



BW LPG

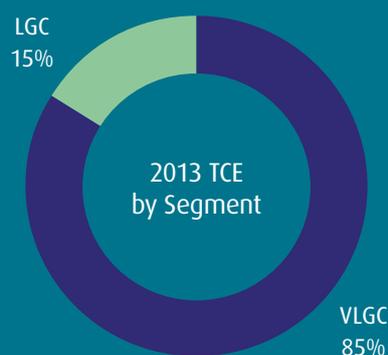
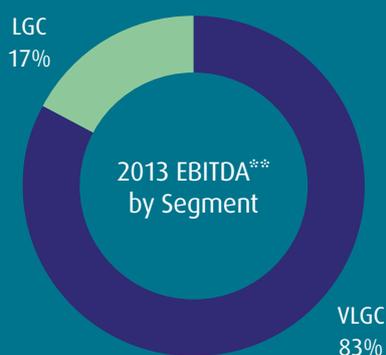
ANNUAL REPORT 2013

LEADING THE WAY



KEY FINANCIAL AND OPERATIONAL DATA

	2013 US\$'000	2012 US\$'000
Revenue	449,248	377,859
TCE income	288,732	223,918
Operating profit before depreciation, amortisation and impairment	136,183	96,406
Operating profit/(loss)	131,173	(16,714)
Profit/(Loss) for the financial year	125,710	(20,149)
Cash and cash equivalents	110,907	22,221
Borrowings*	608,589	200,790
Total assets	1,631,413	1,119,621
Total liabilities	656,684	1,115,201
Earnings per share	0.92	not comparable
ROE	12.9%	not comparable
ROCE	9.2%	not comparable



Notes

* Borrowings:

Borrowings - non-current

Borrowings - current

Total Borrowings

503,362

64,751

105,227

136,039

608,589

200,790

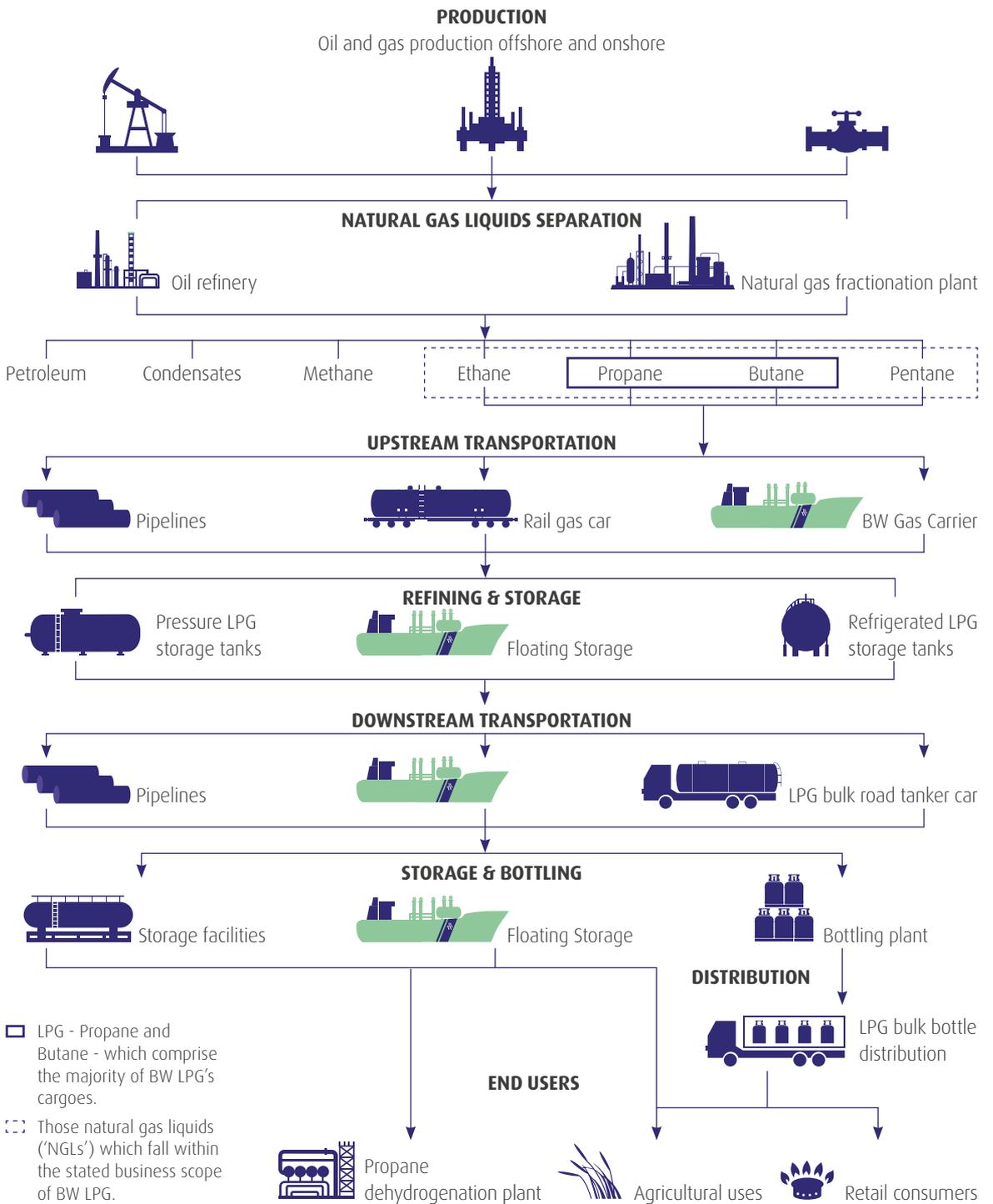
** EBITDA excludes costs not allocated directly to segments

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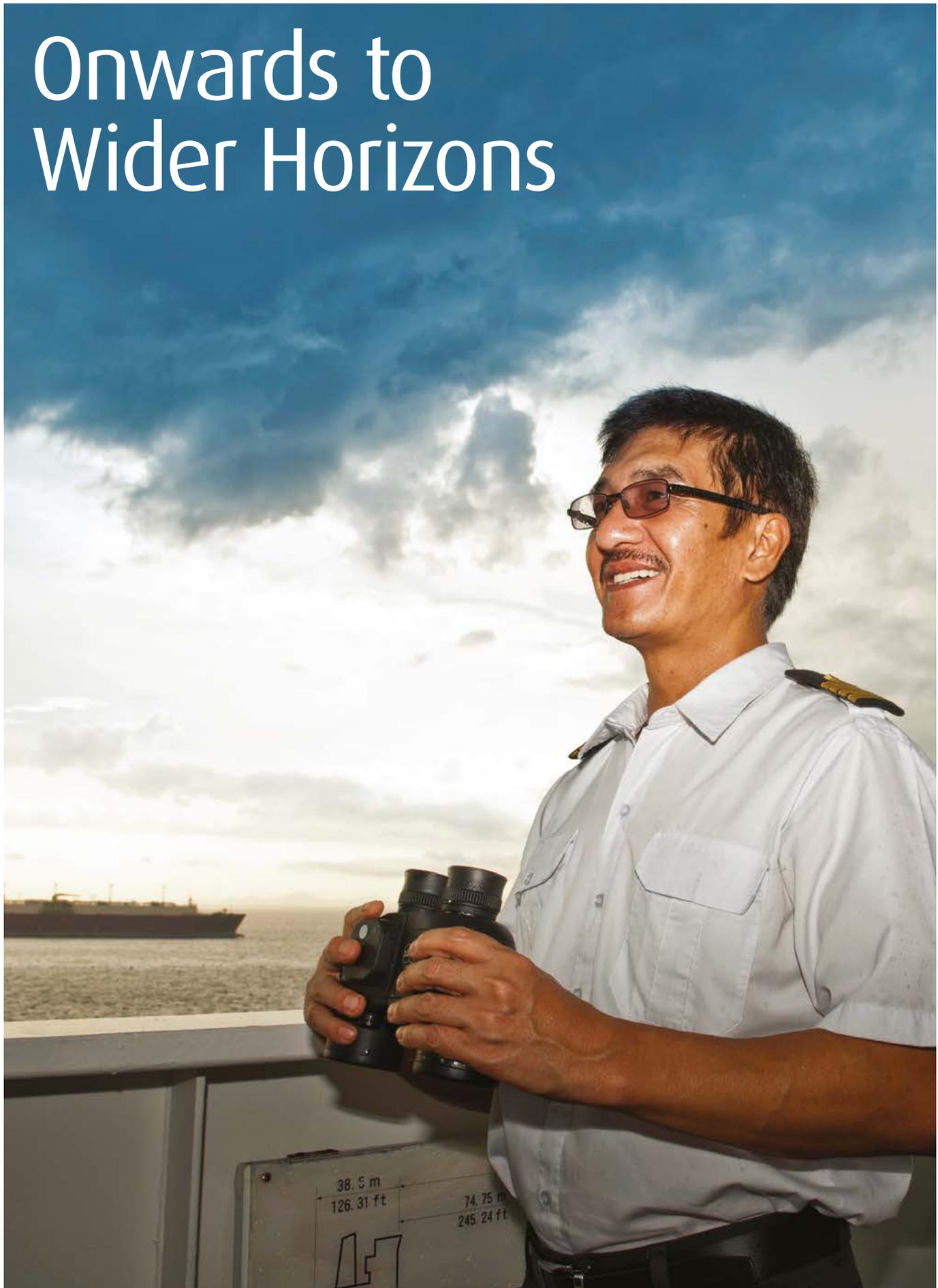
01 The LPG Value Chain / **03** Vision, Mission, Quality / **04-05** IPO Highlights / **06** Chairman's Statement / **07** CEO's Letter / **08-09** Market and Business Report / **10-11** Health, Safety, Security, Environment and Quality / **12-14** Senior Management / **15-17** Shareholder Information / **18-19** Corporate Social Responsibility / **20-21** Risk Management / **23-25** Board of Directors' Report / **26-29** Board of Directors / **31-38** Corporate Governance / **103-104** BW LPG's Fleet List / **105-106** Glossary of Shipping Terms

THE LPG VALUE CHAIN

BW LPG is the leading owner / operator of Very Large Gas Carriers, which are particularly well suited to high-volume long-distance upstream transportation of liquid petroleum gases ('LPG'). We also own Large Gas Carriers which are suitable for medium and long haul transportation and can carry ammonia as well as LPG. Our touch points within the value chain typically include export terminals (linked to upstream pipelines and storage facilities) and import terminals (linked to downstream storage and transportation). These vessels are also used in large-scale maritime storage projects - often acting as a floating terminals themselves. Our capabilities extend to smaller asset classes suitable to downstream transportation of LPG.



Onwards to Wider Horizons



38.5 m
126.31 ft

74.75 m
245.24 ft

VISION, MISSION, QUALITY

BW LPG aims to be a driving force in the growth of the global LPG marketplace by providing market leadership in marine-based LPG logistics solutions across the globe.

Our mission is to be the natural first preference for those seeking maritime LPG logistics solutions, by providing customer-oriented flexibility; operational safety and reliability; and value efficiency.

