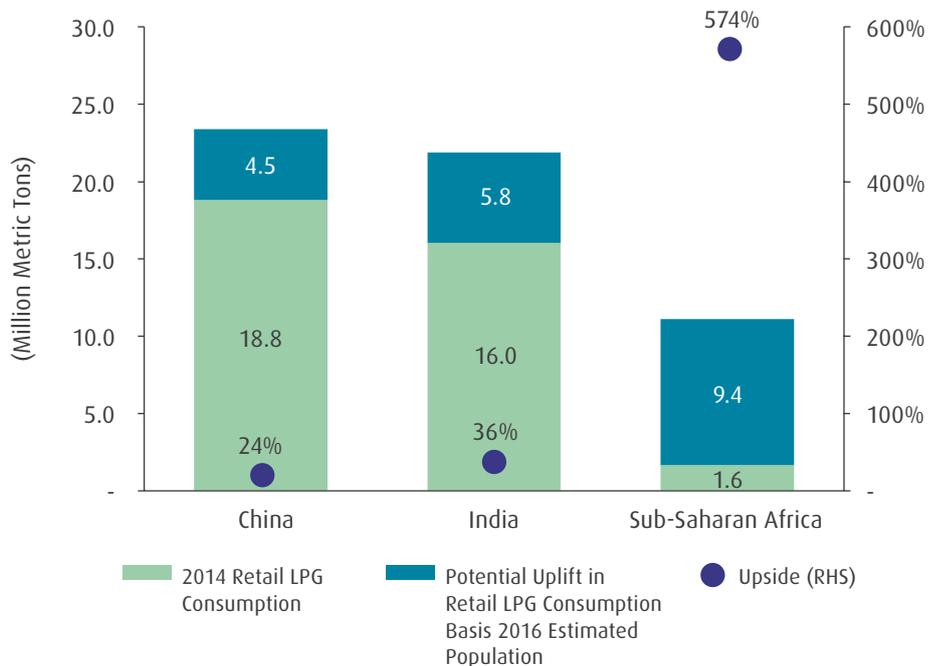
- China has the potential to increase retail consumption by 24%, or 4.5m tons.
- India has the scope to increase retail consumption by 36%, or 5.8m tons.
- Sub-Saharan Africa has the scope to increase retail consumption by 574%, or 9.4m tons.

Above analysis is based on 2016 population only.

2014 Global Retail LPG Consumption (Size of Bubble Reflects 2014 Population)



2014 Retail Consumption and Potntial Uplift Basis Global Average Kg/Capita Levels



Creating Sustainable Value

2015 was another great year for BW LPG's shareholders. The total shareholder return was 72% compared with 6% for the Oslo Stock Exchange's benchmark index. BW LPG is well positioned to continue to deliver long-term shareholder value.

OUTPERFORMANCE OF SHARE ON RELATIVE AND ABSOLUTE VALUES

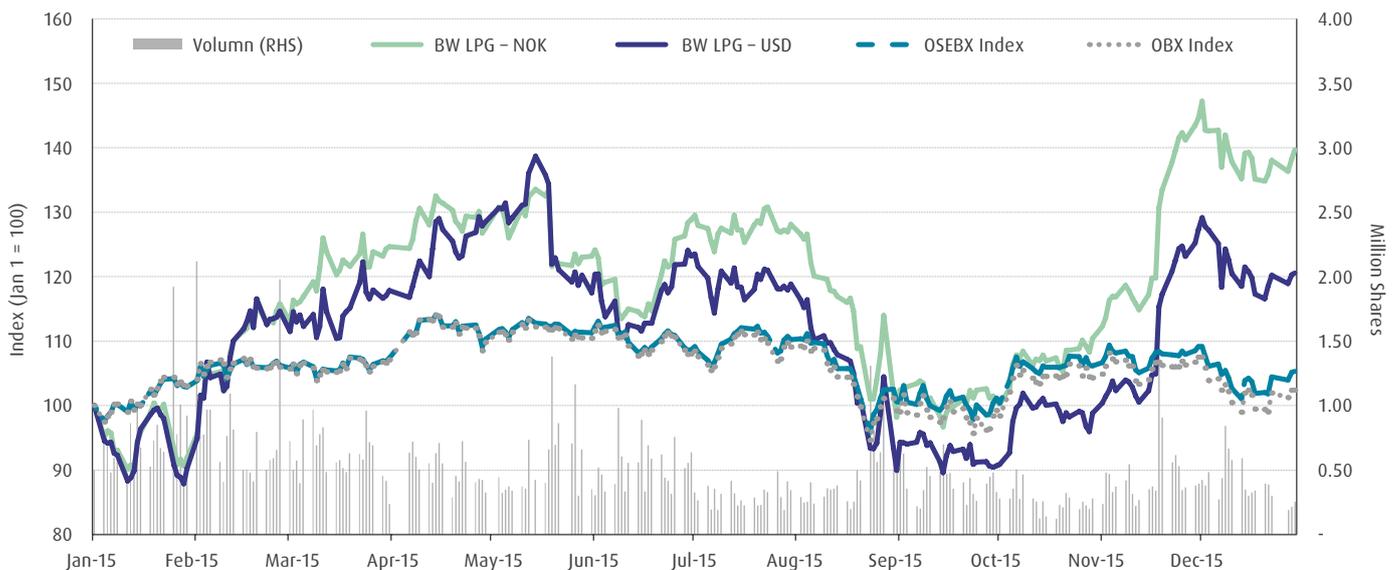
BW LPG's shares traded down in early 2015 to the lows of the year, closely tracking energy prices and counter to the strongest first quarter market on record. The shares recovered through the summer following this period of underperformance, led by continued strength in the physical freight market.

Lingering concerns over excess oil and gas supplies and the resilience of U.S. production weakened crude oil prices in the third quarter, and by extension Asian naphtha and propane prices.

This resulted in fewer arbitrage opportunities and a fall in freight rates, causing the share to give up year to date gains through the third quarter.

However, the share experienced a strong counter-seasonal rally at the end of the year, reaching a peak of NOK 76.95 in early December. The share generated total shareholder returns of 72% in 2015, 43% in the form of share price appreciation, with dividends providing the remaining 29%.

Indexed BW LPG Share Price, OSEBX Index & OBX Index Performance (1 January 2015 - 31 December 2015)



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

STRONG DIVIDEND YIELDS

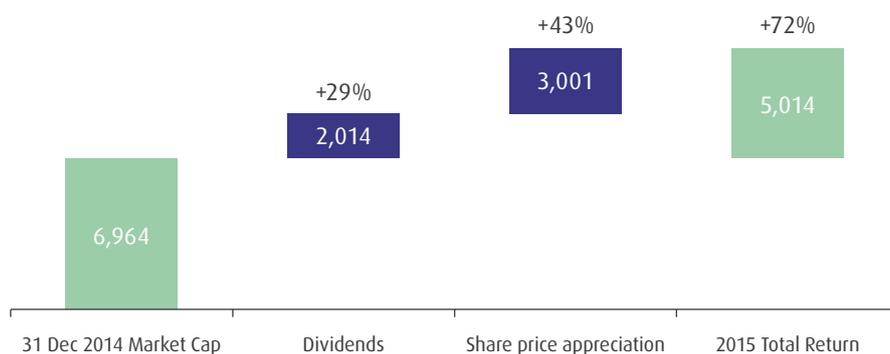
The Company paid a final dividend of USD 1.15 (NOK 8.67) per share in June 2015 for the second half of 2014. The Company paid USD 0.78 (NOK 6.49) per share in September 2015 as an interim dividend for the first half of 2015. Both dividend payments are above our stated policy of 50%. Of the 136,291,455 shares in issue, 69,294 are treasury shares acquired through a share buy-back programme and are not entitled to dividends.

(USD) for Earnings Per Share and Dividend Per Share

	Earnings Per Share (USD)	Dividend Per Share (USD)	Payout Ratio	Share Price at Period End (USD)	Annualised Earnings Yield	Annualised Dividend Yield
H2 2015*	\$1.41	\$0.68	50%	\$8.30	34%	16%
H1 2015	\$1.03	\$0.78	75%	\$8.54	24%	18%
H2 2014	\$1.11	\$1.15	100%	\$7.05	31%	33%
H1 2014	\$0.76	\$0.76	100%	\$14.67	10%	10%

* A final cash dividend of USD 0.68 per share for 2015 will be recommended at the Company's forthcoming general meeting.

2015 Total Shareholder Return (NOK Million)



“Top maritime stock in 2015”
Clarksons Platou Securities

DIVERSE SHAREHOLDER BASE

BW LPG had 2,978 shareholders as at 31 December 2015, of which the ten largest shareholders (including the BW Group), held 67.6% of the shares outstanding. Apart from BW Group, the largest geographical shareholding of the Company was in Norway, with other major shareholdings in the United States, Luxembourg and Sweden.

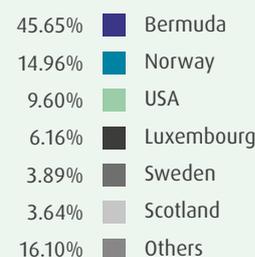
Top 20 BW LPG Shareholders	Shares	% Ownership
BW Group	62,192,221 ¹	45.7%
Artemis Investment Management	5,093,265	3.7%
Folketrygdfondet	5,088,577	3.7%
Capital Group International	4,539,873	3.3%
Sundt AS	3,587,000	2.6%
Fidelity Management	2,596,976	1.9%
Zenit Asset Management AB	2,509,702	1.8%
KLP Kapitalforvaltning AS	2,317,382	1.7%
Capital Research & Management	2,304,616	1.7%
Deutsche Asset & Wealth Management	2,006,220	1.5%
Nordea Asset Management	1,968,706	1.4%
Alfred Berg Kapitalforvaltning AS	1,159,652	0.9%
Vanguard Group	777,678	0.6%
RWC Partners	763,625	0.6%
Storebrand Asset Management	737,445	0.5%
NFU Mutual	715,000	0.5%
JP Morgan Asset Management	646,822	0.5%
SEB Asset Management	629,229	0.5%
Carnegie Asset Management Norge	608,100	0.4%
Nominee Accounts & Others	35,980,072	26.5%
Total	136,222,161²	100.0%

¹ In aggregate BW Group Limited holds 63,693,439 shares. The balance of shares disclosed above, 62,192,221 is distributed among nominee accounts.

² The total number of shares here excludes BW LPG's treasury shares of 69,294.



Geographical distribution of shareholders



INVESTOR RELATIONS POLICY

BW LPG's objective is for all investors regardless of size, to have access to identical financial information about the Company at any given time.

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 general public.
- Aim for a high degree of openness and communicate information in compliance with the disclosure requirements of the Oslo Stock Exchange.
- Communicate about our business performance and developments with all of our investors and analysts via:
 - Annual and quarterly reports and press releases,
 - Annual General Meetings, Investor & Analyst presentations and information sessions,
- Industry seminars and events where industry participants and investors are represented.
- Maintain a Primary Insider Register with any changes to certain primary insiders' shareholdings in accordance with Oslo Stock Exchange rules that are published on the Oslo Stock Exchange's internet news platform (www.newspoint.no) and on our website.
- BW LPG will provide news updates via email within 24 hours of any announcements we make on our website and on Oslo Bors.

Fostering Sustainability Through Accountability

Our business approach fosters sustainability. Holistic and prudent, sustainability is integrated in our operations and is one of the key drivers of our success. We aim to address sustainability challenges in a way that creates value for society and for BW LPG.



Total number of BW LPG employees (ship & shore)





Sustainability is a Key Driver of Operational Success

We are committed to being good corporate citizens wherever we do business and are dedicated to preventing environmental, health, safety, and security incidents. Our goal is to achieve zero harm in all our operations, to protect the health and safety of all employees and individuals, preserve the environment, and avoid damage to ships and property. In fulfilling this commitment, we will comply with regulatory requirements wherever we operate. We believe we can deliver industry-leading results when it comes to the areas of environment, health, safety and security.

HOLISTIC APPROACH TO SAFETY MANAGEMENT

We maintain a holistic safety management policy built on the pillars of training, strong processes and tools to ensure that every employee is operating in the safest work environment possible. These include the following:

- Specifying restrictions on risky work activities.
- Minimising and mitigating identified risks in hazardous situations.