Our business values – the behaviours by which our people endeavour to deliver superior value to customers, investors, and other key stakeholders, are:

- Delivering on promises
- Acting for the future
- Embracing continual improvement
- Creating positive energy through collaboration

Corporate Objectives

Our corporate objectives, fundamental to achieving our vision, are to:

- Attract, develop, and retain the best relevant talent
- Identify and capture the most attractive growth opportunities
- Maintain recognition as an industry leader in natural gas liquids (NGL) logistics solutions
- Optimise efficiency through strong asset utilisation
- Deliver reliable services cost-effectively through operational excellence
- Lead the market in safety and sustainability

As at 14 April 2014, the fleet includes:

31
VLGCs

5
LGCs

8
VLGC Newbuilds

2010

- **August:** Disposed VLGC BW Ragnhild
- **November:** Disposed VLGC Berge Racine

2011

- **January:** Disposed VLGC Berge Frost
- **July:** Acquired LPG Transport and took over ownership of 2 VLGCs BW Energy (ex Dynamic Energy) and BW Vision (ex Dynamic Vision)
- **July:** Sold 4 MGCs (ex BW Hedda, BW Helga, BW Hugin and BW Sombeke)
- **July:** Acquired 2 VLGCs - BW Liberty (ex Flanders Liberty) and BW Loyalty (ex Flanders Loyalty)
- **December:** Sold VLGC BW Captain

2012

- **December:** Acquired VLGC BW Confidence (ex BP Confidence)

2013

- **March:** Disposed MGC BW Havlys and acquired VLGC BW Empress (ex Yuyo Berge)
- **May:** Acquired 5 owned and 5 TC-in VLGCs from Maersk Tankers
- **July:** Entered into shipbuilding contract for 4 VLGC newbuilds with HHI
- **August:** Sold VLGC BW Danuta
- **October:** Exercised purchase option for VLGC BW Trader (delivered April 2014)
- **November:** Entered into 2 VLGC newbuild options with HHI
- **December:** Disposed MGC BW Hermes

2014

- **January:** Advanced delivery of 2 VLGC newbuilds
- **February:** Exercised 2 VLGC newbuild options with HHI

IPO HIGHLIGHTS

On 21 November 2013, BW LPG was listed on the Oslo Stock Exchange. The Company raised approximately USD 280 million of new capital through this IPO. The previous sole shareholder, BW Group, offered a portion of its stake to provide additional liquidity, resulting in a final holding of 45%. The total offering size was therefore approximately USD 610 million. This was the largest IPO in Oslo in 2013 and the largest shipping IPO in Europe and the US since 2005¹.

Listing the LPG Business

Over the 18 months leading up to 2013, BW expanded substantially in the LPG transportation sector with investments of over USD 1 billion. This involved the addition of a number of modern second hand vessels, including the acquisition of a ten vessel VLGC fleet from Maersk Tankers, followed by contracting four newbuildings (increased to eight as at 14 April 2014) from Hyundai Heavy Industries (HHI) in Korea. With strong prospects for additional business opportunities, the decision was taken to list the LPG business to broaden the organisation's capital base.

BW LPG's IPO Advisors

BW LPG appointed Bank of America Merrill Lynch and Skandinaviska Enskilda Banken (SEB) as its joint global

coordinators. The joint lead bookrunner for the offering was Deutsche Bank AG, and ABG Sundal Collier and Nordea were co-managers. Norwegian Counsel was Thommessen AS, and international counsel was Cleary Gottlieb Steen & Hamilton LLP. The independent reporting auditor was PricewaterhouseCoopers LLP.

Listing on the Oslo Stock Exchange

The Oslo Stock Exchange was selected after considering various venues, given its strengths as an efficient route to the public markets with a long history of shipping related IPOs, a strong investor base for shipping, and excellent analytical coverage of both shipping and energy markets. The company also has a partly Norwegian heritage through its predecessor company Bergesen d.y. ASA. As was borne out by the quality of the investor book, Oslo provides an exchange with strong access to international capital.

Strong Interest in the Listing

The IPO was launched on 7 November 2013 with an indicative pricing range of NOK 40–50 per share. The senior management team undertook a roadshow which included Scandinavia, the UK and the US, receiving significant interest from investors in all locations. The bookbuilding period began on 11 November 2013 and the IPO was covered at the lower end of the price range

¹ Lawrence, Jim "IPO Deal of the Year – Oslo" in *Marine Money* February/ March 2014 Issue, www.marinemoney.com

within the first day. On 18 November 2013, based on the orders received, the indicative price range was adjusted to NOK 45–50 per share. The Offer period was also accelerated to end on 20 November 2013.

The final offer price was NOK 47 per share, implying a market capitalisation of approximately NOK 6.4 billion. Trading in the shares of BW LPG Limited with ticker code "BWLPG" commenced on 21 November 2013. Unconditional trading in the shares began on 26 November 2013. The stock opened at NOK 49 and in the period since listing, BW LPG's price has traded upwards, touching a peak of NOK 76.25 per share in January 2014.

This IPO won Marine Money's Initial Public Offering Deal of the Year.

Reason for success

A major contributor to the success of the IPO has been the hard work and dedication of the company's employees. BW LPG's access to a large pool of highly competent and skilled seafarers and shore staff with many years of experience in the industry and with the company were key strengths highlighted by prospective investors during the roadshow. The management and board look forward to a successful future for the company.



BW LPG Limited

Issuer

36,276,383

Number of primary shares issued

BW Group Limited

Selling shareholder

28,899,278

Number of secondary shares sold

9,776,349

Number of greenshoe shares exercised

NOK 40-50

Indicative price

NOK 47

Offer price

Approximately

NOK 6.4 billion

Market capitalisation at Offer price

Oslo Stock Exchange

Stock Exchange

BWLPG

Ticker code

31

Number of VLGCs

5

Number of LGCs

6

(as at IPO date,
21 November 2013)

Number of VLGC newbuilds

CHAIRMAN'S STATEMENT

In the recent past, we have seen rapidly growing demand for transportation and logistics solutions for natural gas liquids, with the transformation of LPG from a by-product of oil and gas extraction to a more significant commodity in its own right. Export volumes have increased substantially, with growth in the traditional export regions as well as from shale gas developments in the United States.

With 35 years of experience in maritime LPG, BW LPG is well positioned to thrive as the market leader in long-haul transportation, with capabilities to address both existing and emerging opportunities.

In 2013, after growing the fleet from 17 owned / operated LGCs and VLGCs to 36 in just three years, the BW Group decided to list the LPG business. This decision took into account the positive outlook and the substantial investments into LPG. BW Group maintains its strategic interest in the LPG space, and sees the listed platform as an excellent vehicle to realise growth.

The numerous business transformation projects achieved in 2013 are a testament to the capacity of the business to continue its successful growth. This included ship acquisitions culminating in the purchase of the AP Moller VLGC fleet; a corporate reorganisation to create

a dedicated LPG-focused team; a USD 700 million refinancing; and a public listing.

I would like to express my appreciation to the team members who helped to make this happen, including our many sea staff who keep the vessels running smoothly. We are also grateful to our banks, customers and other business partners who have been strong supporters of BW LPG through a transformative period.



Andreas Sohlen-Pao
Chairman

CEO'S LETTER

2013 was a landmark year for BW LPG Limited. Our owners dedicated a team to the LPG segment to address the rapid expansion in global demand for transportation of natural gas liquids; we then listed the Company on the Oslo Stock Exchange in November 2013 - raising new capital targeted at continued expansion; we raised USD 700 million debt at excellent pricing; and concurrently achieved significant growth through acquisitions of second-hand tonnage and the placement of six VLGC newbuilding orders, with a further two options exercised in early 2014 to expand the programme to eight VLGC newbuildings.

During 2013, BW LPG delivered strong operating performance, adding 11 VLGCs to its fleet as well as taking ownership of 1 chartered in VLGC, all of which were rapidly commercially deployed. Overall utilisation in the VLGC fleet has remained strong, which is reflected in a 29% increase in time charter equivalent earnings against 2012.

Safety, security, and efficiency of operations remain at the forefront of our priorities. The corporate reorganisation saw ship management continue uninterrupted with the same service providers, and BW Group providing the same high quality support which has underpinned our operating success over the past 35 years.

Through the IPO we raised approximately USD 280 million of new capital.

In combination with continuing strong cash flows from operations, and an attractively-priced term loan and revolving credit facility, our balance sheet is in excellent shape to deliver substantial growth and to take advantage of the excellent operating platform we have in place at a point in history when the outlook for growth in demand for LPG transportation services is exceptionally strong.

In the course of the initial public offering we accentuated four key pillars for growth: acquisition of second-hand tonnage (including consolidation); newbuildings; storage and logistics projects; and adjacent verticals (related asset classes and solutions for related cargoes).

We have delivered significant growth on the first two pillars in 2013, and continue to review acquisition and consolidation opportunities, always bearing in mind value and the impact of temporary shifts in market values of assets, and long-term outlook for supply / demand balance.

We recently exercised an additional two options to order VLGC newbuildings deliverable in 2016. We also continue to pursue project opportunities in respect of the other two growth pillars, and are encouraged to see that the increasing importance of natural gas liquids on the world energy scene has resulted in a growing pipeline of prospects.

BW LPG enters 2014 with a strong balance sheet and robust operating platform. We thank our investors – long-standing and new – and look forward to continuing to reward this support by delivering exceptional financial performance; our lenders, who have provided what we feel is a market-leading facility concurrent with IPO; and we thank our customers, to whom we intend to continue to deliver safe, efficient, and high quality transportation solutions.



Nicholas Gleeson
Chief Executive Officer

MARKET AND BUSINESS REPORT

The Fleet*

- 19 Owned VLGCs
- 5 Owned LGCs
- 12 VLGCs chartered-in
- 8 VLGCs on order

* as at 14 April 2014

Our Business

BW LPG services the maritime needs of our global LPG customer base through the provision of time charters, spot charters and contracts of affreightment, enabling our customers to deliver LPG to their markets. In addition to conventional transportation, BW LPG provides floating storage solutions supporting petrochemicals, product trading and retail sectors, with operations in the Caribbean, Brazil and Peru at present.



2013 Highlights

2013 saw significant growth in US LPG exports. By year end, the US became the world's largest exporter of LPG. The majority of this volume was carried on VLGCs and was delivered to markets within the Atlantic basin and Asia. An increasing proportion of our fleet is now trading between Houston and Asia as major LPG importers in the Far East – primarily Japan, South Korea and increasingly China – commit to term contracts from US suppliers. This substantially increases tonne miles compared to Middle East-sourced volumes.

The availability of competitively priced US propane has precipitated investment in the petrochemicals sector in Asia. In 2013 the first in a series of an anticipated nine on-purpose Propane Dehydrogenation (PDH) plants in China was commissioned. These plants run on lowest cost export grade propane and serve an increasing demand for propylene within China.

Retail demand growth, which accounts for approximately 63% of total LPG demand, remains

strong, with rising volumes being imported into Asia and Latin America by VLGCs and LGCs.

BW LPG's five LGCs, which can also carry ammonia, are currently transporting LPG.

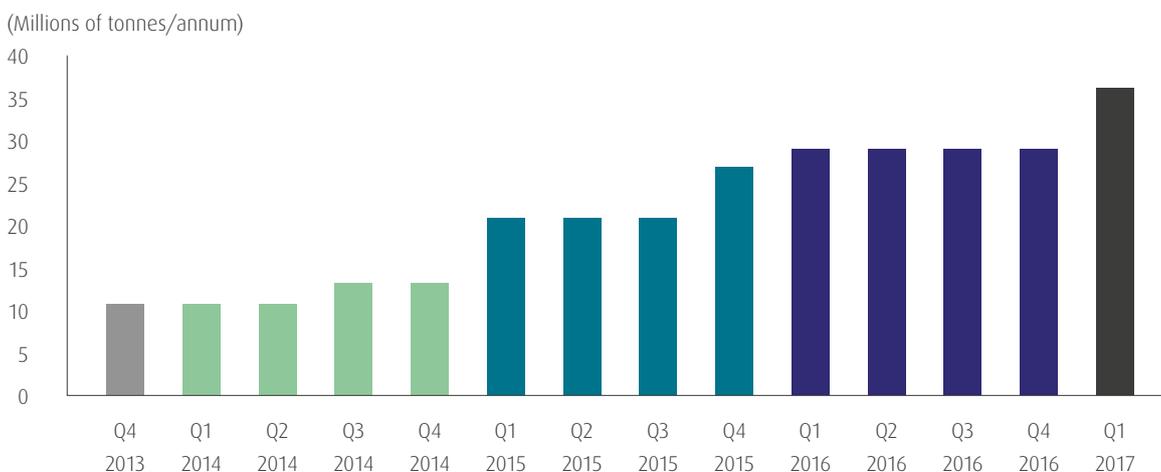
The Global LGC and VLGC Fleet

The VLGC newbuilding orderbook stands close to 48% of today's fleet size. Most vessels will be delivered in the later part of 2015 or in 2016. Approximately 20% of the delivered fleet is older than 20 years.

BW LPG has entered into newbuilding contracts for eight VLGCs at Hyundai Heavy Industries, South Korea, all to be constructed at the Ulsan facility. The first vessel is scheduled to be delivered at the end of 2014, five vessels through 2015 and two vessels in the first half of 2016.

With 31 VLGCs and five LGCs currently on the water, leveraging our strong operating platform and network, BW LPG is well placed to capture a strong share of the increased volume of LPG moving from the US to existing and new markets in 2014 and beyond.

[Fig 1] Estimated US LPG Export Capacity (existing and planned)



Source: BW LPG



HEALTH, SAFETY, SECURITY, ENVIRONMENT AND QUALITY

BW LPG is committed to continuous improvement, especially in the areas of Health, Safety, Security, Environment and Quality (HSSEQ).

Safety

The safety record for BW LPG was positive in 2013, with a twelve month average Lost Time Injury Frequency¹ (LTIF) of 1.03. The number of LTI cases increased from three in 2012 to six in 2013; however, the severity of the injuries observed was lower. The Total Recordable Injury Frequency (TRIF) per million working hours fell slightly in 2013 versus the prior year, to 3.08. No specific trend has emerged from an overall investigation of incidents.

There was one navigational incident involving an LPG vessel and a fishing vessel. The incident has been thoroughly investigated by the Company in full cooperation with the relevant Authorities and duly closed out to both parties' satisfaction.

An analysis of the overall safety picture in BW LPG was conducted and inputs for improvement were provided for management review. In 2013, the position of Safety Manager was created, whose main role is to be the driver for BW Fleet Management's (BWF) five-year safety plan. This safety plan aims for "Zero Harm" to people, the environment and assets; while developing ship and shore staff, improving risk assessments processes, encouraging near miss reporting, and fostering better and sustainable safe work practices onboard.

Over the next two years, BW LPG together with its primary fleet manager BWF will explore the feasibility of introducing elements of behavioural-based safety and process safety approach in operations of a hazardous nature.



Security

The safety, security and well-being of seafarers are top of mind. With this focus and in order to professionally handle the many transits through High Risk Areas (HRAs), BWF has a designated Global Head of Security whose main responsibility is to monitor and act on security matters impacting seafarers and fleet.

BWF vessels comply with International and Flag security requirements. BWF complies with BMP 4 for planning, entering, transiting and exiting HRAs in the Gulf of Aden and Indian Ocean.

The security situation in West Africa is continuously monitored and voyage plans to or through other areas, ports and voyages in areas of concern are based on decisions made using formal risk assessments.

¹ Lost time injury per million working hours



Environment

BWFM is ISO14001 certified. Key initiatives in 2013 were:

- Reduction of CO₂ emissions by reductions in fuel consumption;
- Reduction of waste by reduced system oil consumption;
- Studies of alternatives to reduce SO_x emissions beyond statutory requirements;
- Investigation of early implementation of ballast water treatment system;
- Reduction of plastic waste by giving packing instructions to suppliers; and
- Improvement in environmental footprint of new buildings.

A designated Environmental Performance Manager closely follows the fleet's environmental performance. Key initiatives in 2013 were all successfully achieved, including meeting BWFM target for reduction of CO₂ emissions.

There were no accidental spills to sea in 2013.

Quality

In 2013 BWFM received US Coast Guard Qualship 21, a programme which identifies high-quality ships and encourages quality operations in US waters. The Company has been focused on improving

operational processes, with particular emphasis on verification and quality control.

Port State Controls

The LPG fleet has had 58 inspections globally and has an average of 0.78 deficiencies per inspection.

Audits

External audits are carried out by DNV-GL, Flag Authorities, Oil majors and Charterers on a regular basis. These external audits complement internal audits conducted on departments and vessels. Audits generally focus on statutory requirements in relation to the International Safety Management Code (ISM). BWFM ISM Document of Compliance was renewed in 2013 and is valid for five years. In addition, BWFM is ISO9001 and ISO14001 certified by DNV-GL.

BWFM also follows the Oil Companies International Marine Forum (OCIMF) Tanker Management & Self-Assessment scheme (TMSA). In 2013, three major oil companies carried out TMSA reviews on BWFM, and approvals were given for BWFM to continue providing marine transportation services and solutions.

Audit results are analysed, presented and discussed with the management team on a regular basis.

SENIOR MANAGEMENT

Sugato Roy

Andrew Hoare



Nicholas Gleeson

Vijay Kamath



SENIOR MANAGEMENT

Nicholas Gleeson

Chief Executive Officer

Nicholas Gleeson is CEO of BW LPG. He has over 20 years of international management experience across various industries and in both listed and private businesses.

Mr. Gleeson was Chief Financial Officer of BW Group prior to taking on the CEO-ship of BW LPG on listing. In 2008 and 2009 he was CFO of Oslo-listed BW Gas.

He has also held CFO and other senior management roles with Global Tender Barges, Miclyn Express Offshore, Compagnie Financière Tradition and Philips Electronics. He began his post-graduate career with KPMG in Sydney.

Mr. Gleeson holds an MBA from INSEAD, a Bachelor of Commerce from the Australian National University, and is an Australian Chartered Accountant.

Andrew Hoare

Chief Commercial Officer

Andrew Hoare is CCO of BW LPG. Before joining BW LPG, Mr. Hoare was Vice President (Commercial and Operations) at BW Shipping. He was responsible for operations, chartering and sales and purchase

(S&P) strategy for the company, and also identified new shipping projects and investment opportunities.

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 received 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.

Vijay Kamath

Chief Financial Officer

Vijay Kamath is CFO of BW LPG. Mr. Kamath has over 20 years of cross-functional maritime expertise in banking, financial management, sales management, commercial and business development.

Mr. Kamath was Senior Vice President & Chief Commercial Officer at FSL Asset Management Pte Ltd, which managed the SGX listed, First Ship Lease Trust, before joining BW LPG in 2013. He also spent three years at the National Bank of Fujairah psc (Dubai) spearheading the Bank's entry into Marine Finance in the UAE

and GCC from 2005. He started his career with Essar Shipping Limited (Mumbai, India) in 1993, with his last position being Joint General Manager, heading International Banking & Special Projects.

Mr. Kamath holds Master of Management Studies and Bachelor of Science degrees, both from Goa University, India.

Sugato Roy

Head of Fleet Supervision

Sugato Roy is Head of Fleet Supervision of BW LPG. Mr. Roy has 28 years of experience in the shipping industry, having built up extensive sailing experience at sea and ship management experience on shore.

Mr. Roy started his career as an Engineer onboard vessel with World-Wide Shipping Pte Ltd in 1990, moving up the ranks to subsequently take on the role of Technical Superintendent in 2001.

In 2005, Mr. Roy joined Navig8 Ship Management as Head of Technical Operations. Mr. Roy returned to BW as Head of Fleet Supervision in 2013. He is a member of the Lloyds Register South East Asia Technical Committee and American Bureau of Shipping South East Asia Regional Committee.

SHAREHOLDER INFORMATION

BW LPG provides shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price. The contacts between the senior management and investors and analysts are carefully handled and structured, and the company will not engage in any acts that compromise the independence of analysts in relation to the company and vice versa. We respect the principle of equal treatment of all market players to ensure fair pricing of BW LPG's shares.

The Company maintains an open and continuous dialogue with existing and potential shareholders, stakeholders and the general public. We aim for a high degree of openness and we are committed to communicating information in compliance with the disclosure requirements of the Oslo Stock Exchange.

BW LPG communicates with all of its investors and analysts through organising or attending meetings such as general meetings of shareholders, investor & analyst presentations and results roadshows, and attending industry conferences. Furthermore we publish an annual report, quarterly reports and press releases, as and when required to communicate developments within and relating to the Company.



SHAREHOLDER INFORMATION

The reports cover the company's business performance and developments, including relevant financial information. In addition, we will publish details about the company where such information is considered important to the pricing of its shares. BW LPG maintains an insider register and will publish any changes to certain insiders' shareholdings in accordance with the rules that apply for the Oslo Stock Exchange. Any such publication will be made immediately after the transaction. Such information will first be published via the website of the Oslo Stock Exchange (www.oslobors.no) and will immediately thereafter be available on our website. Shareholders and others who via our website have requested the receipt of e-mail news from the BW LPG, will receive the information immediately thereafter.

Briefings are given to update the market after each quarterly announcement via group meetings or teleconference and are accessible via the website. Meetings with investors (bilateral and general) are being held to ensure that the investment community receives a balanced and complete view of the company's performance and the issues faced by the business, while always observing

applicable rules concerning selective disclosure, equal treatment of shareholders and insider trading.

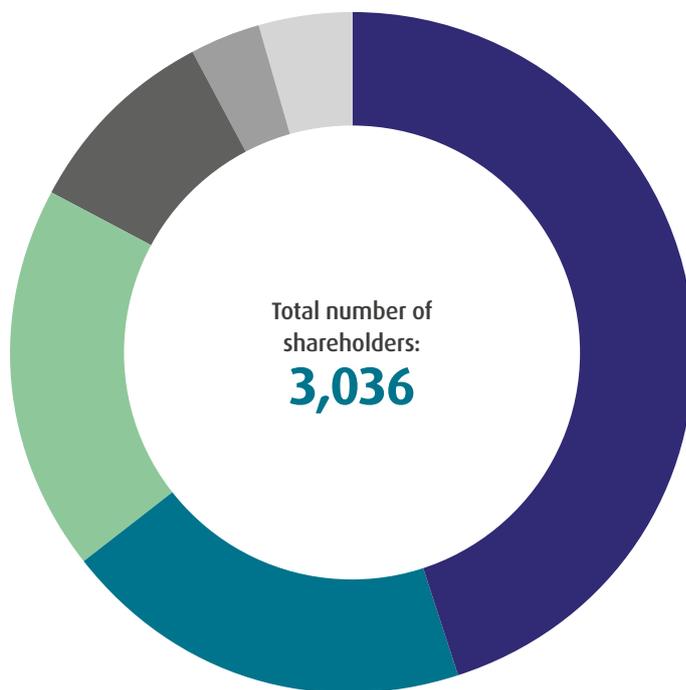
Analysts' reports and valuations are not assessed, commented upon or corrected, other than factually, by the company. BW LPG does not pay any fees to parties for carrying out research for analysts' reports or for the production or publication of analysts' reports. Contacts with the capital markets are dealt with by the members of the senior management, BW LPG's investor relations professionals, and from time to time, other BW LPG personnel specially mandated by the senior management.

BW LPG places a high value on its credibility and reputation in the community. What is written or said about the Company in the news media and investment community directly impacts the reputation of BW LPG, positively or negatively. Our policy is to provide timely, accurate and complete information in response to public requests (media, analysts, etc.), consistent with our obligations to maintain the confidentiality of competitive and proprietary information and to prevent selective disclosure of market-sensitive financial data.