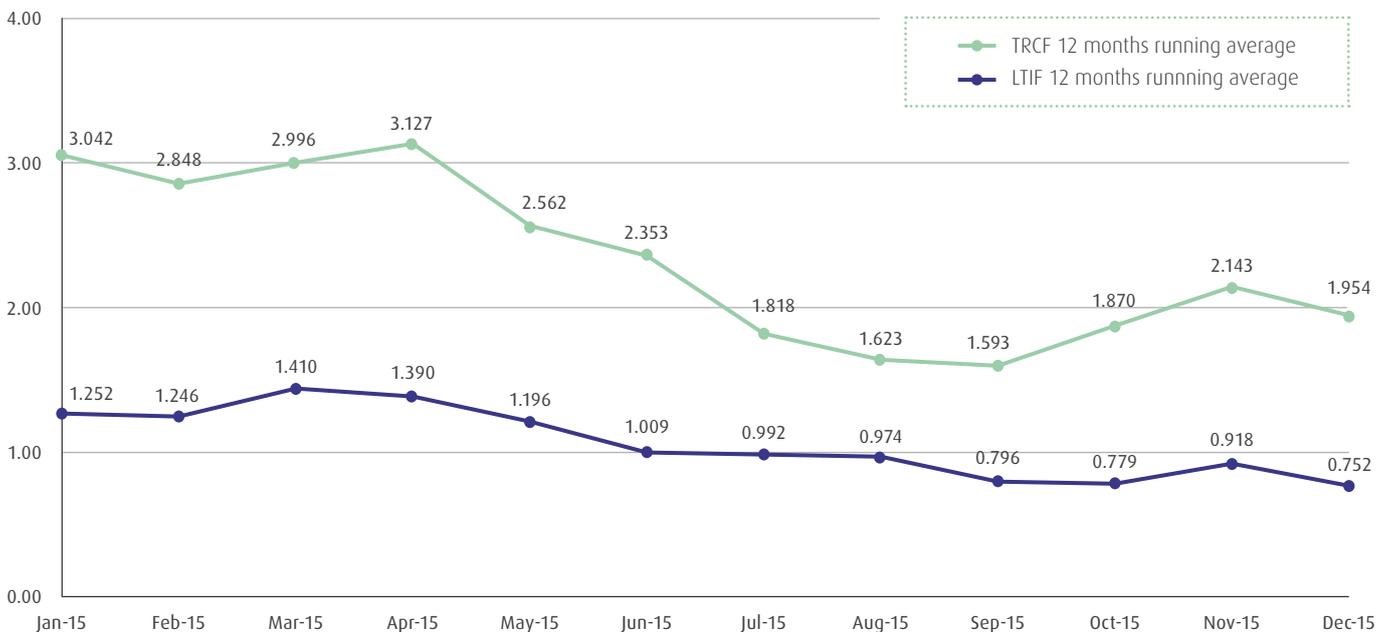
- Guidance from shipboard management teams on safe work practices.
- Safety training programmes and drills to prepare seafarers for challenges.

We improved our safety record in 2015, when we recorded a 12 month average Lost Time Injury Frequency (LTIF) of 0.752 which is a substantial reduction from 2014's 1.252. The Total Recordable



Case Frequency (TRCF) has seen a reduction to 1.954 from 3.042 in 2014. We saw no fatalities in 2015.

Safety at BW LPG

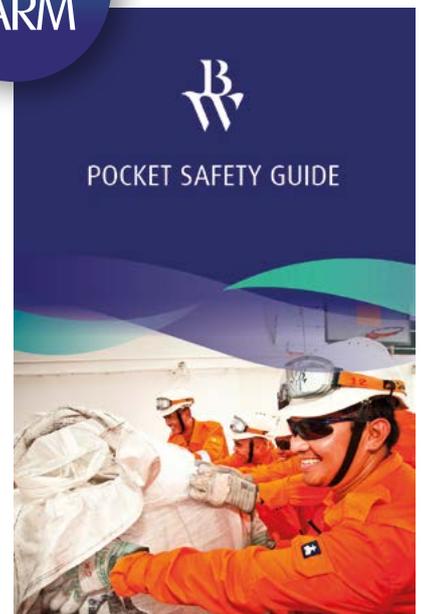




ZERO HARM INITIATIVE 2014-2016

Zero Harm is an organisation-wide safety campaign. Its goal is to make sure safety remains the priority in all our operations. The various initiatives as part of this project include the following:

- Review and enhancements to the existing risk assessment processes onboard our ships, with a focus on high risk activities such as entering enclosed spaces and working aloft.
- Lock-Out-Tag-Out (lock-out kits) implemented on identified machinery, namely valves and electrical equipment, to control hazardous energy.
- Case studies and instructional safety videos created for shipboard discussions.
- Safety briefings organised for seafarers at officers' and crew conferences.
- A pocket safety booklet available for crew and visitors onboard vessels. Safety visitor cards available for onshore employees.
- Feedback process for Bridge Team Performance.



CARING FOR THE ENVIRONMENT

At BW LPG, caring for the environment goes beyond being compliant with regulations; it is a fundamental element of our core values. We are committed to keeping the future of our planet in mind wherever we do business. A significant part of our operations involve improvement efforts in fuel efficiency and efforts to reduce emissions among various other initiatives, all of which enable us to contribute to an environmentally challenged world while providing competitive energy solutions to our customers.



BW LPG is committed to implementing processes and measures that will continually reduce our impact on the environment. These include:

- Striving for zero oil spills.
- Certifying the environmental management system under ISO 14001, ashore and onboard all vessels.
- Reducing of carbon dioxide (CO₂) emissions by reductions in fuel consumption.
- Reducing energy losses from vessels.
- Ensuring compliance with present and future regulatory requirements.
- Continuously improving the environmental awareness of our employees.
- Working together with our suppliers to seek environmental friendly solutions.
- Implementing energy efficient designs, equipment and operational practices.
- Monitoring performance against predetermined goals and objectives.
- Evaluating risk, reviewing performance and sharing experience.

OBJECTIVES FOR THE ENERGY MANAGEMENT PROGRAMME

Political Drivers:

- Emissions to air
- Upcoming CO₂ quotas / levy
- Extension of Emissions Control Areas (ECAs)
- Stronger requirements for low sulphur fuels

Financial Drivers:

- Oil and bunker prices
- Growth in emerging markets
- Energy savings = Cost savings
- More efficient vessels

Socio-cultural Drivers:

- Legal and ethical responsibility
- Secure health and environment in a proper way

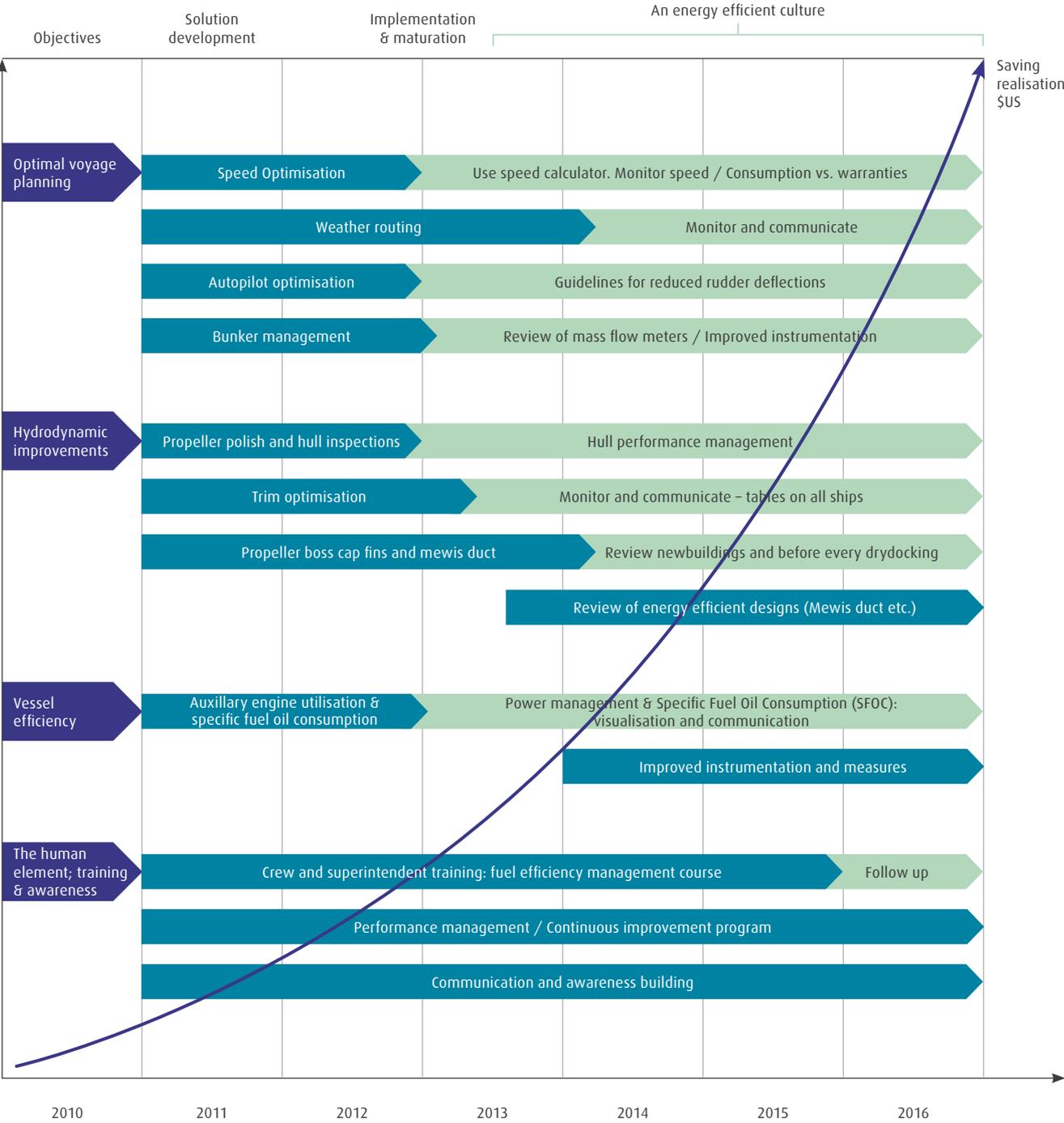
Technological Drivers:

- Innovation: New regulations force new technology and designs
- More eco-efficient vessels

**ENERGY EFFICIENCY ENABLES US
TO REMAIN COMPETITIVE**



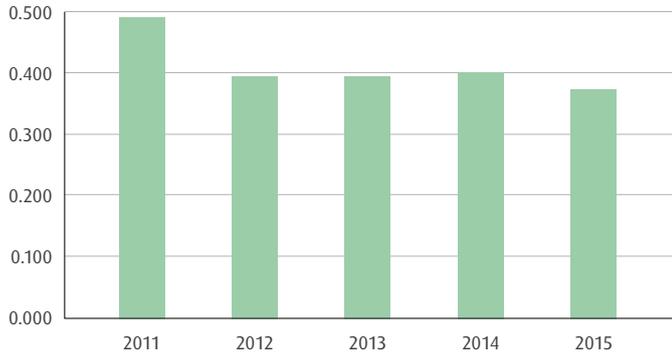
We have a comprehensive and holistic energy management programme of initiatives involving the entire organisation, from commercial to technical.





CO₂ EMISSIONS

Tonnes CO₂ per nautical mile

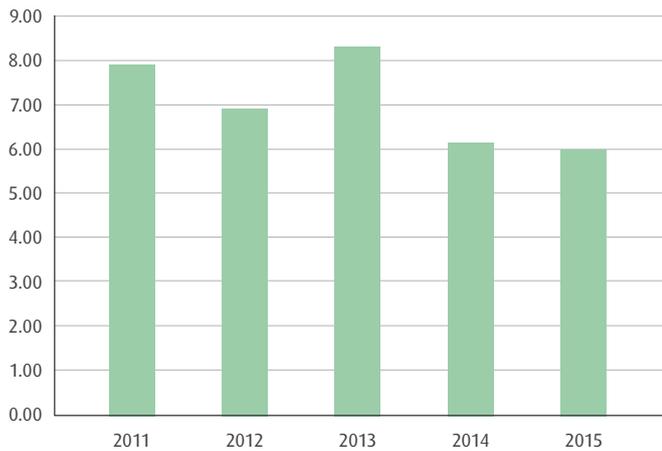


- CO₂ emissions are proportionally linked to the reduction in our vessels' fuel consumption. Since the energy management project started in 2011, our carbon footprint has been reduced by 20%.
- 2015 saw a 8.7% reduction in CO₂ tonnes per nautical mile to 0.379. This can be attributed to the various energy reducing solutions implemented such as Propeller boss cap fins, Mewis duct and self polishing antifouling paint.



SULPHUR OXIDE EMISSIONS

kg SO_x per nautical mile

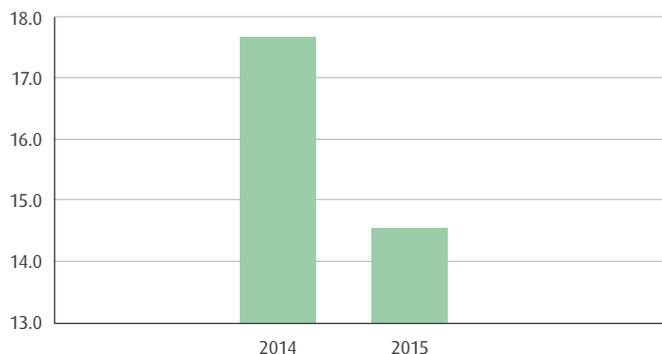


- We aim to reduce our SO_x emissions through the purchase of bunker with reduced sulphur content.
- In 2015, we saw a 23% reduction in sulphur oxide emissions than in 2013.



WASTE MANAGEMENT

Average landed plastic waste (m³)



- All vessels are equipped with compactors and we avoid using disposable plastic bottles for drinking water.
- We communicate regularly with our ship handlers about reducing the amount of plastic waste landed by our vessels.
- All landed plastic waste is disposed for recycling.