Holding	Percentage	Name	Account type	Citizenship
61,293,761	44.98	BW GROUP LIMITED		BMU
8,197,204	6.02	JP MORGAN CLEARING C A/C CUSTOMER SAFE KE	NOM	USA
5,346,976	3.92	J.P. Morgan Chase Ba FIDELITY LENDING ACC	NOM	USA
4,565,000	3.35	FOLKETRYGDFONDET		NOR
3,896,100	2.86	MORGAN STANLEY & CO S/A MSCO CLIENT EQUI	NOM	USA
3,302,930	2.42	SKAGEN GLOBAL		NOR
3,044,053	2.23	J.P. Morgan Luxembou S/A LUXEMBOURG MUTUA	NOM	LUX
2,400,000	1.76	SUNDT AS		NOR
2,242,128	1.65	UBS AG, LONDON BRANC A/C EQUITIES/CORPORA		GBR
2,167,952	1.59	UBS AG, LONDON BRANC A/C CLIENT IPB	NOM	GBR
2,065,998	1.52	STATE STREET BANK AN A/C SEC FIN PRIN ECM	NOM	USA
1,610,558	1.18	J.P. Morgan Chase Ba NORDEA RE:NON-TREATY	NOM	GBR
1,600,000	1.17	VARMA MUTUAL PENSION COMPANY		FIN
1,591,468	1.17	J.P. Morgan Chase Ba NORDEA TREATY ACCOUN	NOM	GBR
1,218,143	0.89	JPMORGAN CHASE BANK, S/A ESCROW ACCOUNT	NOM	GBR
1,193,862	0.88	MORGAN STANLEY & CO S/A MSIL IPB CLIENT	NOM	GBR
1,106,411	0.81	CREDIT SUISSE SECURI SPECIAL CUSTODY A/C	NOM	USA
1,084,639	0.80	SKAGEN GLOBAL II		NOR
920,985	0.68	LUDVIG LORENTZEN AS		NOR
906,613	0.67	UBS SECURITIES LLC A/C HFS CUSTOMER SEG	NOM	USA

Geographical distribution of shareholders*

45.01%	■	Bermuda
19.80%	■	Norway
18.27%	■	United States
9.14%	■	United Kingdom
3.41%	■	Luxembourg
4.37%	■	Others



* as at 31 March 2014

Financial Calendar

- 12th February 2014 – Q4 2013 Financial report
- 22nd May 2014 – Annual general meeting
- 23rd May 2014 – Q1 2014 Financial report
- 27th August 2014 – Q2 2014 Financial report
- 20th November 2014 – Q3 2014 Financial report

Share price movement (NOK)



CORPORATE SOCIAL RESPONSIBILITY

BW LPG is committed to ethical, safe and sustainable value-creation for our shareholders, lenders, customers, employees and other stakeholders, and applies this philosophy in considering our impact on the local communities in which we operate. We conduct and grow our business while continually assessing and managing the risks and impact of our operations in this context.

Corporate Social Responsibility is integral to all that we do and as such, elements of our commitments in this regard are captured in our Corporate Mission, Objectives and Values, our Code of Conduct and our key operating policies such as our policies on Health and Safety, Security, Energy Management, and Anti-bribery.

Health and Safety

BW LPG's Policy on Health and Safety states that "Safety is at the top of our agenda and we strive for Zero Harm". We ensure that the sanctity of life takes precedence over all other considerations. Safety of our people and our vessels will always be a priority in any decision. We actively promote health and safety consciousness through awareness training and high visibility of health and safety as a business priority.

Integrity

BW LPG is committed to maintaining high standards of integrity and to conducting our business in an honest, fair and transparent manner. Our commitment to integrity is enshrined in our Code of Conduct, with which employees are familiarised on employment and at least annually thereafter.

A Policy on Anti-bribery is in place and has been deployed across the organisation, with systems in place for periodic training to ensure solid comprehension and implementation.



Employee Rights and Diversity

BW LPG does not discriminate on the basis of gender, religious belief or practice, race, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age or political inclination. As a business with global operations, we value diversity and work to actively stimulate an environment where differences are both respected and appreciated.

Just as we respect the rights of our employees, BW LPG respects human rights in all aspects of our business, and avoids impinging upon the human rights of those impacted by our operations.

The Environment

BW LPG strives to leave the communities in which we operate free from negative impact of our operations. Through organisational and individual commitment, we seek to ensure Zero Harm to people, the environment, cargoes and vessels.

Beyond avoiding destructive impact on the environment, we invest in analysis and implementation of energy-efficient solutions to avoid waste, and participate in an ongoing programme of assessment of effective energy management which involves both internal and external benchmarking to assist us to continually strive for leadership in efficient usage of energy. Energy management is an integral part of our company culture and a part of our daily work and way of thinking.

In order to ensure that these principles are upheld BW LPG believes that it is important to:

- Communicate our principles with shareholders, monitoring performance internally and seeking external verification of effectiveness
- Monitor the social and environmental impact of our operations, paying particular attention to indications that these principles have not been or are not being upheld
- Designate persons within our organisation with specific responsibility for promoting and monitoring these various principles
- Maintain appropriate dialogues to obtain feedback from relevant authorities in the communities within which we operate
- Strive to be a net positive contributor of value to those communities impacted by our operations



RISK MANAGEMENT

Risk management is a critical success factor and competitive parameter for BW LPG. The annual risk assessment process at the corporate level involves all functional leaders and the total risk profile for the company is presented to the Board of Directors. Monitoring risks at operational levels is done through quarterly reviews by Heads of Departments, who cover financial and operational topics in their specific business areas. The Company's Risk Management System is used in conjunction with a robust Quality Management System, and is thus subjected to regular internal quality audits. The focus going forward is to further formalise the risk management process at all levels of the organisation.

Strategic and External Risks

Strategic risks arise from pursuing the wrong markets, countries, segments, services and products or customers. These are managed through the Company's annual strategy review process. In this process, the Board of Directors ensures that the intended and actual business direction, changes in markets, and customers' expectations and requirements are reflected in corporate strategic planning.

Regulatory and Compliance Risks

These are risks associated with unethical behaviour, committed either directly or through third parties or partners; security of sensitive information; and non-compliance with laws and regulations. These risks are managed through regular analysis and mandatory awareness training, compliance reviews, and legal due diligence.

Commercial and Operational Risks

Operational risks are risks related to project planning or occurring during business operations involving elements such as cargo loss or damage, counterparties, asset loss, crew injury, environmental damage, or damage to assets. Suitable control measures are enacted to mitigate these risks. All significant issues experienced are reviewed by the appropriate Heads of Departments to ensure that



appropriate corrective actions are implemented. The risk management process for projects is standardised with a register where identified risks and opportunities are categorised and assessed in terms of impact and probability. These registers support follow-up of identified risks in projects as well as the related improvement opportunities.

Financial Risks

The Company's activities expose it to a variety of financial risks including market risk (e.g. fuel price risk and currency risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The financial risk management of the Company is handled by the senior management team under the guidance of the Board of Directors. The Company regularly monitors its risk framework and policy and reviews its processes in place to alleviate these risks.

(a) Market risk

- (i) **Fuel price risk**
The Company 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 Company manages risk by entering into forward fuel contracts, backed by internationally-recognised financial institutions. For short term voyage contracts, the Company takes the current fuel costs into account when assessing contract pricing and therefore typically does not require additional specific coverage.
- (ii) **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. The Company's IPO during the year was denominated in Norwegian Kroner (NOK) and the risk of currency fluctuation was managed

by converting the NOK into USD at close to the exchange rates used for the IPO allocation. All the IPO proceeds raised have been converted to the reporting currency (USD) or used to meet NOK-denominated expenses.

(b) Credit risk

Credit risk is concentrated with several key customers. The Company performs ongoing credit-worthiness evaluation of charterers and has policies in place to ensure that credit is extended only to charterers with appropriate credit histories and adequate financial resources. In this regard, the Company is of the opinion that credit risk of counterparty default is appropriately mitigated. In addition, as trade and other receivables typically consist of a small number of customers, the Company has policies in place for the control and monitoring of the concentration of credit risk. The Company has implemented policies to ensure cash is deposited with internationally recognised financial institutions with good credit ratings.

The Company's credit risk is primarily attributable to trade and other receivables, cash and cash equivalents. These balances as at balance sheet date are neither past due nor impaired. The maximum permitted exposure is determined on the basis of the carrying value of each financial asset on the consolidated balance sheet.

(c) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's borrowings are at variable rates, with interest rate swaps taken up in 2014 to cover a portion of borrowings.

(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 Company maintains sufficient cash for its daily operations via short-term cash deposits at reputable banks and has access to unutilised portion of revolving facilities offered by financial institutions.



Towards a Stronger Team



BOARD OF DIRECTORS' REPORT

BW LPG delivered strong growth in revenues and profitability in 2013, largely driven by acquisitions of modern second-hand tonnage which were delivered into a firming rate environment in the latter part of the year. The balance sheet was strengthened through a public listing which raised US\$280 million of new equity; a US\$700 million refinancing at attractive rates; and delivery of strong operating cash flows as a result of high utilisation and a firm rate environment in the second half of the year.

Financial Performance

Time charter equivalent income was USD 288.7 million in 2013, an increase of 29% over 2012. This underpinned an EBITDA achievement of USD 136.2 million in 2013, 41% higher than the USD 96.4 million delivered in 2012.

This improvement was driven by an increase in fleet size of 11 VLGCs (offset by disposals of one MGC and one older VLGC), coupled with strong utilisation and a firming rate environment in the second half of the year.

Net profit improved to USD 125.7 million in 2013 from a loss of USD 20.1 million in 2012. In addition to significant EBITDA growth between the periods, improving asset values drove an impairment reversal of USD 56.3 million in 2013 against an impairment charge of USD 55.6 million in 2012.

Higher operating expenses were due primarily to takeover expenses related to the acquisition of second-hand tonnage, along with the increase in fleet size.

Rapidly increasing export volumes out of the US, an unusually firm fourth quarter for Arabian Gulf volumes,

and tightness in tonnage supply (which is being brought into balance by a growing orderbook for new vessels) has contributed to strong operating cash flows in 2013. New competitors are entering the space, and BW LPG will leverage its 35 years of sector experience to maintain leadership in technical capabilities and to benefit from continued strong utilisation.

In early 2014 the market has become exceptionally strong and we see historic highs in day rates being achieved on spot charters in April, along with enquiries on timecharters at historically strong rates.

Safety Record

Safety is a primary focus of BW LPG. The safety record remained strong in 2013, with a LTIF (lost time injury frequency per million working hours) rate of 1.03 and a TRIF (total recordable injury frequency) rate of 3.08. These achievements are among the most positive in the industry, driven by a conscious focus on 'Zero Harm', embedded in the BW Fleet Management way of working.

BOARD OF DIRECTORS' REPORT

Corporate Governance

As a newly-listed business, corporate governance has received significant attention during the past year. Corporate governance is key to building and maintaining investor confidence, and to delivering shareholder value.

The Board of Directors has adopted a Corporate Governance policy reflective of the Board's commitment to good governance and taking into account standards of good corporate governance in the listed environment in Norway.

The Board of Directors has held three meetings since listing.

Going Concern

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

Risks

BW LPG is exposed to various market, operational, and financial risks. The most significant of these risks have been set out in the prospectus issued in November 2013 in connection with the public listing of the Company.

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, and target effective risk mitigation.

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 the 31 December 2013 Balance Sheet Date

On 28th February 2014, BW LPG exercised its options for the construction of two VLGCs at Hyundai Heavy Industries, to be delivered in the first half of 2016.

Parent Company Accounts

The financial statements of the parent company, BW LPG Limited, are prepared in accordance with international financial reporting standards (IFRS). The company reported a net profit of USD 1.1 million for 2013, compared to a net profit of USD 14.0 million for 2012.

From 1 January 2014, as a result of the listing of the Group, BW LPG Limited is a holding company with no operating activities. In the past the company earned shipping income. The profit and loss situation of the company reflects this shipping income (until completion of the restructuring for listing), as well as oversight, listing-related and management costs related to the Group.

Total assets were USD 933.6 million as at 31 December 2013 compared to USD 43.6 million at the end of 2012.

The majority of assets at 31 December 2013 are balances receivable from subsidiaries, resulting from the listing reorganisation. The external debt facility is held by the immediate subsidiary of the parent company.

Total shareholders' equity in BW LPG Limited as of 31 December 2013 was USD 961.3 million, corresponding to 99 percent of total assets.

Outlook

The global transportation & logistics landscape for natural gas liquids – including LPG – has changed dramatically with the advent of shale gas production, and BW LPG has positioned itself to continue to grow as a leading service provider to energy producers, traders, and users operating in the LPG space.

Portfolio optimisation remains a core focus area in 2014. We will take advantage of the strong technical and financial platform to target value-accretive growth, building a fleet and contract portfolio matching the growing and emerging requirements of this rapidly changing market.

Balancing appropriate investments with an understanding of the demand-supply balance will underpin the continued financial strength of the business.

BW LPG will continue to extend its fleet and service offerings, focusing on long-term value to customers and investors.



BOARD OF DIRECTORS

Dato' Jude P Benny



John B Harrison



Anders Onarheim



Andreas Sohlen-Pao



Anne Grethe Dalane



Andreas Beroutsos



BOARD OF DIRECTORS



Andreas Sohmen-Pao

Chairman
Chair, Nomination Committee

Andreas Sohmen-Pao is currently Chief Executive Officer of BW Maritime, Chairman of BW LPG Limited and a director of BW Offshore Limited. He is a non-executive director of The Hongkong and Shanghai Banking Corporation Ltd, The Esplanade Co. Ltd, National Parks Board (Singapore), Singapore Maritime Foundation and a member of the Singapore Sports Council and the Singapore Symphony Orchestra Council.

Mr. Sohmen-Pao previously worked at Goldman Sachs International in London. He has served as a director of The London P&I Club and the Maritime and Port Authority of Singapore amongst others.

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.

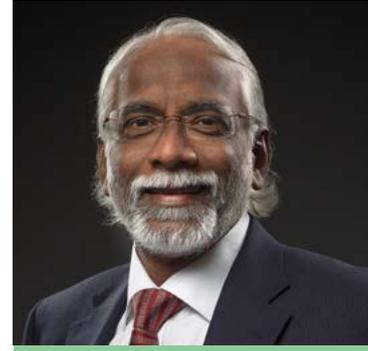


John B Harrison

Vice Chairman
Chair, Audit Committee

John B Harrison 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. 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. He is also a non-executive Director of BW Group Limited. 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 in KPMG in 1977.

Prior to 2008 Mr. Harrison was Chairman of KPMG Asia Pacific Region and Chairman KPMG China for six years from 2003. Mr. Harrison has been involved in all areas of banking, finance and aviation industries for many years. He was educated at Durham University in England, from which he graduated in 1977 with a Degree in Mathematics.



Dato' Jude P Benny

Director
Member, Remuneration Committee

Dato' Jude P Benny is a senior partner of Joseph Tan Jude Benny LLP in Singapore. His practice areas include commercial and shipping litigation and arbitration, with specialisation in civil litigation, shipping and 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 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.



Andreas Beroutsos

Director

Andreas Beroutsos is the managing partner of One Point Capital Management, a private investment firm. In 2013, Mr. Beroutsos served on the General Council (Board of Directors) of the Hellenic Financial Stability Fund in Greece, as an independent member.

Earlier, Mr. Beroutsos was partner and senior managing director at Eton Park Capital Management, where he led Illiquid (Private) Investments. He spent the first 17 years of his career at McKinsey & Co. in New York, where he was a Director (senior partner) and served as senior leader of the Financial Institutions Group and co-founder/senior leader of the Global Private Equity practice. Mr. Beroutsos holds BA and MBA degrees from Harvard University, both with high honours. He is a Greek citizen, a United States permanent resident, and he resides in New York.



Anne Grethe Dalane

Director
Chair, Remuneration Committee

Anne Grethe Dalane has been with Yara International ASA since 2003, currently as Business Process Owner, Sales. Prior to becoming Business Process Owner, Sales, Ms. Dalane had assumed the positions as Head of Yara Latin America and Chief HR Officer within Yara International ASA.

Prior to Yara International ASA, Ms. Dalane worked for the Norsk Hydro group in various positions, including Head of Human Resources and VP Strategy. She has also served as director of various companies. Ms. Dalane is a Certified Financial Analyst and holds a Masters degree from the Norwegian School of Economics and Business Administration in Bergen, Norway. Ms. Dalane is a Norwegian citizen, and resides in Norway.



Anders Onarheim

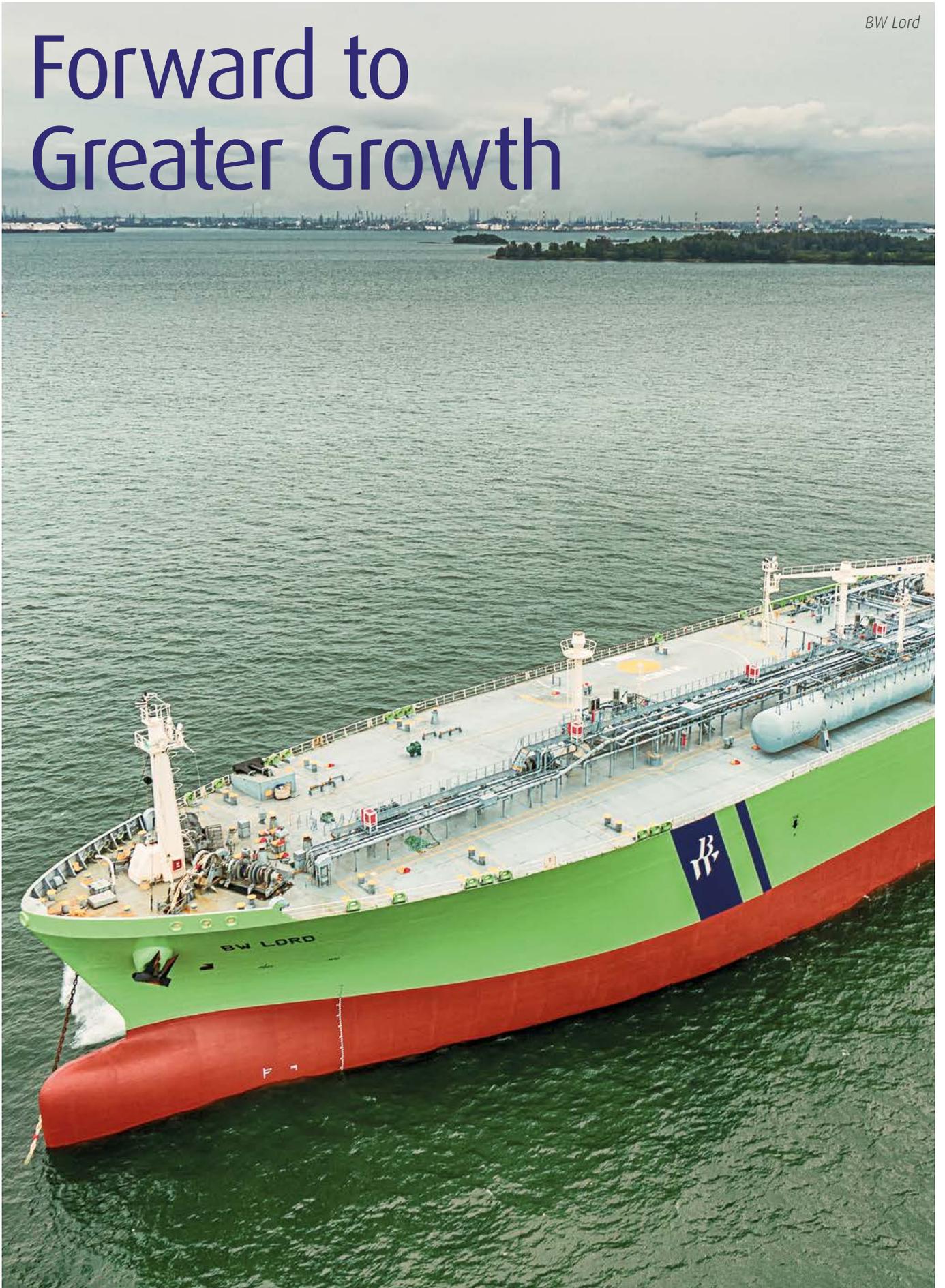
Director
Member, Audit Committee

Anders Onarheim 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 UK. From 1986 to 1990, he served as the Vice President for institutional sales in Merrill Lynch in the US and the UK.

Mr. Onarheim has held numerous board memberships within different investment firms. Mr. Onarheim holds a MBA from Washington University in St. Louis, where he graduated in 1986. He is a Norwegian citizen, and resides in Norway.

BW Lord

Forward to Greater Growth



CORPORATE GOVERNANCE

BW LPG Limited is a Bermuda Limited Liability Company listed on Oslo Børs (the Oslo Stock Exchange).

Corporate governance in BW LPG Limited (hereinafter 'BW LPG' or the 'Company') is governed by the Bermuda Companies Act and the Company's Memorandum of Association and Bye – Laws. In addition, certain aspects of the Company's corporate governance are governed by the Norwegian Securities Trading Act, the Norwegian Stock Exchange Regulations and the Continuing Obligations for Companies Listed on the Oslo Stock Exchange.

1. Implementation and Reporting on Corporate Governance

The Board of Directors (the 'Board') is of the opinion 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. These policies are to be fair and in accordance with best market practice in relationships with employees and are also sensitive to reasonable expectations of public interest.

The Board therefore commits the Company to good corporate governance, and has endorsed and adopted the Norwegian Code of Practice for Corporate Governance (Norwegian: 'Norsk anbefaling for eierstyring og selskapsledelse') issued by the Norwegian Corporate Governance Board, most recently revised on 23 October 2012 (the 'Code'). The Code is available at www.nues.no.

The BW LPG Corporate Governance Policy is based on the Code and as such is designed to establish a basis for good corporate governance, to support achievement of the Company's core objectives on behalf of its shareholders, including the achievement of sustainable profitability for the shareholders of the Company. Any deviations from recommendations set out in the Code are explained below.

The Board recognises that the manner in which the Company is governed is vital to the development of the Company over time.

The corporate governance of the Company is subject to annual review by and discussions in the Board, and the Company's governance documents are reviewed on an annual basis. The content of this chapter of the annual report is prepared in accordance with section 1 of the Code.

2. The Business

The purpose of the Company is described in the Company's Memorandum of Association. In accordance with common practice for Bermuda companies, the description of the Company's purpose 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.

CORPORATE GOVERNANCE

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.

In accordance with the Company's Bye-Laws, the Board is authorised to declare dividends to be paid to shareholders. Pursuant to section 3 of the Code, the Board shall establish a clear and predictable dividend policy which shall be publicly disclosed. The Board has announced its intention to recommend a dividend of USD 0.15 per share at the 2014 annual general meeting, and at the same meeting the Board intends to disclose a clear and predictable dividend policy. The timing chosen to implement a dividend policy reflects the newly-listed nature of the company. The lack of such a policy in the interim period represents a deviation from section 3 of the Code.

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. 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.

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 case 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.

CORPORATE GOVERNANCE

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 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, but 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 www.bwlpq.com 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 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 By-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 should 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.

CORPORATE GOVERNANCE

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 if so decided or in the absence of the Chairman of the Board.

The annual report will be published on the Company's website www.bwlpq.com and a printed version can be made available upon request.

7. Nomination Committee

In accordance with the Bye-Laws of the Company, the general meeting of the Company resolved on 28 October 2013 that the Company shall have a Nomination Committee and drafted Nomination Committee Guidelines which are to be proposed for adoption by the General Meeting on 22 May 2014.