RESPONSIBLE BUSINESS PRACTICES



Fighting Corruption

Our reputation as a reliable provider of maritime energy transportation services is one of our most important assets. We are committed to maintaining high standards of integrity and achieving operational and financial results in an honest, fair and transparent manner. We comply with the principles set out in the UK Bribery Act 2010.

Our Policy Guidelines:

- Comply with all applicable laws relating to anti-bribery and corruption in the jurisdictions in which we operate and in particular with respect to the UK Bribery Act 2010.
- Ensure that our reputation for ethical behaviour and fair dealing with suppliers, customers, members of the industry and other stakeholders is maintained.
- Prohibit the giving or receiving of any gift, cash, entertainment or hospitality where the intention is to influence a business decision.
- Prohibit employees from asking for or suggesting any gifts and/or entertainment of any kind or amount from suppliers or any other person.

In order to achieve this we:

- Provide training and guidance to employees about BW LPG's anti-bribery policy.
- Report gifts and entertainment according to HR guidelines for shore based employees.
- Record gifts and entertainment exceeding a value of USD 300 on board vessels.
- Hold the employees responsible for reporting infringements of applicable laws.



Security

- To professionally handle the many transits through High Risk Areas (HRAs), we have a designated Global Head of Security whose main responsibility is to monitor and act on security matters impacting seafarers and the fleet.
- BW is compliant with Best Management Practices 4 (BMP 4) for planning, entering, transiting and exiting HRAs in the Gulf of Aden and Indian Ocean.
- Voyages in areas of concern are based on decisions made using formal risk assessments.



Quality

- BW LPG follows a comprehensive quality management system involving our commercial, technical and finance departments.
- In line with our motto of embracing continual improvement, the effectiveness and validity of our organisational processes are continuously monitored and simplified through audits and management reviews.
- BW LPG had implemented initiatives to improve management review processes and quality of reporting by enhancing seafarers' induction/training programmes in line with our ISO 9001 quality certification awarded by DNV-GL.



Vessel Screening

- The BW LPG fleet has conducted 77 Ship Inspections Report Programme (SIRE) inspections with a global average of 2.88 observations per inspection.
- The BW LPG fleet has had 43 port state controls globally with an average of 0.6 deficiencies per inspection; a 20% improvement from last year's average.
- SIRE target for 2016 is to be better than the Oil Companies International Marine Forum (OCIMF) benchmark for all segments and less than an average of 3.5 observations per inspection.



Audits

- External audits are carried out by DNV-GL, Lloyds, flag authorities, oil majors and charterers on a regular basis.
- Our International Safety Management (ISM) document of Compliance was renewed in 2014 and is valid for five years. In addition, the fleet is ISO 9001 and ISO 14001 certified by DNV-GL.
- The fleet also follows the OCIMF Tanker Management and Self-Assessment scheme (TMSA).
- In 2015, various major oil companies carried out TMSA reviews and approvals were given for us to continue providing marine transportation services and solutions.

Risk Management

BW LPG strives to provide competitive risk adjusted returns to shareholders. Risk management is an important element of value delivery and is a fundamental component of our business decision-making.

STRATEGIC AND EXTERNAL RISKS

These are risks that relate to the markets, countries, segments, services and products, or from customers. They are addressed by the business strategies managed through the Company's annual strategy review process. In this process, the Board of Directors reviews and 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

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

COMMERCIAL AND OPERATIONAL RISKS

Operational risks are risks related to events occurring during planning and execution of business operations,

involving for example elements such as cargo loss or damage, counterparties, asset loss, crew injury, environmental damage, or damage to, or loss of, assets. 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 by the appropriate Heads of Departments to ensure that their root causes are comprehensively analysed, with suitable corrective actions determined and implemented. The risk management process for project planning is implemented using a risk register whereby commonly occurring risks are considered, with applicability assessed in terms of impact and probability. This register supports risk identification and follow-up of identified risks in projects and related improvement opportunities.

FINANCIAL RISKS

The Group's activities expose it to a variety of financial risks. The Group recognises the unpredictability of financial markets and seeks to minimise the potential adverse effects on financial performance of the Group. Where applicable, the Group uses financial instruments such as interest rate swaps and bunker swaps to hedge certain financial risk exposures. The Group avoids speculation and risk management tools

which may create new exposures as a result of their incompatibility with the risk targeted for mitigation.

The financial risk management of the Group is handled by the Executive Management with guidance and input by the Board of Directors. The Group regularly monitors its risk framework, policy and reviews processes in place to ensure appropriate and efficient mitigation of risk.

(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. This risk is managed by pricing contracts of affreightment with fuel oil adjustment clauses where possible. In fixed price contracts of affreightment, the Group manages risk by entering into forward fuel contracts, backed by internationally recognised financial institutions. For short-term voyage contracts, the Group takes the current fuel costs into account when assessing contract pricing and therefore typically does not require additional specific coverage.

(ii) Currency risk

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



foreign currencies. Where significant foreign exchange risk is identified, risk mitigation through forward contracts is considered to secure the exposure in the Group's functional currency (US dollars) at or subsequent to the time at which the transaction is committed.

(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. The Group has policies in place for the control and monitoring of the concentration of credit risk.

The Group's credit risk is primarily attributable to trade and other receivables, cash and cash equivalents. Cash and cash equivalents are mainly deposits and the Group has implemented policies to ensure that cash is only deposited with internationally recognised financial institutions with good credit ratings.

Trade receivables are substantially due from companies with good collection track records with the Group. Where significant balances are past due or impaired, appropriate provisions are made against these exposures.

(c) Interest rate risk

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

The Group's borrowings are at variable rates. The Group has entered into interest rate swaps to swap floating interest rates to fixed interest rates for a certain portion of the Group's bank borrowings in order to limit the aggregate exposure over time to fluctuations in interest rates.

(d) 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 deposits at banks and has access to an unutilised portion of revolving credit facilities offered by financial institutions.

(e) 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 dividends paid, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings.

The Group monitors capital based on a leverage ratio (defined as total debt to total equity and debt). The Group pursues a policy aiming to achieve a target ratio of below 60%. If the 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.

Report on Corporate Governance

Underpinning the performance of BW LPG is a clear governance framework that guides corporate behaviour. The clarity and precision of the guidelines are a reflection of the Board's commitment to enforce consistency, transparency and accuracy.

BW LPG Limited ("BW LPG" or the "Company") is an exempted company limited by shares, incorporated under the laws of Bermuda and listed on Oslo Børs (the Oslo Stock Exchange).

BW LPG is subject to the Bermuda Companies Act and sets out key aspects of Corporate Governance in the Company's Memorandum of Association and Bye-laws. In addition, the Company is required to comply with certain aspects of the Norwegian Securities Trading Act, the Norwegian Accounting Act and the continuing obligations for companies listed on the Oslo Stock Exchange.

This Report describes the Company's Corporate Governance practices with specific reference to the Code (as defined below). Explanations have been provided where there are deviations from the Code.

1. Implementation and Reporting on Corporate Governance

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

The Board recognises that the manner in which the Company is governed is critical to the successful development of the Company over time. The Board therefore commits the Company to good Corporate Governance, and has endorsed and adopted on a "comply or explain" basis the Norwegian Code of Practice for Corporate Governance (English version of the original document "Norsk anbefaling - Eierstyring og selskapsledelse") issued by the Norwegian Corporate Governance Board (the "Code"). The Code is available at www.nues.no.

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

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

2. Business

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

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

3. Equity and Dividends

The Board regularly evaluates the Company's capital requirements to ensure that the Company has equity appropriate to its goals, strategy and risk profile.

Report on Corporate Governance

(CONTINUED)

The Board's authority to alter the issued share capital and to purchase its own shares means that the Board, within the scope of the Bermuda Companies Act, is free to decide how the alteration of share capital and purchase or sale of its own shares shall take place. Pursuant to Bermuda law and in accordance with common practice for Bermuda incorporated companies, the powers of the Board to issue and purchase shares are neither limited to specific purposes nor to a specified period as recommended in the Code. This represents a deviation from section 3 of the Code.

The 2015 Annual General Meeting of the Company has approved that the Board may grant authorisations for the Company to purchase its own shares. Such authorisations are valid for the period until the next Annual General Meeting.

The Board has decided on a dividend policy for BW LPG to provide a degree of predictability and transparency on the determination of dividend payouts to shareholders. The policy highlights that when determining the semi-annual dividend level, the Board will target a payout ratio of 50% of net profits after tax, and will take into consideration appropriate limits on leverage, capital expenditure plans, financing requirements, appropriate financial flexibility and anticipated cash flows. In addition to cash dividends, BW LPG may buy back shares as part of its total distribution of capital to shareholders. The policy details were made public via the Oslo Stock Exchange's information system on 22 May 2014 and have been published at the Company's website www.bwlpq.com. Dividend payouts which were approved at the Annual General Meeting of the Company have been made in accordance with the dividend policy.

4. Equitable Treatment of Shareholders and Transactions with Close Associates

The Company has one class of shares, and each share has one vote at the General Meeting.

The Board's authority to alter the issued share capital and to purchase its own shares means that the Board, within the scope of the Bermuda Companies Act, is free to decide how the alteration of share capital and purchase or sale of its own shares shall take place. The Board will monitor the process of alteration of share capital and purchase or sale of its own shares to ensure that the shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

Pursuant to Bermuda law and common practice for Bermuda incorporated companies, the shareholders of the Company do not have pre-emption rights in share issues unless otherwise resolved by the Company. Any decision to issue shares without pre-emption rights for existing shareholders shall be justified. Where the Board resolves to carry out a share issue without pre-emption rights for existing shareholders, then the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the share issue.

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

In cases of material transactions between the Company and a shareholder, Director, Officer or Executive Personnel of the Company or persons closely related to any such parties, the Board will obtain a valuation from an independent third party.

Directors and Officers of the Company and Executive Personnel are required to notify the Board if they directly or indirectly have a significant interest in an agreement to be entered into by the Company.

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

Report on Corporate Governance

(CONTINUED)

5. Freely Negotiable Shares

In general, the shares in the Company are freely transferable. However, the Board may refuse to register the transfer of any share, and may direct the Registrar to decline (and the Registrar shall decline if so requested) to register the transfer of any share in the register of members, or if required, refuse to direct any Registrar appointed by the Company to transfer any interest in a share held through the VPS, where such transfer would, in the opinion of the Board, likely result in 50% or more of the aggregate issued and outstanding shares or votes being held or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively, such shares being effectively connected a Norwegian business activity, or the Company otherwise being deemed a "Controlled Foreign Company" pursuant to Norwegian tax legislation. This represents a deviation from section 5 of the Code, however, given liquidity in available markets the Company does not foresee that this provision will impact on the free transferability of its shares.

6. General Meetings

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

BW LPG encourages all of its shareholders to participate in and to vote at General Meetings, as these are the forums where shareholders have the opportunity to exercise the highest level of authority in the Company. In order to facilitate shareholder participation:

- The notice and the supporting documents and information on the resolutions to be considered at the General Meeting shall be available on the Company's website no later than 21 calendar days prior to the date of the General Meeting;
- The resolutions and supporting documentation, if any, shall be sufficiently detailed and comprehensive to allow shareholders to understand and form a view on matters that are to be considered at the General Meeting;
- The registration deadline, if any, for shareholders to participate at the General Meeting shall be set as closely to the date of the General Meeting as practically possible and permissible under the provision in the Bye-laws;
- The Board and the person who chairs the General Meeting shall ensure that the shareholders have the opportunity to vote separately on each candidate nominated for election to the Company's Board and Committees (if applicable); and
- The members of the Board, the Nomination Committee and the external auditor shall attend the General Meeting.

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

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

Pursuant to common practice for Bermuda incorporated companies, the Bye-laws of the Company stipulate that the Chairman of the Board shall chair the General Meetings in which he is present unless otherwise resolved by the General Meeting. In this respect, the Company deviates from section 6 of the Code. However, there shall be routines to ensure that an independent person is available to chair the General Meeting or a particular agenda in regards to any individual matters related to the Chairman.

The Annual Report will be published on the Company's website and a printed version can be made available upon request.

Report on Corporate Governance

(CONTINUED)

7. Nomination Committee

The Company has a Nomination Committee with an elected Chairman and guidelines as approved at the Annual General Meeting.

The Nomination Committee has the responsibility of proposing candidates for election to the Board and proposing remuneration to be paid to members of the Board, and for proposing candidates for election to the Nomination Committee and proposing the remuneration to be paid to members of the Nomination Committee.

The members of the Nomination Committee have been selected to take into account the interests of shareholders in general. The Nomination Committee is available for contact with shareholders and maintains regular contact with the Board and the Company's Executive Personnel. As part of its work in proposing candidates for election to the Board, the Nomination Committee shall strive to consult with relevant shareholders concerning proposals for appointment of candidates.

Two of the three members of the Company's Nomination Committee are not members of the Board. Pursuant to the Nomination Committee guidelines, a member of the Board who is also a member of the Nomination Committee may offer himself for re-election to the Board. This represents a deviation from the recommendations in section 7 of the Code and has been implemented to allow for continuity in the Board and the Nomination Committee.

In accordance with the recommendations of the Code, the Nomination Committee does not include the Company's Chief Executive Officer or any other executive personnel of the Company. However Andreas Sohlen-Pao is Chairman of the Board and the Nomination Committee. This does not comply with the Guidelines. The company believes that this arrangement works well in practice as both the Board and Nomination Committee comprise a majority of independent members who vote independently; because shareholders have full access to the nomination committee which is listed on the company website; and because given the shareholder structure, it is believed that there are benefits in having a common representative across both groups who can give insight to the nomination committee on board dynamics.

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

8. Corporate Assembly and Board of Directors: The Composition and Independence of the Board

Pursuant to the Code, the composition of the Board shall ensure that it can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity, diversity and independence. A majority of the shareholder-elected members of the Board should be independent of the Company's executive personnel and material business connections of the Company. In addition, at least two of the members of the Board should be independent of the Company's major shareholder(s). A major shareholder means a shareholder that owns ten percent (10%) or more of the Company's common shares or votes.

Members of the Board shall serve for a term of two years, after which they would be re-evaluated before being considered for re-election.

The composition of the Board satisfies the above recommendations. The Board consists of seven members, possessing the required expertise, capacity and diversity. All members of the Board are independent of the executive management of the Company and exercise proper supervision of the management of the Company and its operations. With the exception of Mr. Andreas Sohlen-Pao, Mr. Carsten Mortensen and Mr. John B Harrison who are not independent of the Company's largest shareholder, BW Group Limited, all members of the Board are independent of the Company's major shareholders, the management and material business connections of the Company. The composition of the Board is in compliance with section 8 of the Code.

An up-to-date composition of BW LPG Board is available on the Company's website. Information has been included on the website and in the Annual Report to illustrate the expertise of the members of the Board.

The Company has resolved not to include information on the record of the Board members' attendance at Board meetings in the annual report as this is not required under Bermuda law. This represents a deviation from section 8 of the Code.

Report on Corporate Governance

(CONTINUED)

9. The Work of the Board

The Board is ultimately responsible for the management of the Company and for supervising its day-to-day management. The duties and tasks of the Board are detailed in the Company's Bye-laws.

In order to conduct its work, the Board as well as each of the Board Committees are guided by their respective guidelines which are reviewed annually for effectiveness. Annually, the Board and the Board Committees fix in advance a number of regular scheduled meetings of the Board and Board Committees for the following calendar year, although additional meetings may be called for by the respective Chairmen. The Directors and members of the Board Committees shall normally meet in person but if so allowed by the Chairmen, Directors and members of the Board Committees may participate in any meeting of the Board and the Board Committees by means of telephone.

The Board has approved mandates for and established an Audit Committee, currently consisting of Board members Mr. John B Harrison (Chairman of the Audit Committee) and Mr. Anders Onarheim, a Remuneration Committee, consisting of Board members Ms. Anne Grethe Dalane (Chair of the Remuneration Committee) and Dato' Jude P Benny in order to ensure enhanced attention to financial reporting and remuneration of executive personnel. Additionally, a Nomination Committee has been established, consisting of Board member Mr. Andreas Sohmen-Pao (Chairman of the Nomination Committee), and non-Board members Mr. Ronny Langeland and Ms. Mai-Lill Ibsen. See section 7 above for information on the Nomination Committee.

The Board has successfully carried out the annual evaluation exercise of its members in the areas of Board composition and roles both individually and as a Group, Board process, Board content and oversight. The various Board Committees were also reviewed for their effectiveness in executing their responsibilities.

The Company does not deviate from section 9 of the Code.

10. Risk Management and Internal Control

The Board ensures that the Company has sound internal controls in place and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities, to support the quality of its financial reporting and to ensure compliance with laws and regulations. Such procedures and systems shall contribute to securing shareholders' investment and the Company's assets.

Management and internal control is based on Company-wide policies and internal guidelines in areas such as Finance and Accounting, Health, Safety, Security, Environment & Quality (HSSEQ), Ship Operations and Project Management, in addition to implementation and the follow-up of a risk assessment process. The Company's management system is central to the Company's internal control and ensures that the Company's vision, policies, goals and procedures are known and adhered to. Further details can be found in the report on our people pages 20 and 21, the sustainability report pages 34 to 39 and in the risk management report on pages 40 and 41.

The Company has frequent and relevant management reporting of both operational and financial matters in place both to ensure adequate information for decision-making and to respond quickly to changing conditions.

The Board carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. Further details are reflected in pages 40 and 41 of the risk management report and 89 and 93 of the notes to the financial statements.

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

Report on Corporate Governance

(CONTINUED)

11. Remuneration of the Board of Directors

The Annual General Meeting of the Company decides the remuneration of the Board. The remuneration of the Board and its individual directors shall reflect its expertise, level of activity, responsibility, use of resources and the complexity of the business activities.

Members of the Board do not receive profit-related remuneration or share options.

Members of the Board and/or companies with whom Board members are associated shall not normally undertake special tasks for BW LPG in addition to the role as a member of the Board of the Company. However, if they do so, the entire Board shall be informed, and the fee shall be approved by the Board.

Remuneration of the Directors of BW LPG is stated in the Annual Report of the Company.

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

12. Remuneration of the Executive Personnel

The Board has established Guidelines for Executive Remuneration. These guidelines have been made available to shareholders on the Company's website and the statement of Executive Remuneration will be tabled at the Annual General Meeting. Any changes in these guidelines will be updated on the website and formally communicated at the Annual General Meeting.

Compensation and other remuneration of the Executive Personnel of the Company is reviewed annually and approved by the Board based on recommendations of the Remuneration Committee, which considers the performance of Executive Personnel and also gathers information from comparable companies before making its recommendation to the Board. Such recommendation aims to ensure convergence of the financial interests of the Executive Personnel and the shareholders.

Executive Personnel comprised the CEO, CFO, CCO and SVP, Technical and Operations. The remuneration structure for Executive Personnel comprises primarily salaries; bonus; payments to defined contribution plans; insurance cover; company-provided phones; and other benefits which are minor in nature. These disclosures are viewed to be sufficiently transparent to meet shareholders' information needs.

Executive Personnel's remuneration amounted to US\$ 1.6 million in 2015:

	Salary US\$'000	Payments to defined contribution plan US\$'000	* Bonus US\$'000	Other benefits US\$'000	Total remuneration for 2015 US\$'000
Executive Personnel's remuneration	1,166	42	306	134	1,648

* Variable bonus for 2015's performance will be paid in 2016. The long term incentive scheme for Executive Personnel will be paid in 2016, 2017 and 2018.

In 2015, payments of US\$ 306,000 were made to the Executive Personnel for variable bonus relating to 2014's performance.

There is no obligation to present the Guidelines on Remuneration of Executive Personnel to the shareholders of a Bermuda incorporated company. The Company did not provide the remuneration of individual Executive Personnel as such disclosure may be prejudicial to its business interests given the highly competitive business environment the Company operates in. This represents a deviation from section 12 of the Code.

Report on Corporate Governance

(CONTINUED)

13. Information and Communication

The Company is committed to providing information in a manner that contributes to establishing and maintaining confidence with important interest groups such as the Oslo Stock Exchange and financial markets in general as well as with stakeholders. The information shall be based upon transparency, openness and equal treatment of all shareholders. A precondition for the share value to reflect the underlying values in the Company is that all relevant information is disclosed to the market. Based on this, the Company will endeavour to keep the shareholders informed about profit developments, prospects and other relevant factors for their analysis of the Company's position and value. It is emphasised that the information is uniform and simultaneous.

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

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

Information issued to the Company's shareholders will be published on the Company's website at the same time as it is sent to the shareholders.

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

14. Take-overs

The Company has established key principles for how to act in the event of a take-over offer. In the event of a take-over process, the Board shall ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board will abide by the principles of the Code and also ensure that the following takes place:

- The Board will ensure that the offer is made to all shareholders, and on the same terms;
- The Board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
- The Board shall strive to be completely open about the take-over situation;
- The Board shall not institute measures which have the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- The Board must be aware of the particular duty the Board carries for ensuring that the values and interests of the shareholders are safeguarded.

The Board shall not attempt to prevent or impede the take-over bid unless this has been decided by the shareholders in a General Meeting in accordance with applicable laws. The main underlying principles shall be that the Company's common shares shall be kept freely transferable and that the Company shall not establish any mechanisms that can prevent or deter take-over offers unless this has been decided by the shareholders in a General Meeting in accordance with applicable law.

Report on Corporate Governance

(CONTINUED)

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

The Board shall consider whether to arrange a valuation from an independent expert. If any member of the Board, or close associates of such member, or anyone who has recently held a position but has ceased to hold such a position as a member of the Board, is either the bidder or has a particular personal interest in the bid, the Board shall arrange an independent valuation. This shall also apply if the bidder is a major shareholder (as defined in point 8 above). Any such valuation should either be enclosed with the Board's statement, or reproduced or referred to in the statement.

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

15. Auditor

The auditor is appointed by the Annual General Meeting of the Company and is responsible for the audit of the consolidated financial statements of the Company.

The auditor participates in the Audit Committee's review and discussion of the annual accounts and quarterly interim accounts.

The auditor shall annually submit the main features of the plan for the audit of the Company to the Board or the Audit Committee.

The auditor shall participate in meetings of the Board that deal with the annual accounts, accounting principles, assess any important accounting estimates and matters of importance on which there has been disagreement between the auditor and the executive management of the Company and/or the Audit Committee.

The auditor shall at least once a year present to the Board or the Audit Committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement.

The Board shall hold a meeting with the auditor at least once a year at which no representative of the executive management is present.

The Board shall determine the right of the executive management to use the auditor for purposes other than auditing.

The auditor shall annually confirm his independence in writing to the Audit Committee.

The Board shall give an account to the shareholders at the Annual General Meeting of the Company of the remuneration paid to the auditor, including details of the fee paid for audit work and any fees paid for other specific assignments.

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

Adding Value Through Results

Our financial results add value to our shareholders. We vigilantly balance short term profits against long term returns to bring about sustainable progress.

**Earnings
Per Share**
USD 2.44

**Total
Assets**
USD 2.1 Billion



NPAT
USD 326 Million





BW LPG

FINANCIAL REPORTS

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RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2015 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 review 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.

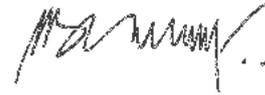
25 February 2016



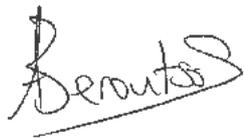
Andreas Sohmen-Pao
Chairman



John B Harrison
Vice Chairman



Dato' Jude P Benny
Director



Andreas Beroutsos
Director



Anne Grethe Dalane
Director



Anders Onarheim
Director



Carsten Mortensen
Director

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED

Report on the financial statements

We have audited the accompanying financial statements of BW LPG Limited which comprise the financial statements of the Group and Company. The financial statements of the Group comprise the consolidated balance sheet as at 31 December 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the Company comprise the balance sheet as at 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

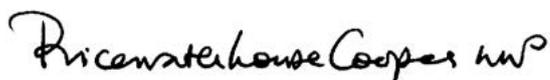
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements of the Group and Company present fairly, in all material respects, the financial position of the Group and Company as at 31 December 2015, and its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the International Financial Reporting Standards.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 25 February 2016
Partner in Charge: Kok Moi Lre

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 US\$'000	2014 US\$'000
Revenue	3	773,335	747,362
Voyage expenses	4	(146,843)	(208,192)
TCE income[^]		626,492	539,170
Other operating income	3	2,016	1,867
Charter hire expenses	4	(79,609)	(98,099)
Other operating expenses	4	(118,639)	(102,893)
Operating profit before depreciation, amortisation and impairment (EBITDA)		430,260	340,045
Amortisation charge	8	(4,910)	(4,910)
Depreciation charge	9	(79,806)	(66,127)
Operating profit (EBIT)		345,544	269,008
Foreign currency exchange loss - net		(192)	(205)
Interest income		143	135
Interest expense		(16,844)	(10,383)
Other finance expense		(1,764)	(2,189)
Finance expense - net		(18,657)	(12,642)
Profit before tax for the financial year		326,887	256,366
Income tax expense	7	(749)	(697)
Profit after tax for the financial year (NPAT)		326,138	255,669

[^] "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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

	Note	2015 US\$'000	2014 US\$'000
Other comprehensive income:			
Items that may be subsequently reclassified to income statement			
Available-for-sale financial assets			
- fair value losses	10	(2,625)	-
Cash flow hedge	13		
- fair value losses		(4,923)	(1,806)
- reclassification to profit and loss		2,448	-
Other comprehensive loss, net of tax		(5,100)	(1,806)
Total comprehensive income for the financial year		321,038	253,863
Profit attributable to:			
Equity holders of the Company		323,967	254,570
Non-controlling interests		2,171	1,099
		326,138	255,669
Total comprehensive income attributable to:			
Equity holders of the Company		318,867	252,764
Non-controlling interests		2,171	1,099
		321,038	253,863
Earnings per share attributable to the equity holders of the Company			
(expressed in US\$ per share)			
Basic and diluted earnings per share	6	2.44	1.87