The Company's 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 members of the Nomination Committee.

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 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.

The members of the Nomination Committee have been selected to take into account the interests of shareholders in general.

An up to date composition the Nomination Committee and the deadline for submitting proposals to the Nomination Committee are available on the Company's website at www.bwlpq.com.

8. 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 must 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 must 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.

The term of office for members of the Board shall not be longer than two years at a time. Members of the Board may be re-elected.

The composition of the Board satisfies the above recommendations. The Board consists of six members, possessing the required expertise, capacity and diversity. All members of the Board are independent of the executive

CORPORATE GOVERNANCE

management of the Company and exercise proper supervision of the management of the Company and its operations. With the exception of Andreas Sohmén-Pao and 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.

Three of Board members were elected for a period that commenced on 21 November 2013 and that expire on the date of the annual general meeting in 2016, and which accordingly is longer than the two years recommended in the Code. This one-time deviation from section 8 of the Code was resolved in order to provide for a staggered Board re-election and thus to provide for long-term continuity.

An up to date composition of BW LPG Board of Directors is available on the Company's website at www.bwlpg.com. Information has been included on the website to illustrate the expertise of the members of the Board. Information on their record of attendance at Board meetings will be included in the annual report for 2014, which is the Company's first full year as a listed entity.

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 each year fixes in advance a number of regular scheduled meetings of the Board for the following calendar year, although additional meetings may be called by the chairman. The directors shall normally meet in person but if so allowed by the chairman, directors may participate in any meeting of the Board by means of telephone.

The Board has approved mandates for and established an Audit Committee, currently consisting of Board members John B Harrison (Chairman of the Audit Committee) and Anders Onarheim, and a Remuneration Committee, currently consisting of Board members 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.

The Board intends to carry out an evaluation annually of its performance and expertise in the previous year.

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.

CORPORATE GOVERNANCE

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.

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

11. Remuneration of the Board of Directors

The annual general meeting of the Company decides the remuneration of the Board. The remuneration of the 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 the remuneration of the executive personnel. These guidelines will be communicated to the annual general meeting.

Remuneration of the executive personnel of the Company is reviewed annually. Remuneration is 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 for approval. Such recommendation aims to ensure convergence of the financial interests of the executive personnel and the shareholders.

The Company does not deviate from section 12 of the Code.

13. Information and Communication

The Company is committed to provide 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.

CORPORATE GOVERNANCE

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 www.bwlpj.com.

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 www.bwlpj.com.

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 www.bwlpj.com 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 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 which can prevent or deter take-over offers unless this has been decided by the shareholders in general meeting in accordance with applicable law.

CORPORATE GOVERNANCE

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.



BW LPG

FINANCIAL REPORT

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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 2013 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.

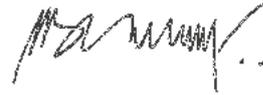
14 April 2014



Andreas Sohmen-Pao
Chairman



John B Harrison
Vice Chairman



Dato' Jude P Benny
Director



Andreas Beroutsos
Director



Anne Grethe Dalane
Director



Anders Onarheim
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 balance sheet as at 31 December 2013, the statement 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 2013, the statement 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.

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.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED

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 2013, 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

14 April 2014

Partner in Charge: Kok Moi Lre

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Note	2013 US\$'000	2012 US\$'000
Revenue	4	449,248	377,859
Voyage expenses	5	(160,516)	(153,941)
TCE income[^]		288,732	223,918
Other operating income	4	886	602
Charter hire expenses	5	(60,835)	(53,348)
Other operating expenses	5	(92,600)	(74,766)
Operating profit before depreciation, amortisation and impairment		136,183	96,406
Loss on disposal of property, plant and equipment		(880)	-
Loss on disposal of subsidiaries	11	(1,025)	-
		134,278	96,406
Amortisation charge	9	(6,335)	(7,095)
Depreciation charge	10	(53,117)	(50,395)
Write-back of impairment charge/(Impairment charge) - net	10	56,347	(55,630)
Operating profit/(loss)		131,173	(16,714)
Foreign currency exchange loss - net		(59)	(21)
Interest income		52	8
Interest expense		(5,480)	(3,467)
Derivative gain		184	-
Other finance (expense)/income		(160)	45
Finance expense - net		(5,463)	(3,435)
Profit/(Loss) for the financial year		125,710	(20,149)
Other comprehensive income for the financial year		-	-
Total comprehensive income/(loss) for the financial year		125,710	(20,149)

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the financial year ended 31 December 2013

	Note	2013 US\$'000	2012 US\$'000
Profit/(Loss) attributable to:			
Equity holders of the Company		124,739	(21,446)
Non-controlling interests		971	1,297
		125,710	(20,149)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		124,739	(21,446)
Non-controlling interests		971	1,297
		125,710	(20,149)
Earnings/(Loss) per share attributable to the equity holders of the Company			
(expressed in US\$ per share)			
Basic and diluted earnings/(loss) per share	7	0.92	(21)

Earnings/(Loss) per share calculations for the financial years as presented in these financial statements have been adjusted to reflect the effect of the change in number of shares (note 7).

^ "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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	2013 US\$'000	2012 US\$'000
Charter-hire contracts acquired	9	22,291	42,429
Intangible assets		22,291	42,429
Vessels	10	1,261,290	944,493
Vessels under construction	10	65,241	-
Dry docking	10	28,436	17,892
Furniture and fixtures	10	316	-
Total property, plant and equipment		1,355,283	962,385
Total non-current assets		1,377,574	1,004,814
Inventories	12	20,719	19,432
Trade and other receivables	13	122,029	73,154
Derivative asset		184	-
Cash and cash equivalents	14	110,907	22,221
Total current assets		253,839	114,807
Total assets		1,631,413	1,119,621
Share capital	15	1,363	10
Share premium	15	268,987	-
Contributed surplus	15	685,913	-
Other reserves	15	(41,467)	67,687
Retained earnings/(Accumulated losses)		50,203	(72,382)
		964,999	(4,685)
Non-controlling interests		9,730	9,105
Total shareholder's equity		974,729	4,420
Borrowings	16	503,362	64,751
Deferred income		1,241	1,737
Total non-current liabilities		504,603	66,488
Borrowings	16	105,227	136,039
Deferred income		496	496
Current income tax liabilities		-	108
Trade and other payables	17	46,358	912,070
Total current liabilities		152,081	1,048,713
Total liabilities		656,684	1,115,201
Total equity and liabilities		1,631,413	1,119,621

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

		Attributable to equity holders of the Company									
		Share capital	Share premium	Contributed surplus	Capital reserve	Share-based payment reserve	(Accumulated losses)/ Retained earnings	Total	Non-controlling interests	Total equity	
Note		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 2013		10	-	-	67,687	-	(72,382)	(4,685)	9,105	4,420	
Profit for the financial year		-	-	-	-	-	124,739	124,739	971	125,710	
Distributions to partnerships		23	-	-	-	-	(2,154)	(2,154)	(346)	(2,500)	
Capital reserve - Acquisition of subsidiaries		15	-	-	(109,167)	-	-	(109,167)	-	(109,167)	
Share based payment reserve - Value of employee services		15	-	-	-	13	-	13	-	13	
Issue of new shares		15	1,353	279,254	685,913	-	-	966,520	-	966,520	
Share issue expenses		15	-	(10,267)	-	-	-	(10,267)	-	(10,267)	
Balance at 31 December 2013			1,363	268,987	685,913	(41,480)	13	50,203	964,999	9,730	974,729
Note		Share capital	Share premium	Contributed surplus	Capital reserve	Share-based payment reserve	Accumulated losses	Total	Non-controlling interests	Total equity	
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 2012		10	-	-	67,687	-	(45,515)	22,182	8,784	30,966	
Loss for the financial year		-	-	-	-	-	(21,446)	(21,446)	1,297	(20,149)	
Distributions to partnerships		23	-	-	-	-	(5,421)	(5,421)	(976)	(6,397)	
Balance at 31 December 2012			10	-	-	67,687	-	(72,382)	(4,685)	9,105	4,420

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2013

	2013	2012
	US\$'000	US\$'000
Cash flows from operating activities		
Profit/(Loss) for the financial year	125,710	(20,149)
Adjustments for:		
- amortisation charge	6,335	7,095
- amortisation of deferred income	(496)	(496)
- depreciation charge	53,117	50,395
- (write-back of impairment charge)/impairment charge	(56,347)	55,630
- loss on disposal of property, plant and equipment	880	-
- loss on disposal of subsidiaries	1,025	-
- foreign exchange currency loss on long-term liability	-	8
- derivative gain	(184)	-
- interest income	(52)	(8)
- interest expense	5,480	3,467
- other finance expense/(income)	160	(45)
Operating cash flow before working capital changes	135,628	95,897
Changes in working capital:		
- inventories	(2,024)	(5,801)
- trade and other receivables	(64,838)	(19,550)
- trade and other payables	53,446	(26,915)
Cash generated from operations	122,212	43,631
Taxes paid	(108)	(101)
Net cash provided by operating activities	122,104	43,530
Cash flows from investing activities		
Purchases of property, plant and equipment	(429,698)	(200,659)
Disposal of property, plant and equipment	6,029	-
Disposal of subsidiaries, net of cash disposed	(772)	-
Interest received	52	8
Net cash used in investing activities	(424,389)	(200,651)

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the financial year ended 31 December 2013

	2013 US\$'000	2012 US\$'000
Cash flows from financing activities		
Funding from related party for purchase of property, plant and equipment	393,571	67,385
Repayment to a related party	(816,371)	-
Proceeds from borrowings (net of financing fees)	692,651	126,500
Funding provided to a related party	(12,910)	(13,863)
Repayment received from related party	26,776	-
Repayments of borrowings	(150,000)	-
Repayment of finance lease	(7,822)	(7,361)
Distributions to partnerships	(2,154)	(5,421)
Interest paid	(1,614)	(1,750)
Other finance (expense paid)/income received	(160)	45
Proceeds from issuance of ordinary shares	279,617	-
Share issue expenses	(10,267)	-
Payment to non-controlling interests	(346)	(976)
Net cash provided by financing activities	390,971	164,559
Net increase in cash and cash equivalents	88,686	7,438
Cash and cash equivalents at beginning of the financial year	22,221	14,783
Cash and cash equivalents at end of the financial year	110,907	22,221

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

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 incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

With effect from 3 September 2013, the name of the Company was changed from BW Gas LPG Holding Limited to BW LPG Limited.

The Company was listed on the Oslo Stock Exchange on 21 November 2013 and ceased to be a subsidiary of BW Group Limited, a Company incorporated in Bermuda. As at 31 December 2013, BW Group Limited holds a 44.98% equity interest in the Company.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are shipowning and chartering (note 25).

These financial statements were authorised for issuance by the Board of Directors of BW LPG Limited on 14 April 2014.

2. Group restructuring

For the purpose of the listing on the Oslo Stock Exchange, the LPG business of BW Group Limited underwent a restructuring exercise (the "Restructuring") in 2013 as set out below:

- (a) On 29 August 2013, the Company incorporated BW LPG Partners Pte Ltd, as a wholly-owned subsidiary in Singapore. BW LPG Partners Pte Ltd then incorporated BW LPG Partners AS, a wholly-owned subsidiary in Norway. The latter subsequently entered into a sales and purchase agreement on 25 October 2013 with BW LPG I AS (a related party) to acquire:
 - i. 100% equity interest in AS Havgas Partners (a Norwegian Tonnage Tax Company which holds 15% equity interest in KS Havgas Partners);
 - ii. 62.5% equity interest in KS Havgas Partners (a Norwegian Limited Partnership); and
 - iii. 86.17% equity interest in PR Bergesen d.y. Shipping DA (a Norwegian Partnership).

The purchase consideration for this transaction amounted to US\$42.1 million and was entirely satisfied by an account payable from BW LPG Partners AS to BW LPG I AS.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

2. Group restructuring (continued)

- (b) On 29 August 2013, BW Gas Cyprus Limited (a related party) incorporated BW Cyan Limited, as a wholly-owned subsidiary, in Bermuda. BW Gas Cyprus Limited transferred four vessels and the related assets and liabilities of the four vessels to BW Cyan Limited as part of a capital reorganisation. The Company then entered into a sales and purchase agreement with BW Gas Cyprus Limited to acquire the entire equity interest in BW Cyan Limited for a purchase consideration of US\$67.1 million which was entirely satisfied by an account payable by the Company to BW Gas Cyprus Limited.
- (c) On 9 July 2013, the Company incorporated BW Woodlands Pte Ltd (renamed as BW LPG Pte Ltd on 29 August 2013), as a wholly-owned subsidiary, in Singapore. On 17 September 2013, BW LPG Pte Ltd entered into a sale and purchase agreement with BW Gas AS (a related party) to acquire the entire equity interest of BW Green Transport AS and BW Green Carriers AS for a purchase consideration of US\$2, which was entirely satisfied by an account payable from the BW LPG Pte Ltd to BW Gas Cyprus Limited.
- (d) On 30 August 2013, the Company incorporated BW LPG AS, a wholly-owned subsidiary in Norway.

The acquisition of AS Havgas Partners, KS Havgas Partners, PR Bergesen d.y. Shipping DA, BW Cyan Limited, BW Green Transport AS and BW Green Carriers AS has been accounted for as a business acquisition involving entities under common control prior to restructuring. Accordingly, the financial statements of the Group are presented as follows:

- i. The financial statements of the Group for the financial year ended 31 December 2013 and 2012 have been prepared as if the Company had been the holding company of AS Havgas Partners, KS Havgas Partners, PR Bergesen d.y. Shipping DA, BW Cyan Limited, BW Green Transport AS and BW Green Carriers AS throughout these financial years.
- ii. The assets and liabilities of AS Havgas Partners, KS Havgas Partners, PR Bergesen d.y. Shipping DA, BW Cyan Limited, BW Green Transport AS and BW Green Carriers AS were brought into the Group's books based on their existing carrying values in the consolidated financial statements of BW Gas Cyprus Limited, which was the previous intermediate holding company for these entities. No adjustments were made to the carrying values of those assets and liabilities, as the financial statements of the Group, AS Havgas Partners, KS Havgas Partners, PR Bergesen d.y. Shipping DA, BW Cyan Limited, BW Green Transport AS and BW Green Carriers AS have been prepared using consistent accounting policies as the Group and these entities have been under common control.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

2. Group restructuring (continued)

Details of the assets acquired and liabilities assumed of these businesses on the respective dates are as follows:

	2013 [^] US\$'000	As at 31 December 2012 US\$'000
Assets acquired and liabilities assumed		
Property, plant and equipment	215,671	212,993
Inventories	3,228	1,924
Trade and other receivables	66,316	33,573
Cash and cash equivalents	2,813	4,597
Total assets	288,028	253,087
Borrowings	-	128,217
Long-term tax liability	-	-
Current income tax liabilities	-	108
Trade and other payables	167,079	18,547
Total liabilities	167,079	146,872
Total net assets	120,949	106,215

[^] The net assets acquired and liabilities assumed were as at the respective dates of acquisition of AS Havgas Partners, KS Havgas Partners, PR Bergesen d.y. Shipping DA, BW Cyan Limited, BW Green Transport AS and BW Green Carriers AS.

For the year ended 31 December 2013, the acquired businesses contributed revenue of US\$66.6 million (2012: US\$66.3 million) and net profit/(loss) of US\$17.2 million (2012: US\$8.0 million) to the consolidated group. Of these, BW Cyan Limited contributed US\$44.6 million of revenue (2012: US\$43.0 million) and US\$10.5 million of net profit (2012: US\$1.2 million).

- iii. The share capital of the Group reflects the share capital of the Company on the respective dates. The retained earnings of the Group include the retained earnings of AS Havgas Partners, KS Havgas Partners, PR Bergesen d.y. Shipping DA, BW Cyan Limited, BW Green Transport AS and BW Green Carriers AS; and the resulting differences are presented in capital reserve.
- iv. All significant intra-group transactions and balances have been eliminated on combination.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. 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, effective in 2013 or later

On 1 January 2013, the Group adopted the new or amended IFRS and interpretations of IFRS ("INT IFRS") that are mandatory for application for the financial year. The adoption of these new or amended IFRS and INT IFRS did not result in substantial changes to the accounting policies of the Group and Company and had no material effect on the amounts reported for the current or prior financial years:

IAS 1 *Financial Statement Presentation*

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they may potentially be reclassified to profit or loss subsequently (reclassification adjustments).

IAS 19 *Employee Benefits*

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the Group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

IFRS 7 *Financial Instruments: Disclosure*

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare financial statements in accordance with US GAAP.

IFRS 11 *Joint Arrangements*

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

IFRS 10 *Consolidated Financial Statements*

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. Significant accounting policies (continued)

(a) Basis of preparation (continued)

IFRS 12 Disclosure of Interest in Other Entities

IFRS 12, 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Additional disclosures are required on the Group's interests in subsidiaries to assist users to make their assessment on the financial impact of these entities on the consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

The adoption of these new standards and amendments to the published standards does not have a material impact on the consolidated 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 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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

(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.

(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.

The Group revised its estimation of realisable demurrage income during the year to better align with industry practise. For the year ended 31 December 2013, upon completion of voyage, 80% of the total estimated claims issued to customers was recognised. Prior to the year ended 31 December 2013, no estimation of demurrage receivable was made. See note 3 (b)(1) for the financial impact due to this change in estimate.

(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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. Significant accounting policies (continued)

(b) Revenue and income recognition (continued)

(1) *Rendering of services (continued)*

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.

Prior to the year ended 31 December 2013, no demurrage revenue was estimated on completion of voyage. For the year ended 31 December 2013, the Group revised its estimation of realisable demurrage income to better align with industry practice; and upon completion of voyage, 80% of the total estimated claims issued to customers was recognised. As a result of this change, profit for the financial year ended 31 December 2013 increased by US\$9.4 million. This change of basis of estimation will be used consistently in future years.

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

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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. Significant accounting policies (continued)

(c) Group accounting (continued)

(1) *Subsidiaries (continued)*

(i) *Consolidation (continued)*

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

(ii) *Acquisition of businesses*

Other than business combinations as described in note 2 – Group restructuring, the acquisition method of accounting is used to account for business combinations by the Group.

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

The consideration transferred also includes the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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 net identifiable assets acquired net of fair values of the liabilities and any contingent liabilities, 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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. 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 Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(3) *Joint arrangements*

The Group has applied IFRS 11 to all joint arrangements as from 1 January 2012. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long term interests that, in substance, form part of the Group's net investments in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2012.

(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 18 to 57 months (2012: 3 to 69 months), are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. Significant accounting policies (continued)

(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 3(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.

(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
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 expense is 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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. Significant accounting policies (continued)

(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.

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.

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.

The Group documents the relationship between the hedging instruments and hedged items, the risk management objective and strategies for undertaking various hedging transactions and whether the derivatives designated as hedge instruments are highly effective in offsetting in fair value or cash flows of the hedged items.

The full fair value of a derivative designated as a hedge is presented as a non-current asset or liability when 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. Trading derivatives are classified as current assets or liabilities.

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.

For cash flow hedges, the fair value changes on the effective portion are recognised in other comprehensive income, accumulated in the fair value reserve. Fair value changes on the ineffective portions are recognised in profit or loss.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. Significant accounting policies (continued)

(h) Loans and receivables

The Group has only one class of non-derivative financial assets - loans and receivables. They are presented as "trade and other receivables" (note 13) 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.

(i) 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 twelve months after the balance sheet date, in which case they are presented as non-current liabilities.

(j) Borrowing costs

Borrowing costs are recognised in the 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 are capitalised in the cost of the vessel under construction. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to the construction expenditures that are financed by general borrowings.

(k) Trade and other payables

Trade 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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. Significant accounting policies (continued)

(l) 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.

(m) Leases

(1) *When a group company 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.

(2) *When a group company 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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. Significant accounting policies (continued)

(n) 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.

(o) Provisions for other liabilities and charges

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

(p) Foreign currency translation

(1) *Functional and presentation currency*

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

(2) *Transactions and balances*

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

(q) Employee benefits

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

(1) *Employee leave entitlement*

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

(2) *Defined contribution plans*

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

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

3. Significant accounting policies (continued)

(q) Employee benefits (continued)

(3) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of 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.

(r) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions, which are subject to an insignificant risk of change in value.

(s) Share capital

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

(t) Dividends to Company's shareholders

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

(u) Segment reporting

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

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

4. Revenue and other operating income

	2013 US\$'000	2012 US\$'000
Revenue from:		
- voyage charter	353,115	294,158
- time charter	96,133	83,701
	449,248	377,859
Other operating income:		
- sundry income	390	106
- amortisation of deferred income	496	496
	886	602

5. Expenses by nature

	2013 US\$'000	2012 US\$'000
Fuel oil consumed (note 12)	126,141	121,476
Port charges	20,485	19,912
Other voyage expenses	13,890	12,553
Voyage expenses	160,516	153,941
Charter hire expenses	60,835	53,348
Manning costs	40,013	35,692
Maintenance and repair expenses	32,418	23,698
Insurance expenses	3,128	2,978
Operating expenses	11,788	10,401
Vessel operating expenses	87,347	72,769
Employee compensation (note 6)	447	-
Directors' fees	38	-
Other operating expenses	4,768	1,997
Total voyage, charter hire and other operating expenses	313,951	282,055

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

6. Employee compensation

	2013	2012
	US\$'000	US\$'000
Wages and salaries	406	-
Share-based payments – equity settled	13	-
Employers' contribution to defined contribution plans including Central Provident Fund	28	-
	447	-

Employee compensation relates to staff costs incurred from 21 November 2013. Prior to this date, there was no staff cost as operational and administrative support were provided by BW Maritime Pte Ltd, BW Gas AS and BW Fleet Management AS, which are related parties of the Group.

	2013	2012
	US\$'000	US\$'000
Statutory audit	204	83
Other assurance services	818	-
	1,022	83

7. Earnings/(Loss) per share

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

	2013	2012
Net profit/(loss) attributable to equity holders of the Company (US\$'000)	124,739	(21,446)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share ('000)	136,276	10
Basic and diluted earnings/(loss) per share (US\$ per share)	0.92	(21)

On 28 October 2013, the Company split every one ordinary shares of US\$1 each into 100 ordinary shares of US\$0.01 each (note 15(a)). The earnings/(loss) per share calculations for the financial years as presented in these financial statements have been adjusted to reflect the change in numbers of shares.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

8. Income taxes

No provision for tax has been made for the financial year as the Group does not have income that is subject to income tax based on the tax legislation applicable to the Company and its subsidiaries.

9. Intangible assets

	2013	2012
	US\$'000	US\$'000
<i>Charter hire contracts acquired</i>		
At beginning of the financial year	42,429	49,524
Exercise of purchase option (note 10)	(9,936)	-
Reclass to property, plant and equipment (note 10)	(3,867)	-
Amortisation charge	(6,335)	(7,095)
At end of the financial year	22,291	42,429

The charter hire contracts and purchase options acquired in prior years were attached to vessels chartered-in by the Group. In 2013, the Group exercised an option to purchase a vessel at the end of the charter-in period. Upon exercise of the purchase option, the carrying value of the purchase option was transferred to the cost of the vessel (note 10).