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

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2015

	Note	2015 US\$'000	2014 US\$'000
Charter hire contracts acquired	8	12,471	17,381
Intangible assets		12,471	17,381
Derivative financial instruments	13	601	681
Available-for-sale financial assets	10	31,580	-
Vessels	9	1,662,116	1,282,424
Vessels under construction	9	161,762	153,838
Dry docking	9	39,683	36,173
Furniture and fixtures	9	373	497
Total property, plant and equipment		1,863,934	1,472,932
Total non-current assets		1,908,586	1,490,994
Inventories	11	9,072	15,629
Trade and other receivables	12	98,319	87,177
Derivative financial instruments	13	-	19
Cash and cash equivalents	14	93,784	70,245
Total current assets		201,175	173,070
Total assets		2,109,761	1,664,064
Share capital	15	1,363	1,363
Share premium	15	269,103	269,103
Treasury shares	15	(457)	(22,445)
Contributed surplus	15	685,913	685,913
Other reserves	15	(43,130)	(43,286)
Retained earnings		248,238	180,747
Non-controlling interests		9,689	9,559
Total shareholder's equity		1,170,719	1,080,954

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

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2015

(CONTINUED)

	Note	2015 US\$'000	2014 US\$'000
Borrowings	16	766,937	469,855
Deferred income		248	745
Derivative financial instruments	13	1,207	797
Total non-current liabilities		768,392	471,397
Borrowings	16	120,060	59,579
Deferred income		496	496
Derivative financial instruments	13	5,900	1,709
Current income tax liabilities	7	822	675
Trade and other payables	17	43,372	49,254
Total current liabilities		170,650	111,713
Total liabilities		939,042	583,110
Total equity and liabilities		2,109,761	1,664,064

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 2015

Note	Attributable to equity holders of the Company							Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Contributed surplus US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000		
Balance at 1 January 2015	1,363	269,103	(22,445)	685,913	(43,286)	180,747	1,071,395	9,559	1,080,954
Profit for the financial year	-	-	-	-	-	323,967	323,967	2,171	326,138
Other comprehensive loss for the financial year	-	-	-	-	(5,100)	-	(5,100)	-	(5,100)
Total comprehensive (loss)/income for the financial year	-	-	-	-	(5,100)	323,967	318,867	2,171	321,038
Share-based payment reserve - value of employee services	-	-	-	-	35	-	35	-	35
Sale of treasury shares	15(e)	-	21,988	-	5,221	-	27,209	-	27,209
Distributions to non-controlling interests	23	-	-	-	-	-	-	(2,041)	(2,041)
Dividend paid	24	-	-	-	-	(256,476)	(256,476)	-	(256,476)
Total transactions with owners, recognised directly in equity		-	21,988	-	5,256	(256,476)	(229,232)	(2,041)	(231,273)
Balance at 31 December 2015	1,363	269,103	(457)	685,913	(43,130)	248,238	1,161,030	9,689	1,170,719

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 2015

(CONTINUED)

	Note	Attributable to equity holders of the Company							Non-controlling interests US\$'000	Total equity US\$'000
		Share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Contributed surplus US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000		
Balance at 1 January 2014		1,363	268,987	-	685,913	(41,467)	50,203	964,999	9,730	974,729
Profit for the financial year		-	-	-	-	-	254,570	254,570	1,099	255,669
Other comprehensive loss for the financial year		-	-	-	-	(1,806)	-	(1,806)	-	(1,806)
Total comprehensive (loss)/income for the financial year		-	-	-	-	(1,806)	254,570	252,764	1,099	253,863
Share-based payment reserve - value of employee services		-	-	-	-	103	-	103	-	103
Issue of new shares	15(a)	-	116	-	-	(116)	-	-	-	-
Purchase of treasury shares	15(e)	-	-	(22,445)	-	-	-	(22,445)	-	(22,445)
Distributions to non-controlling interests	23	-	-	-	-	-	-	-	(1,270)	(1,270)
Dividend paid	24	-	-	-	-	-	(124,026)	(124,026)	-	(124,026)
Total transactions with owners, recognised directly in equity		-	116	(22,445)	-	(13)	(124,026)	(146,368)	(1,270)	(147,638)
Balance at 31 December 2014		1,363	269,103	(22,445)	685,913	(43,286)	180,747	1,071,395	9,559	1,080,954

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 US\$'000	2014 US\$'000
Cash flows from operating activities		
Profit before tax for the financial year	326,887	256,366
Adjustments for:		
- amortisation charge	4,910	4,910
- amortisation of deferred income	(496)	(496)
- depreciation charge	79,806	66,127
- derivative loss	2,225	184
- interest income	(143)	(135)
- interest expense	16,844	10,383
- other finance expense	1,666	1,151
- share-based payments	35	103
Operating cash flow before working capital changes	431,734	338,593
Changes in working capital:		
- inventories	6,557	5,090
- trade and other receivables	(11,143)	34,852
- trade and other payables	(6,023)	2,918
Cash generated from operations	421,125	381,453
Taxes paid	(602)	(22)
Net cash provided by operating activities	420,523	381,431
Cash flows from investing activities		
Purchases of property, plant and equipment	(467,322)	(181,039)
Investment in available-for-sale financial assets	(34,205)	-
Interest paid (capitalised interest expense)	(3,152)	(2,529)
Interest received	143	135
Net cash used in investing activities	(504,536)	(183,433)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

	2015 US\$'000	2014 US\$'000
Cash flows from financing activities		
Proceeds from borrowings	650,687	140,000
Payment of financing fees	(4,331)	-
Repayments of bank borrowings	(282,383)	(165,000)
Repayment of finance lease	(9,556)	(55,196)
Interest paid	(14,032)	(9,550)
Dividend paid	(256,476)	(124,026)
Other finance expense paid	(1,525)	(1,173)
Sale/(Purchase) of treasury shares	27,209	(22,445)
Distributions to non-controlling interests	(2,041)	(1,270)
Net cash provided by/(used in) financing activities	107,552	(238,660)
Net increase/(decrease) in cash and cash equivalents	23,539	(40,662)
Cash and cash equivalents at beginning of the financial year	70,245	110,907
Cash and cash equivalents at end of the financial year	93,784	70,245

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are shipowning and chartering (note 26).

These financial statements were authorised for issue by the Board of Directors of BW LPG Limited on 25 February 2016.

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 following relevant new standards and amendments to published standards as at 1 January 2015:

Amendments to IFRS 8 Operating segments

Amendment to IFRS 8, 'Operating segments', on the requirement to disclose judgements made by Management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. This amendment does not have a significant impact on these financial statements as there is no aggregation of operating segments. Reconciliation of segment assets to total assets are included in note 22.

Amendments to IFRS 13 Fair value measurement

Amendment to IFRS 13, 'Fair value measurement', on the measurement of the fair value of a group of financial assets and financial liabilities on a net basis. This amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39. This amendment does not have a significant impact on these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

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 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 on the consolidated financial statements.

(1) Useful life and residual value of assets

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

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

(2) Impairment

The Group assesses at the balance sheet dates whether there is any objective evidence or indication that the values of the intangible assets, and property, plant and equipment may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset, and write down the asset to the recoverable amount. The assessment of the recoverable amount of vessels is based on broker values received from third parties or contracted cash flows discounted by an estimated discount rate.

An impairment loss is written back if the recoverable amount is higher than the carrying amount but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

(3) *Revenue recognition*

All freight revenues and voyage expenses are recognised on a percentage of completion basis. Discharge-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 departure of a vessel from its original discharge port to departure from the next discharge port.

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(n)).

Realisable demurrage income is recognised upon completion of a voyage, 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 discharge-to-discharge method. Under this method, voyage revenue is recognised rateably over the period from the departure of a vessel from its original discharge port to departure from the next discharge port.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(b) Revenue and income recognition (continued)

(1) Rendering of services (continued)

The Group's vessels operate in chartering pools. The Group accounts for its share of pool revenues, expenses, assets and liabilities in gross in the consolidated financial statements.

Pool revenues, expenses, assets and liabilities are allocated to the pool participants according to agreed upon formulae. The formulae used to allocate pool revenues to pool participants is on the basis of the number of days a vessel is available for operation in the pool with weighting adjustments made to reflect vessels' differing capacities and performance capabilities. The same principles are applied in determining the pool's expenses, assets and liabilities.

(2) Interest income

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

(c) Group accounting

(1) Subsidiaries

(i) Consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(c) Group accounting (continued)

(1) *Subsidiaries* (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(c) Group accounting (continued)

(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.

(d) Intangible assets

Intangible assets acquired separately are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets that are subject to amortisation over their estimated remaining useful lives ranging from 28 to 33 months (2014: 40 to 45 months), are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(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) Additions in amounts less than US\$10,000 are expensed and taken to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(2) *Depreciation*

- (i) Depreciation is calculated using a straight-line method to allocate the depreciable amounts of property, plant and equipment, after taking into account the residual values over their estimated useful lives. 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 accounted for on a prospective basis. The estimated useful lives are as follows:

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

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

(3) *Subsequent expenditure*

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

(4) *Disposal*

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

(f) Impairment of non-financial assets

Intangibles with finite lives, and property, plant and equipment 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(f) Impairment of non-financial assets (continued)

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.

(g) Derivative financial instruments and hedging activities

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

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

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

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

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

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(h) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as loans and receivables and derivative financial instruments (for hedging). They are presented as non-current assets unless the equity security matures or management intends to dispose of the assets within 12 months after the balance sheet date.

Available-for-sale financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the assets. They are initially recognised at cost plus transaction costs and subsequently carried at fair value.

The Group assesses at each balance sheet date whether there is objective evidence that the available-for-sale financial assets are impaired and recognises an allowance for impairment when such evidence exists. Apart from objective evidence, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(i) Loans and receivables

The Group's financial assets, loans and receivables, are presented as "trade and other receivables" (note 12) and "cash and cash equivalents" (note 14) on the balance sheet.

Cash and cash equivalents and trade and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

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

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

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.

(j) Borrowings

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(k) Borrowing costs

Borrowing costs are recognised in the consolidated profit or loss 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 take 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.

(l) 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.

(m) Fair value estimation of financial assets and liabilities

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) Leases

(1) *When the Group is the lessor:*

Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(n) Leases (continued)

(2) *When the Group is the lessee:*

Operating leases

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

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

Finance leases

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

(o) Inventories

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

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(q) 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”.

(r) 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 shares 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 granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares that are expected to be issued on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares that are expected to be issued 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.

On the vesting date, the Company issued new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(s) 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.

(t) 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.

Any gain/loss on sale of treasury shares is recognised directly within equity and presented in capital reserve.

(u) Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

3. Revenue and other operating income

	2015	2014
	US\$'000	US\$'000
Revenue from:		
- voyage charter	604,921	611,436
- time charter	168,414	135,926
	773,335	747,362
Other operating income:		
- sundry income	1,520	1,371
- amortisation of deferred income	496	496
	2,016	1,867

4. Expenses by nature

	2015	2014
	US\$'000	US\$'000
Fuel oil consumed	112,734	173,059
Port charges	13,644	20,742
Other voyage expenses	20,465	14,391
Voyage expenses	146,843	208,192
Charter hire expenses	79,609	98,099
Manning costs	51,124	42,968
Maintenance and repair expenses	38,366	33,970
Insurance expenses	4,863	3,830
Other vessel operating expenses	11,271	9,659
Vessel operating expenses	105,624	90,427
Employee compensation (note 5)	5,419	4,013
Directors' fees	428	346
Audit fees	320	248
Non-audit services fees	31	28
Other operating expenses	6,817	7,831
Non-vessel related operating expenses	13,015	12,466
Total voyage, charter hire and other operating expenses	345,091	409,184

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

5. Employee compensation

	2015	2014
	US\$'000	US\$'000
Wages and salaries	5,083	3,697
Share-based payments – equity settled	35	103
Post-employment benefits – contributions to defined contribution plans	301	213
	5,419	4,013

6. Earnings per share

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

	2015	2014
Net profit attributable to equity holders of the Company (US\$'000)	323,967	254,570
Weighted average number of common shares outstanding ('000)	133,071	136,064
Basic and diluted earnings per share (US\$ per share)	2.44	1.87

The Group's potential common shares consist of 11,118 (2014: 15,072) common shares granted to certain employees and are subject to a vesting period of over two years (2014: vested on 21 November 2014). These potential common shares do not have a material impact on the computation of diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

7. Income tax expense

(a) Income tax expenses

	2015	2014
	US\$'000	US\$'000
Tax expense attributable to profit is made up of:		
- profit for the financial year:		
- current income tax	792	675
- (over)/underprovision in prior financial year	(43)	22
	749	697

(b) Movement in current income tax liabilities

	2015	2014
	US\$'000	US\$'000
At beginning of financial year	675	-
Income tax expense	749	697
Income tax paid	(602)	(22)
At end of financial year	822	675

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

	2015	2014
	US\$'000	US\$'000
Profit before income tax	326,887	256,366
Tax calculated at a tax rate of 0% (2014: 0%)	-	-
Effects of:		
- different tax rates in other countries	792	675
- (over)/underprovision in prior financial year	(43)	22
Income tax expense	749	697

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

8. Intangible assets

	2015	2014
	US\$'000	US\$'000
<i>Charter hire contracts acquired</i>		
At beginning of the financial year	17,381	22,291
Amortisation charge	(4,910)	(4,910)
At end of the financial year	12,471	17,381

9. Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

9. Property, plant and equipment (continued)

	<u>Vessels</u> US\$'000	<u>Dry docking</u> US\$'000	<u>Vessels under construction</u> US\$'000	<u>Furniture & fixtures</u> US\$'000	<u>Total</u> US\$'000
<i>Cost</i>					
At 1 January 2014	1,449,082	41,260	65,241	316	1,555,899
Additions	1,907	17,622	163,943	304	183,776
Transfer in/(out)	72,581	2,765	(75,346)	-	-
Write-off on completion of dry docking costs	-	(8,424)	-	-	(8,424)
At 31 December 2014	<u>1,523,570</u>	<u>53,223</u>	<u>153,838</u>	<u>620</u>	<u>1,731,251</u>
<i>Accumulated depreciation and impairment charge</i>					
At 1 January 2014	187,792	12,824	-	-	200,616
Depreciation charge	53,354	12,650	-	123	66,127
Write-off on completion of dry docking costs	-	(8,424)	-	-	(8,424)
At 31 December 2014	<u>241,146</u>	<u>17,050</u>	<u>-</u>	<u>123</u>	<u>258,319</u>
<i>Net book value</i>					
At 31 December 2014	<u>1,282,424</u>	<u>36,173</u>	<u>153,838</u>	<u>497</u>	<u>1,472,932</u>

- (a) Vessels with an aggregate carrying amount of US\$1,261.7 million at 31 December 2015 (2014: US\$1,085.9 million) are secured on borrowings amounting to US\$837.3 million (2014: US\$529.4 million) (note 16).
- (b) For the year ended 31 December 2015, interest amounting to US\$3.5 million (2014: US\$2.7 million) has been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.1% (2014: 2.1%) per annum.
- (c) One vessel held under finance lease was fully repaid in 2015. As at 31 December 2014, the net book value of the vessel held under finance lease amounted to US\$27.2 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

10. Available-for-sale financial assets

	2015	2014
	US\$'000	US\$'000
<i>Quoted equity shares</i>		
At cost	34,205	-
Fair value losses	(2,625)	-
At fair value	31,580	-

11. Inventories

	2015	2014
	US\$'000	US\$'000
Fuel oil, at cost	9,072	15,629

12. Trade and other receivables

	2015	2014
	US\$'000	US\$'000
Trade receivables – non-related parties	81,838	72,277
Other receivables – non-related parties	3,310	3,282
Other receivables – related parties [^]	4,083	-
	89,231	75,559
Prepayments	9,088	11,618
	98,319	87,177

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

13. Derivative financial instruments

	31 December 2015		31 December 2014	
	Assets US\$'000	Liabilities US\$'000	Assets US\$'000	Liabilities US\$'000
Interest rate swaps	601	(4,882)	700	(2,506)
Bunker swap	-	(2,225)	-	-
	601	(7,107)	700	(2,506)

As at 31 December 2015, the Group has interest rate swaps with total notional principal amounting to US\$501.7 million, of which US\$301.7 million will start in 2016.

Interest rate swaps are transacted to hedge interest rate risk on bank borrowings. After taking into account the effects of these contracts, for part of the bank borrowings, the Group effectively pays fixed interest rates ranging from 1.7% per annum to 2.2% per annum and receives a variable rate equal to either US\$ three-month LIBOR or US\$ six-month LIBOR. Hedge accounting is adopted for these contracts.

Bunker swaps are transacted to hedge bunker price risks. The Group did not adopt hedge accounting for these contracts. Fair value gains/losses of bunker swaps are presented within "voyage expenses" in the Consolidated Statement of Comprehensive Income.

14. 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\$.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

15. Share capital and other reserves

	Number of common shares	Share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Contributed surplus US\$'000	Other reserves			Share- based payment reserve US\$'000	Total US\$'000
						Capital reserve US\$'000	Fair value reserve US\$'000	Hedging reserve US\$'000		
At 1 January 2015	136,291,455	1,363	269,103	(22,445)	685,913	(41,480)	-	(1,806)	-	890,648
Value of employee services	-	-	-	-	-	-	-	-	35	35
Sale of treasury shares	-	-	-	21,988	-	5,221	-	-	-	27,209
Fair value loss on available-for-sale financial assets	-	-	-	-	-	-	(2,625)	-	-	(2,625)
Fair value loss on derivative financial instruments	-	-	-	-	-	-	-	(4,923)	-	(4,923)
Reclassification to profit or loss	-	-	-	-	-	-	-	2,448	-	2,448
At 31 December 2015	136,291,455	1,363	269,103	(457)	685,913	(36,259)	(2,625)	(4,281)	35	912,792

	Number of common shares	Share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Contributed surplus US\$'000	Other reserves			Share- based payment reserve US\$'000	Total US\$'000
						Capital reserve US\$'000	Fair value reserve US\$'000	Hedging reserve US\$'000		
At 1 January 2014	136,276,383	1,363	268,987	-	685,913	(41,480)	-	-	13	914,796
Shares issued ^(a) (i)	15,072	-	116	-	-	-	-	-	(116)	-
Value of employee services	-	-	-	-	-	-	-	-	103	103
Purchase of treasury shares	-	-	-	(22,445)	-	-	-	-	-	(22,445)
Fair value loss on derivative financial instruments	-	-	-	-	-	-	(1,806)	-	-	(1,806)
At 31 December 2014	136,291,455	1,363	269,103	(22,445)	685,913	(41,480)	(1,806)	(1,806)	-	890,648

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

15. Share capital and other reserves (continued)

(a) Issued and fully paid share capital

- (i) The Company operates an equity-settled, share-based compensation plan. Pursuant to the plan, 15,072 common shares were issued to certain employees upon the end of the vesting period on 21 November 2014. As such, the Company's number of issued common shares increased to 136,291,455 as at 31 December 2014. Upon the end of the vesting periods on 31 December 2016 and 31 December 2017, 5,561 and 5,557 common shares may be issued to certain employees, respectively.
- (ii) All issued common shares are fully paid with a par value of US\$0.01 (2014: US\$0.01) per share.
- (iii) Fully paid common shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(b) Share premium

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

Upon the issuance of 15,072 common shares to certain employees on vesting date on 21 November 2014, the accumulated value of services of these employees was transferred from share-based payment reserve account to share premium account.

(c) Capital reserve

As at 31 December 2015, 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 (note 15 (e)).

Capital reserve is non-distributable.

(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 2015, an expense of US\$35,000 (2014: US\$103,000) was recognised in the consolidated profit or loss with a corresponding increase recognised in the share-based payment reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

15. Share capital and other reserves (continued)

(e) Treasury shares

	No. of shares		Amount	
	2015 '000	2014 '000	2015 US\$'000	2014 US\$'000
Balance as at 1 January	3,400	-	22,445	-
Acquisition	-	3,400	-	22,445
Sale	(3,331)	-	(21,988)	-
Balance as at 31 December	69	3,400	457	22,445

In December 2014, under a share buy-back programme announced by the Company, a total of 3,400,000 shares were acquired at an average price of NOK47.7 (US\$6.60) per share. In December 2015, 3,330,706 shares were sold for a consideration of NOK237.8 million (US\$27.2 million). The gain on disposal of the treasury shares amounting to US\$5.2 million is recognised directly in "capital reserve" (note 15(c)).

16. Borrowings

	2015 US\$'000	2014 US\$'000
Non-current		
Bank borrowings	766,937	469,855
	766,937	469,855
Current		
Finance lease liabilities (note 18)	-	9,556
Interest payable	2,792	1,072
Bank borrowings	117,268	48,951
	120,060	59,579
Total borrowings	886,997	529,434
<u>Bank borrowings</u>		

On 4 November 2013, the Group entered into a seven-year US\$700 million Senior Secured Term Loan and Revolving Credit Facility ("US\$700 million Facility"), which comprised a term loan facility of US\$500.0 million and revolving credit facility of US\$200.0 million to repay a shareholder loan and to provide general corporate and working capital. The term loan is amortised quarterly with a bullet payment at the end of the facility.

On 17 February 2015, the Group signed a 12-year Facility Agreement for a debt facility of up to US\$400.0 million ("US\$400 million Facility") to provide post-delivery financing for VLGC newbuilds with Hyundai Heavy Industrial Co., Ltd ("HHI"). The facility is amortised quarterly with a bullet payment at the end of the facility.

On 2 October 2015, the Group signed a one-year Senior Unsecured Revolving Credit Facility of US\$100.0 million ("US\$100 million Facility") to provide general corporate and working capital.

Bank borrowings from the above three facilities as at 31 December 2015 amounted to US\$887.0 million (31 December 2014: US\$519.9 million), of which US\$837.3 million (2014: US\$519.9 million) are secured by mortgages over certain vessels of the Group (note 9). In addition, the Company has provided corporate guarantees to three groups of lenders for the facilities granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

16. Borrowings (continued)

Carrying amounts and fair values

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

17. Trade and other payables

	2015	2014
	US\$'000	US\$'000
Trade payables – non-related parties	14,473	30,117
Trade payables – related parties [^]	-	600
Other payables – non-related parties	183	42
Other payables – related parties [^]	18	354
Charter hire received in advance	12,770	7,940
Other accrued operating expenses	15,928	10,201
	43,372	49,254

[^] 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.

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

18. Finance lease liabilities

As at 31 December 2014, the Group has leased one vessel on finance lease from a non-related party with option to purchase the vessel at the end of the charter period.

	2015	2014
	US\$'000	US\$'000
Minimum lease payments due:		
- not later than one year	-	9,890
	-	9,890
Less: Future finance charges	-	(334)
Present value of finance lease liabilities	-	9,556

The present value of finance lease liabilities may be analysed as follows:

	2015	2014
	US\$'000	US\$'000
<u>Current</u>		
Not later than one year (note 16)	-	9,556

The finance lease liability relates to a vessel and it was fully repaid in May 2015 with the purchase option exercised (note 9(c)). The finance lease liability as at 31 December 2014 amounted to US\$9.6 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

19. 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

	2015	2014
	US\$'000	US\$'000
Support service fees charged by related parties [^]	4,466	5,744
Ship management fees charged by related parties [^]	8,549	7,264
Derivative loss reimbursed to a shareholder for a financial instrument entered on behalf of the Group	-	949
	<hr/>	<hr/>

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

(b) Key management's remuneration

	2015	2014
	US\$'000	US\$'000
Salaries and other short-term employee benefits	1,535	1,286
Post-employment benefits – contributions to defined contribution plans, share-based payment and termination benefits	78	144
Directors' fees	428	346
	<hr/> 2,041 <hr/>	<hr/> 1,776 <hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

20. Commitments

(a) Capital commitments

In 2013 and 2014, the Group entered into shipbuilding contracts with HHI for the construction of eight VLGC newbuilds. One vessel was delivered in 2014 and five vessels were delivered in 2015. The remaining two VLGC newbuilds will be delivered in the second quarter of 2016.

In April 2015, the Group took over existing shipbuilding contracts with Daewoo Shipbuilding and Marine Engineering Co., Ltd ("DSME") for the construction of four VLGC newbuilds. Three vessels are expected to be delivered in the fourth quarter of 2016 while one is expected to be delivered in the first quarter of 2017.

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

	2015 US\$'000	2014 US\$'000
Vessels under construction	267,921	368,824

Undrawn commitments from the US\$400 million Facility (note 16) with cash flows from operations will be utilised to fund the remaining final instalment for one VLGC newbuild with HHI.

The Group is currently considering the different options to finance the remaining instalments for one VLGC newbuild with HHI and four VLGC newbuilds with DSME.

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

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

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

	2015 US\$'000	2014 US\$'000
Not later than one year	109,815	130,556
Later than one year but not later than five years	146,578	120,583
	256,393	251,139

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

20. Commitments (continued)

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

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

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

	2015	2014
	US\$'000	US\$'000
Not later than one year	70,161	93,602
Later than one year and not later than five years	166,323	289,386
Later than five years	135,079	208,413
	371,563	591,401

21. 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 2015, fuel oil costs comprised 42% (2014: 56%) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

21. 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 16). If the US\$ interest rates increase/decrease by 50 basis points (2014: 50 basis points) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by approximately US\$2.7 million (2014: US\$2.6 million) as a result of higher/lower interest expense on these borrowings; the total comprehensive income will be higher/lower by approximately US\$9.7 million (2014: US\$3.9 million).

(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 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. Trade receivables are neither past due nor impaired and are substantially from companies with a good collection track record with the Group. There is no significant balance as at the balance sheet date that is past due or impaired as substantial portions of the trade and other receivables represent accrued revenue for voyage charters-in-progress at the balance sheet date and unbilled demurrage receivables. The maximum exposure is represented by the carrying value of each financial asset on the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

21. 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 <u>1 year</u> US\$'000	Between <u>1 and 2 years</u> US\$'000	Between <u>2 and 5 years</u> US\$'000	Over <u>5 years</u> US\$'000
At 31 December 2015				
Trade and other payables	43,372	-	-	-
Bank borrowings	134,191	92,222	375,437	372,850
	177,563	92,222	375,437	372,850
	Less than <u>1 year</u> US\$'000	Between <u>1 and 2 years</u> US\$'000	Between <u>2 and 5 years</u> US\$'000	Over <u>5 years</u> US\$'000
At 31 December 2014				
Trade and other payables	49,254	-	-	-
Finance lease liabilities	9,890	-	-	-
Bank borrowings	59,733	58,274	194,867	263,201
	118,877	58,274	194,867	263,201

(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 dividends paid, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings.

The Group monitors capital based on a leverage ratio (defined as total debt to total equity and debt). The Group pursues a policy aiming to achieve a target ratio of below 60%. If the 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 2015 is 43% (2014: 33%).

The Group is also in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

21. Financial risk management (continued)

(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2015 US\$'000	2014 US\$'000
Loans and receivables	183,015	145,804
Available-for-sale financial assets	31,580	-
Financial derivative instruments (liabilities) - net	6,506	1,806
Financial liabilities at amortised cost	917,599	570,748

(f) Fair value measurements

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

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

	Level 1 US\$'000	Level 2 US\$'000	Total US\$'000
2015			
Assets			
Available-for-sale financial assets	31,580	-	31,580
Derivative financial instruments	-	601	601
Total assets	31,580	601	32,181
Liabilities			
Derivative financial instruments	-	7,107	7,107
Total liabilities	-	7,107	7,107
2014			
Assets			
Derivative financial instruments	-	700	700
Total assets	-	700	700
Liabilities			
Derivative financial instruments	-	2,506	2,506
Total liabilities	-	2,506	2,506

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

21. Financial risk management (continued)

(f) Fair value measurements (continued)

The Group's available-for-sale financial assets fair value is based on quoted market prices at the balance sheet date (note 10). The quoted market price used for the available-for-sale financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The Group's financial derivative instruments are measured at fair value are within Level 2 of the fair value hierarchy (note 13). The fair value of financial derivative instruments that are not traded in an active market is determined by using valuation techniques. The fair values of interest rate swaps and bunker swaps are calculated at the present value of estimated future cash flows based on observable yield curves.

(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.

22. Segment information

The Group has two main operating segments:

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

22. Segment information (continued)

The reconciliation of the reports reviewed by Management based on EBITDA to the basis as disclosed in these consolidated financial statements is as follows:

	VLGC US\$'000	LGC US\$'000	Total US\$'000
2015			
Revenue	694,664	78,671	773,335
Voyage expenses	(138,598)	(8,245)	(146,843)
TCE income	556,066	70,426	626,492
EBITDA	390,801	52,203	443,004
Finance expense	(182)	(1)	(183)
Depreciation charge	(65,613)	(14,069)	(79,682)
Amortisation charge	(4,910)	-	(4,910)
	320,096	38,133	358,229
Unallocated items			(31,342)
Profit before tax for the financial year			326,887
Segment assets as at 31 December 2015	1,816,302	150,642	1,966,944
Segment assets includes:			
Additions to:			
- vessels	76,688	-	76,688
- vessels under construction	386,237	-	386,237
- dry docking	4,498	3,385	7,883
Segment liabilities as at 31 December 2015	898,617	3,615	902,232

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

22. Segment information (continued)

	VLGC US\$'000	LGC US\$'000	Total US\$'000
2014			
Revenue	678,498	68,864	747,362
Voyage expenses	(188,810)	(19,382)	(208,192)
TCE income	489,688	49,482	539,170
EBITDA	320,240	32,003	352,243
Finance expense	(839)	(9)	(848)
Depreciation charge	(52,816)	(13,188)	(66,004)
Amortisation charge	(4,910)	-	(4,910)
	261,675	18,806	280,481
Unallocated items			(24,115)
Profit before tax for the financial year			256,366
Segment assets as at 31 December 2014	1,414,689	162,007	1,576,696
Segment assets includes:			
Additions to:			
- vessels	1,907	-	1,907
- vessels under construction	163,943	-	163,943
- dry docking	13,636	3,986	17,622
Segment liabilities as at 31 December 2014	556,138	4,225	560,363

Reportable segments' assets

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

	2015 US\$'000	2014 US\$'000
Segment assets	1,966,944	1,576,696
Unallocated items:		
Cash and cash equivalents	93,784	70,245
Derivative financial instruments	601	700
Available-for-sale financial assets	31,580	-
Other receivables	16,479	15,926
Property, plant and equipment	373	497
Total assets	2,109,761	1,664,064

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

22. Segment information (continued)

Reportable segments' liabilities

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

	2015	2014
	US\$'000	US\$'000
Segment liabilities	902,232	560,363
Unallocated items:		
Derivative financial instruments	7,107	2,506
Other payables	28,881	19,566
Current income tax liabilities	822	675
Total liabilities	939,042	583,110

Geographical information

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

23. Distributions to non-controlling interests

	2015	2014
	US\$'000	US\$'000
Distributions to non-controlling interests in		
- KS Havgas Partners	1,350	855
- PR Bergesen d.y. Shipping DA	691	415
	2,041	1,270

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

24. Dividend paid

	2015	2014
	US\$'000	US\$'000
Final dividend in respect of FY 2014 of US\$1.15 (2014: In respect of FY 2013: US\$0.15) per share	152,818	20,440
Interim dividend in respect of H1 2015 of US\$0.78 (2014: In respect of H1 2014: US\$0.76) per share	103,658	103,586
	256,476	124,026

A final cash dividend of US\$0.68 per share for FY 2015 (FY 2014: US\$1.15 per share), amounting to US\$92.6 million (FY 2014: US\$152.8 million) will be recommended at the Company's forthcoming annual general meeting. Of the 136,291,455 shares in issue, 69,294 are treasury shares acquired through a share buy-back programme and are not entitled to dividends. These Consolidated Financial Statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

25. Subsequent events

- (a) On 27 January 2016, the Group had reached an agreement with the lenders of the existing US\$700 million Facility to increase the revolving credit facility by US\$100.0 million to US\$300.0 million at the existing terms without additional vessels being pledged as collateral.
- (b) A final cash dividend for FY 2015 will be recommended at the Company's forthcoming annual general meeting (note 24).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

26. Listing of companies in the Group

Name of companies	Principal activities	Country of incorporation	Equity holding 2015	Equity holding 2014
<i>(i) Subsidiary held by the Company</i>				
BW LPG Holding Limited	Investment holding	Bermuda	100%	100%
<i>(ii) Subsidiaries held by BW LPG Holding Limited</i>				
BW Gas LPG Limited	Shipowning	Bermuda	100%	100%
BW Gas LPG Chartering Limited	Chartering	Bermuda	100%	100%
BW Austria Limited	Shipowning	Bermuda	100%	100%
BW VLGC Limited (formerly known as BW Borg Limited)	Shipowning	Bermuda	100%	100%
BW Lord Limited	Shipowning	Bermuda	100%	100%
BW Prince Limited	Shipowning	Bermuda	100%	100%
BW Princess Limited	Shipowning	Bermuda	100%	100%
LPG Transport Service Ltd.	Shipowning	Bermuda	100%	100%
BW Liberty Limited	Shipowning	Bermuda	100%	100%
BW Loyalty Limited	Shipowning	Bermuda	100%	100%
KS Havgas Partners	Shipowning	Norway	78%	78%
PR Bergesen d.y. Shipping DA	Shipowning	Norway	86%	86%
AS Havgas Partners	Investment holding	Norway	100%	100%
BW Green Transport AS	Chartering	Norway	100%	100%
BW Green Carriers AS	Chartering	Norway	100%	100%
BW LPG Partners Pte Ltd	Shipowning	Singapore	100%	100%
BW LPG Partners AS	Investment holding	Norway	100%	100%
BW LPG AS	Management	Norway	100%	100%
BW LPG Pte Ltd	Management	Singapore	100%	100%
BW Cyan Limited	Shipowning	Bermuda	100%	100%
BW Summit Limited	Shipowning	Bermuda	100%	-
BW Constellation I Limited	Shipowning	Bermuda	100%	-
BW Constellation II Limited	Shipowning	Bermuda	100%	-
BW Constellation III Limited	Shipowning	Bermuda	100%	-
BW Constellation IV Limited	Shipowning	Bermuda	100%	-
BW Okpo Limited	Shipowning	Bermuda	100%	-
BW Seoul Limited	Shipowning	Bermuda	100%	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

27. New or revised accounting standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 'Financial instruments'

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group has yet to assess the full impact on the adoption of IFRS 9.

IFRS 15 'Revenue from contract with customers'

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

The Group has yet to assess the full impact on adoption of IFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

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

IFRS 16 'Leases'

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

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

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

The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted. The Group has yet to assess the full impact on the adoption of IFRS 16.

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



BW LPG

PARENT
COMPANY
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STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 US\$'000	2014 US\$'000
Dividend from a subsidiary		252,850	127,570
Other operating expenses	3	(3,679)	(2,850)
		249,171	124,720
Interest income		-	6
Other finance income		1,398	17
Finance income - net		1,398	23
Profit before tax for the financial year		250,569	124,743
Income tax	4	-	-
Profit after tax and total comprehensive income for the financial year		250,569	124,743

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

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Note	2015 US\$'000	2014 US\$'000
Interest in a subsidiary	5	956,499	962,111
Total non-current assets		956,499	962,111
Other receivables	6	247	404
Cash and cash equivalents	7	12	220
Total current assets		259	624
Total assets		956,758	962,735
Share capital	8	1,363	1,363
Share premium	8	269,103	269,103
Contributed surplus	8	685,913	685,913
Share-based payment reserve	8	35	-
Retained earnings		(129)	5,778
Total shareholder's equity		956,285	962,157
Trade and other payables	9	473	578
Total liabilities		473	578
Total equity and liabilities		956,758	962,735

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
Balance at 1 January 2015		1,363	269,103	685,913	-	5,778	962,157
Profit for the financial year		-	-	-	-	250,569	250,569
Total comprehensive income for the year		-	-	-	-	250,569	250,569
Share-based payment reserve - value of employee services		-	-	-	35	-	35
Dividend paid	12	-	-	-	-	(256,476)	(256,476)
Total transactions with owners, recognised directly in equity		-	-	-	35	(256,476)	(256,441)
Balance at 31 December 2015		1,363	269,103	685,913	35	(129)	956,285

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
(CONTINUED)

	Note	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
Balance at 1 January 2014		1,363	268,987	685,913	13	5,061	961,337
Profit for the financial year		-	-	-	-	124,743	124,743
Total comprehensive income for the year		-	-	-	-	124,743	124,743
Share-based payment reserve - value of employee services		-	-	-	103	-	103
Issue of new shares	8	-	116	-	(116)	-	-
Dividend paid	12	-	-	-	-	(124,026)	(124,026)
Total transactions with owners, recognised directly in equity		-	116	-	(13)	(124,026)	(123,923)
Balance at 31 December 2014		1,363	269,103	685,913	-	5,778	962,157

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 US\$'000	2014 US\$'000
Cash flows from operating activities		
Profit for the financial year	250,569	124,743
Adjustments for:		
- share-based payment	35	103
- interest income	-	(6)
- dividend income	(252,850)	(127,570)
Operating cash flow before working capital changes	(2,246)	(2,730)
Changes in working capital:		
- other receivables	157	18,091
- trade and other payables	(105)	(4,394)
Net cash (used in)/provided by operating activities	(2,194)	10,967
Cash flow from investing activities		
Dividend received	252,850	127,570
Interest received	-	6
Proceeds from/(Payment to) a subsidiary	5,612	(27,519)
Net cash provided by investing activities	258,462	100,057
Cash flows from financing activities		
Dividend paid	(256,476)	(124,026)
Net cash used in financing activities	(256,476)	(124,026)
Net decrease in cash and cash equivalents	(208)	(13,002)
Cash and cash equivalents at beginning of the financial year	220	13,222
Cash and cash equivalents at end of the financial year	12	220

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 Clarendon House, 2 Church Street, Hamilton HM 11, 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 25 February 2016.

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 following relevant new standards and amendments to published standards as at 1 January 2015:

Amendments to IFRS 13 Fair value measurement

Amendments to IFRS 13, 'Fair value measurement', on the measurement of the fair value of a group of financial assets and financial liabilities on a net basis. This amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39. This amendment does not have a significant impact on these financial statements.

Critical accounting estimates, assumptions and judgements

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

(b) Revenue and income recognition

(1) *Dividend income*

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

(2) *Interest income*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(c) Interest in a subsidiary

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

(d) Impairment of non-financial assets

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

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

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

(e) Loans and receivables

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

Cash and cash equivalents and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

2. Significant accounting policies (continued)

(f) Trade and other payables

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

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

(g) Fair value estimation of financial assets and liabilities

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

(h) Provisions for other liabilities and charges

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

(i) Foreign currency translation

(1) *Functional currency*

The financial statements of the Company are presented in US\$, which is the functional currency.

(2) *Transactions and balances*

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

(j) Cash and cash equivalents

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

(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) Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

3. Expenses by nature

	2015	2014
	US\$'000	US\$'000
Directors' fees	428	346
Share-based payments – equity settled	35	103
Support service fees charged by subsidiaries	2,533	1,213
Other expenses	683	1,188
Total other operating expenses	3,679	2,850

4. Income tax

No provision for tax has been made for the year ended 31 December 2015 and 2014 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. Interest in a subsidiary

	2015	2014
	US\$'000	US\$'000
<i>Equity investments at cost</i>		
At beginning of financial year	685,910	10
Additions	-	685,900
At end of financial year	685,910	685,910
Receivables from a subsidiary	270,589	276,201
	956,499	962,111

In 2014, the Company has waived the receipt of a receivable of US\$685.9 million from its subsidiary and injected the amount as contributed surplus to the subsidiary.

The receivables from a subsidiary are a long-term source of capital and financing to the subsidiary. Accordingly, they are deemed to represent an addition to the Company's net investment in the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

5. Interest in a subsidiary (continued)

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

<u>Name of company</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	Equity holding 2015	Equity holding 2014
BW LPG Holding Limited	Investment holding	Bermuda	100%	100%

6. Other receivables

	2015	2014
	US\$'000	US\$'000
Other receivables – related parties [^]	76	55
Other receivables – non-related parties	163	165
	239	220
Prepayments	8	184
	247	404

[^] 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\$.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

8. Share capital and other reserves

	Number of common shares	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserve US\$'000	Total US\$'000
At 1 January 2015	136,291,455	1,363	269,103	685,913	-	956,379
Value of employee services	-	-	-	-	35	35
At 31 December 2015	136,291,455	1,363	269,103	685,913	35	956,414

	Number of common shares	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserve US\$'000	Total US\$'000
At 1 January 2014	136,276,383	1,363	268,987	685,913	13	956,276
Shares issued ^{(a)(i)}	15,072	-	116	-	(116)	-
Value of employee services	-	-	-	-	103	103
At 31 December 2014	136,291,455	1,363	269,103	685,913	-	956,379

(a) Issued and fully paid share capital

- (i) The Company operates an equity-settled, share-based compensation plan. Pursuant to the plan, 15,072 common shares were issued to certain employees upon the end of the vesting period on 21 November 2014. As such, the Company's number of issued common shares increased to 136,291,455 as at 31 December 2014. Upon the end of the vesting periods on 31 December 2016 and 31 December 2017, 5,561 and 5,557 common shares may be issued to certain employees, respectively.
- (ii) All issued common shares are fully paid with a par value of US\$0.01 (2014: US\$0.01) per share.
- (iii) Fully paid common shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(b) Share premium

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

Upon issuance of 15,072 common shares to certain employees on 21 November 2014, the value of services of these employees was transferred from share-based payment reserve to share premium account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

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 the income statement of the Company with a corresponding increase in the share-based payment reserve over the vesting period. For the year ended 31 December 2015, an expense of US\$35,000 (2014: US\$103,000) was recognised in the income statement with a corresponding increase recognised in the share-based payment reserve.

9. Trade and other payables

	2015 US\$'000	2014 US\$'000
Trade payables – non-related parties	18	144
Other accrued operating expenses	455	434
	473	578

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

10. Related party transactions

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

(a) Services

	2015 US\$'000	2014 US\$'000
Support service fees charged by subsidiaries	2,533	1,213

(b) Key management's remuneration

	2015 US\$'000	2014 US\$'000
Share-based payments – equity settled	-	103
Directors' fees	428	346

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

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 its subsidiaries.

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. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Less than 1 year

US\$'000

At 31 December 2015

Trade and other payables

473

Less than 1 year

US\$'000

At 31 December 2014

Trade and other payables

578

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

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 dividends paid, return capital to shareholders, or collect dividends from the subsidiary.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2015 US\$'000	2014 US\$'000
Loans and receivables	251	440
Financial liabilities at amortised cost	473	578

12. Dividend paid

	2015 US\$'000	2014 US\$'000
Final dividend in respect of FY 2014 of US\$1.15 (2014: In respect of FY 2013: US\$0.15) per share	152,818	20,440
Interim dividend in respect of H1 2015 of US\$0.78 (2014: In respect of H1 2014: US\$0.76) per share	103,658	103,586
	256,476	124,026

A final cash dividend of US\$0.68 per share for FY 2015 (FY 2014: US\$1.15 per share), amounting to US\$92.6 million (FY 2014: US\$152.8 million) will be recommended at the Company's forthcoming annual general meeting. Of the 136,291,455 shares in issue, 69,294 are treasury shares acquired through a share buy-back programme and held by the Company's subsidiary are not entitled to dividends. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

13. Subsequent event

A final cash dividend for FY 2015 will be recommended at the Company's forthcoming annual general meeting (note 12).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(CONTINUED)

14. New or revised accounting standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2016, 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, except the following set out below:

IFRS 9 'Financial instruments'

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

The Company has yet to assess the full impact on the adoption of IFRS 9.

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.

BW LPG'S FLEET LIST

BW LPG is the world's largest Very Large Gas Carrier (VLGC) owner and operator based on number of VLGCs and by LPG carrying capacity. BW LPG owns and operates 39 gas carriers with a total carrying capacity of over 3.1 million cbm and a further 504,000 (six newbuildings) cbm of capacity on order in Korea. Delivery of our six VLGC newbuildings is expected between 2016 and 2017. With over 37 years of operating experience in LPG shipping and experienced seafarers and staff, BW LPG offers a flexible and reliable service to customers.

VLGC Fleet

Vessel name	Built	CBM	DWT	Flag	Class
Berge Nantong	2006	82,244	58,757	HKG	DNV
Berge Ningbo	2006	82,252	58,899	HKG	DNV
Berge Summit	1990	78,489	50,748	BHS	DNV
BW Aries	2014	84,196	54,561	IOM	DNV
BW Austria	2009	84,603	54,707	NIS	DNV
BW Birch	2007	82,303	58,124	IOM	DNV
BW Borg	2001	84,301	54,826	BHS	LRS
BW Boss	2001	84,301	54,800	BHS	LRS
BW Broker	2007	80,138	53,293	LBR	DNV
BW Carina	2015	84,154	54,561	IOM	DNV
BW Cedar	2007	82,260	58,063	IOM	DNV
BW Confidence	2006	83,270	54,490	IOM	LRS
BW Denise	2001	78,647	56,745	NIS	LRS
BW Empress	2005	78,908	49,999	IOM	NKK
BW Energy	2002	82,551	54,490	IOM	LRS
BW Gemini	2015	84,196	54,561	IOM	DNV
BW Kyoto	2010	83,299	54,920	SGP	NKK
BW Leo	2015	84,195	54,561	IOM	DNV
BW Liberty	2007	84,597	54,975	NIS	LRS
BW Libra	2015	84,196	54,561	IOM	DNV
BW Lord	2008	84,615	54,691	NIS	DNV
BW Loyalty	2008	84,601	55,057	NIS	LRS
BW Maple	2007	82,291	58,136	IOM	DNV
BW Oak	2008	82,253	58,159	IOM	DNV
BW Orion	2015	84,196	54,561	IOM	DNV
BW Pine	2011	80,156	53,028	IOM	LRS
BW Prince	2007	82,383	54,368	NIS	DNV
BW Princess	2008	82,383	54,368	NIS	DNV
BW Sakura	2010	78,500	49,999	IOM	DNV
BW Tokyo	2009	83,270	54,936	SGP	NKK
BW Trader	2006	78,631	53,151	SGP	LRS
BW Vision	2001	82,488	53,503	BHS	LRS
Yuricosmos	2010	78,908	49,999	PAN	NKK
Yuyo Spirits	2009	78,903	49,999	PAN	NKK

No of VLGCs
34**2,796,678****1,854,596**

BW LPG'S FLEET LIST

LGC Fleet

Vessel name	Built	CBM	DWT	Flag	Class
BW Havfrost	1991	57,180	44,995	NIS	DNV
BW Havis	1993	57,140	44,995	NIS	DNV
BW Helios	1992	57,160	44,995	NIS	DNV
BW Nantes	2003	59,399	44,773	BMU	DNV
BW Nice	2003	58,374	44,639	BMU	DNV
No of LGCs	5	289,253	224,397		

Newbuildings

Vessel name	Year of Delivery	CBM	DWT	Flag	Class
Hull No. 2736	2016	84,000	51,600	IOM	DNV
Hull No. 2737	2016	84,000	51,600	IOM	DNV
Hull No. 2351	2016	84,000	51,600	IOM	DNV
Hull No. 2352	2016	84,000	51,600	IOM	DNV
Hull No. 2353	2016	84,000	51,600	IOM	DNV
Hull No. 2354	2017	84,000	51,600	IOM	DNV
No of Newbuildings	6	504,000	309,600		

GLOSSARY OF SHIPPING TERMS

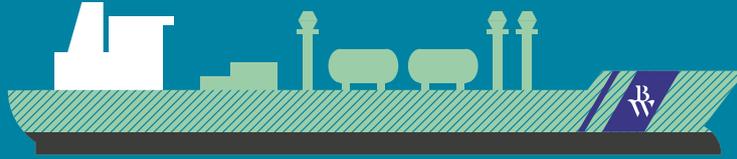
Term	Definition	Term	Definition
Ammonia	Raw material used among others in fertiliser production	Dry docking	The removal of a vessel from the water for inspection and/or repair of submerged parts
Bcm	Billion cubic meters	Dwt	Dead weight tonne. A vessel's cargo carrying capacity measured in tonnes
BMP 4	Best Management Practice for Protection against Somalia Based Piracy	Hull	The shell or body of a vessel
Btu	British thermal unit	LGC	Large Gas Carrier. Gas carrier of 50,000-70,000 cbm
Bunker fuel	Any hydrocarbon mineral oil used or intended to be used for the operation or propulsion of a ship	LPG	Liquefied Petroleum Gas
Cbm	Cubic meter. A unit for gas vessel's capacity for carrying gas	LTI	Lost Time Incident
Charter	The hiring of a vessel, or use of its carrying capacity, for either (i) a specified period of time or (ii) a specific voyage or set of voyages	MGC	Medium gas carrier. Gas carrier below 50,000 cbm
Classification Society	An independent organisation, which certifies that a vessel has been built and maintained in accordance with the rules and regulations of such organisation. The organisation also may agree with agencies of countries in which a vessel is registered or trades to perform services to assist such agencies, including assuring that the vessel complies with conventions of which that country is a member	Newbuilding	A new vessel under construction
CoA – Contract of Affreightment	Under a CoA, the ship owner provides capacity to transport a certain amount of cargo within a specified period from one place to a destination designated by the customer. All of the ship's operating, voyage and capital costs are borne by the ship-owner. The freight rate is normally agreed on a per cargo tonne basis. The freight rate can be fixed or floating, or a combination of both	Petrochemical gases	Industrial processed gases such as ethylene, propylene, butadiene and VCM
Commercial management	Commercial management includes chartering negotiations and operation of the vessel in accordance with the terms of the charter parties	Pool	Arrangement pursuant to which vessels owned by different owners are chartered into a pool and the manager of the pool markets the vessels as a single, cohesive fleet, operating them under spot contracts, COAs and time charters. The income from the vessels included in the pool is distributed to individual owners according to an agreed upon pool point system whereby each vessel receives its share of the pool's earnings according to the vessel's earning potential
		Spot market	The market for chartering a vessel for single voyages on the basis of current market levels
		Spot rate	The rate for chartering a vessel on the spot market

GLOSSARY OF SHIPPING TERMS

Term	Definition
Spot voyage	A spot voyage is typically a single round trip that is priced on a current or spot market value. The owner of the vessel receives one payment derived by multiplying the tonnes of cargo loaded on board by the agreed upon freight rate expressed on a per cargo tonne basis. The owner is responsible for the payment of all expenses including voyage expenses (including bunker fuel, agency and port costs), operating expenses and capital costs of the vessel
Technical management	Technical management is the daily operation of a vessel, including maintenance, supplies and manning
Time charter	Under time charters, vessels are chartered to customers for fixed periods of time at rates that are generally fixed. The charterer pays all voyage costs. The owner of the vessel receives monthly charter payments on a per day basis and is responsible for the payment of all vessel operating expenses (including manning, maintenance, repair and docking) and capital costs of the vessel
TCE income	Gross freight less voyage related costs
Tonne mile	Unit cargo x distance; i.e. 10 tonnes carried 25 miles = 250 tonne miles
Tonnage tax	An annual tax to the government at fixed rates, based on the net tonnage of the vessel
Vessel recycling	The sale of a vessel for dismantling and reprocessing the building materials
VLGC	Very Large Gas Carrier. Gas carrier above 70,000 cbm

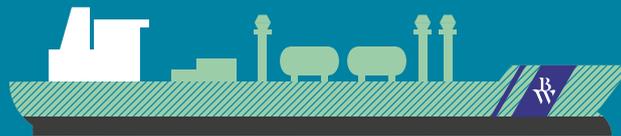
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VERY LARGE GAS CARRIERS



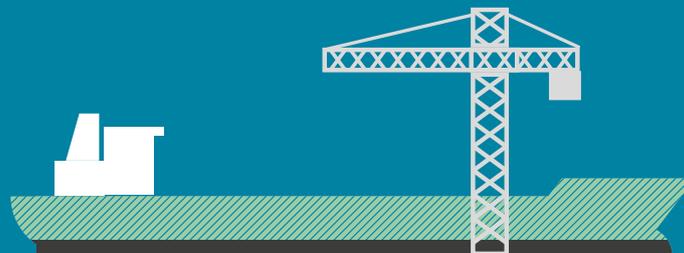
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LARGE GAS CARRIERS



6

NEWBUILDINGS



Note: Please refer to pg 117-118 for the detailed fleet list



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