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

10. Property, plant and equipment

	<u>Vessels</u> US\$'000	<u>Dry docking</u> US\$'000	Vessels under <u>construction</u> US\$'000	Furniture & <u>fittings</u> US\$'000	<u>Total</u> US\$'000
<i>Cost</i>					
At 1 January 2013	1,154,360	31,273	-	-	1,185,633
Additions	341,865	22,722	65,241	316	430,144
Exercise of purchase option (note 9)	9,936	-	-	-	9,936
Reclassification from intangible assets (note 9)	3,867	-	-	-	3,867
Disposal	(8,730)	(2,220)	-	-	(10,950)
Disposal of subsidiaries (note 11)	(52,216)	(2,317)	-	-	(54,533)
Write-off on completion of dry docking	-	(8,198)	-	-	(8,198)
At 31 December 2013	<u>1,449,082</u>	<u>41,260</u>	<u>65,241</u>	<u>316</u>	<u>1,555,899</u>
<i>Accumulated depreciation and impairment charge</i>					
At 1 January 2013	209,867	13,381	-	-	223,248
Depreciation charge	42,644	10,473	-	-	53,117
Impairment charge	5,193	-	-	-	5,193
Write-back of impairment charge	(61,540)	-	-	-	(61,540)
Disposal - net	(2,199)	(1,842)	-	-	(4,041)
Disposal of subsidiaries (note 11)	(6,173)	(990)	-	-	(7,163)
Write-off on completion of dry docking	-	(8,198)	-	-	(8,198)
At 31 December 2013	<u>187,792</u>	<u>12,824</u>	<u>-</u>	<u>-</u>	<u>200,616</u>
Net book value					
At 31 December 2013	<u>1,261,290</u>	<u>28,436</u>	<u>65,241</u>	<u>316</u>	<u>1,355,283</u>

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

10. 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 & fittings</u> US\$'000	<u>Total</u> US\$'000
<i>Cost</i>					
At 1 January 2012	966,359	20,700	-	-	987,059
Additions	188,001	12,658	-	-	200,659
Write-off on completion of dry docking	-	(2,085)	-	-	(2,085)
At 31 December 2012	1,154,360	31,273	-	-	1,185,633
<i>Accumulated depreciation and impairment charge</i>					
At 1 January 2012	114,742	4,566	-	-	119,308
Depreciation charge	39,495	10,900	-	-	50,395
Impairment charge	58,030	-	-	-	58,030
Write-back of impairment charge	(2,400)	-	-	-	(2,400)
Write-off on completion of dry docking	-	(2,085)	-	-	(2,085)
At 31 December 2012	209,867	13,381	-	-	223,248
<i>Net book value</i>					
At 31 December 2012	944,493	17,892	-	-	962,385

- (a) The net book value of vessels held under finance leases as at 31 December 2013 amounted to US\$87.7 million (2012: US\$74.9 million).
- (b) The Group has mortgaged vessels with an aggregate carrying amount of US\$1,132.1 million at 31 December 2013 (2012: US\$nil) as security for bank borrowings amounting to US\$542.8 million (2012: US\$nil) (note 16).
- (c) The Group had mortgaged vessels with an aggregate carrying amount of US\$712.0 million as at 31 December 2012 as security for bank borrowings of the Group's related party (previous ultimate holding corporation) amounting to US\$1,243.0 million.
- (d) For the year ended 31 December 2013, the Group recognised a write-back of impairment charge of US\$61.5 million and impairment charge of US\$5.2 million (2012: recognised a write-back of impairment charge of US\$2.4 million and impairment charge of US\$58.0 million), which represents the adjustment on certain vessel values to their recoverable amounts. The recoverable amounts of the vessels were determined based on fair values (based on independent third party valuation reports which made reference to comparable transaction prices of similar LPG vessels) less costs to sell.
- (e) For the year ended 31 December 2013, interest amounting to US\$0.5 million (2012: US\$nil) has been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.0% (2012: nil) per annum.
- (f) For the year ended 31 December 2013, the Group disposed of its non-current asset held-for-sale amounting to US\$3.8 million. There was no gain or loss recognised as a result of the disposal.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

11. Disposal of subsidiaries

On 30 August 2013, a related party of the Company, BW Gas Limited acquired from the Company 10,000 ordinary shares of BW GMC Investments Limited (previously known as BW Captain Limited) and 10,000 ordinary shares of BW Danuta Limited for a consideration of US\$20,000.

On 30 August 2013, a related party of the Company, BW Gas LNG Holding Limited acquired from the Company 1 ordinary share of BW LNG Investments Pte. Ltd. for a consideration of S\$1.

The effects of the disposals on the cashflows of the Group were as follows:

<u>Share of carrying amounts of assets and liabilities disposed</u>	US\$'000
Cash and cash equivalents	792
Inventories	737
Trade and other receivables	2,097
Property, plant and equipment- net book value (note 10)	47,370
Total assets	<u>50,996</u>
Trade and other payables	<u>49,951</u>
Total liabilities	<u>49,951</u>
Net assets disposed	1,045
Loss on disposal	<u>(1,025)</u>
Cash proceeds from disposal	20
Less: Cash and cash equivalents disposed	<u>(792)</u>
Net cash outflow on disposal	<u>(772)</u>

12. Inventories

	2013	2012
	US\$'000	US\$'000
Fuel oil	<u>20,719</u>	<u>19,432</u>

The cost of inventories recognised as expense and included in "voyage expenses" amounted to US\$126.1 million (2012: US\$121.5 million) (note 5).

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

13. Trade and other receivables

	2013	2012
	US\$'000	US\$'000
Trade receivables – non-related parties	91,345	45,699
Other receivables – non-related parties	3,957	2,524
Other receivables – related parties [^]	16,656	13,866
	111,958	62,089
Prepayments	10,071	7,395
Deposits	-	3,670
	122,029	73,154

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

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

[^] Related parties refer to corporations controlled by a shareholder of the Company. The shareholder is the previous ultimate holding corporation of the Company.

14. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with financial institutions.

Cash and cash equivalents are principally denominated in US\$.

15. Share capital and other reserves

	Number of shares	Ordinary shares US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Capital reserve & others US\$'000	Total US\$'000
At 1 January 2013	10,000	10	-	-	67,687	67,697
Share split (i)	990,000	-	-	-	-	-
Shares issued (ii), (iii)	135,276,383	1,353	279,254	685,913	-	966,520
Acquisition of subsidiaries	-	-	-	-	(109,167)	(109,167)
Value of employee services	-	-	-	-	13	13
Shares issue expenses	-	-	(10,267)	-	-	(10,267)
At 31 December 2013	136,276,383	1,363	268,987	685,913	(41,467)	914,796
At 1 January 2012 and 31 December 2012	10,000	10	-	-	67,687	67,697

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

15. Share capital and other reserves (continued)

(a) Issued and fully paid share capital

- (i) On 28 October 2013, the Company executed a share split whereby each of the outstanding ordinary shares of US\$1 each was split into 100 ordinary shares of US\$0.01 each. Following the share split, the share capital of the Group increased from 10,000 ordinary shares of US\$1 each to 1,000,000 ordinary shares of US\$0.01 each.
- (ii) On 28 October 2013, the Company transferred the net amount due to related parties of the Company to BW Gas Limited amounting to US\$686.9 million (the "Intercompany Balance"). In addition, the Company entered into a Capitalisation Agreement (the "Capitalisation Agreement") with BW Gas Limited under which the Company issued 99 million ordinary shares of US\$0.01 each as settlement for US\$1.0 million of amount due to BW Gas Limited. The remainder of the Intercompany Balance of US\$685.9 million has been accounted for as a capital contribution presented within capital reserve under "Contributed surplus".
- (iii) On 21 November 2013, the Company issued 36,276,383 ordinary shares at NOK47 per share, raising US\$280 million (calculated at exchange rate USD/NOK 6.09) in connection with its initial public offering ("IPO") on the Oslo Stock Exchange ("Oslo Børs").
- (iv) All issued ordinary shares are fully paid with a par value of US\$0.01 (2012: US\$1.00) per share.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(b) Share premium

A portion of the cost of the IPO, which relates to the issuance of new ordinary shares, has been netted off against the share premium account.

(c) Capital reserve

The negative capital reserve of US\$41.5 million (2012: positive capital reserve of US\$67.7 million) arose mainly from the business acquisition of entities under common control using the pooling-of interest method of accounting, as described in note 2.

Capital reserve is non-distributable.

(d) Share-based payment reserve

Certain employees are entitled to receive shares with value which is equivalent to three months of each awardee's salary. This award is recognised as an expense in the income statement of the Group with a corresponding increase in the share-based payment reserve over the vesting period of one year. For the year ended 31 December 2013, an expense of US\$13,000 was recognised in the income statement with a corresponding increase recognised in the share-based payment reserve.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

16. Borrowings

	2013	2012
	US\$'000	US\$'000
Non-current		
Finance lease liabilities (note 18)	9,556	64,751
Bank borrowings	493,806	-
	503,362	64,751
Current		
Finance lease liabilities (note 18)	55,195	7,822
Loan from a related party	-	128,217
Interest payable	1,081	-
Bank borrowings	48,951	-
	105,227	136,039
Total borrowings	608,589	200,790

On 4 November 2013, a subsidiary entered into a US\$700 million Senior Secured Term Loan and Revolving Credit facility ("Facility"), which comprised a term loan facility of US\$500 million and revolving credit facility of US\$200 million.

- (i) The term loan is amortised quarterly over seven years at US\$12.5 million for the first twelve quarters and US\$15.0 million for the subsequent fifteen quarters with a balloon payment of US\$125.0 million at final maturity. It bears a nominal interest rate of US\$ 3-month LIBOR plus a margin of 1.9% per annum.
- (ii) The revolving credit facility is not amortising in nature and any amount drawn can be repaid, and any amount undrawn can be drawn/re-drawn throughout the term of the facility. It bears a nominal interest rate of US\$ 3-month LIBOR or US\$ 6-month LIBOR plus a margin of 1.9% per annum on the drawn amount. Any undrawn amount attracts a commitment fee at 0.76% per annum.
- (iii) The Facility is secured by a mortgage over certain vessels of the Group (see note 10(b)). Further, the Company has provided a corporate guarantee to DNB Asia Ltd for the Facility.

The loan from a related party bore a nominal interest rate of US\$ 3-month LIBOR + 1.4% per annum and it was unsecured. It was repaid in 2013 by a draw down from the Facility.

Carrying amounts and fair values

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

The face value of the bank borrowing amounted to US\$550.0 million as at 31 December 2013. After deduction of unamortised upfront fees of US\$7.2 million, the carrying amount of the bank borrowing amounted to US\$542.8 million as at 31 December 2013.

Finance lease liabilities amounting to US\$64.8 million (2012: US\$72.6 million) are secured by two (2012: two) leased vessels, which would revert to the lessor in the event of default by the Group (note 18).

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

17. Trade and other payables

	2013	2012
	US\$'000	US\$'000
Trade payables – non-related parties	26,434	25,057
Other payables – related parties [^]	5,858	869,653
Other payables – non-related parties	63	-
Charter hire received in advance	2,225	767
Other accrued operating expenses	11,778	16,593
	46,358	912,070

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

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

[^] Related parties refer to corporations controlled by a shareholder of the Company. The shareholder is the previous ultimate holding corporation of the Company.

18. Finance lease liabilities

The Group has leased two (2012: two) vessels on finance lease from a non-related party with option to purchase the vessel(s) at the end of the charter period.

	2013	2012
	US\$'000	US\$'000
Minimum lease payments due:		
- not later than one year	58,636	9,688
- later than one year and not more than five years	9,890	68,526
	68,526	78,214
Less: Future finance charges	(3,775)	(5,641)
Present value of finance lease liabilities	64,751	72,573

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

	2013	2012
	US\$'000	US\$'000
<u>Current</u>		
Not later than one year (note 16)	55,195	7,822
<u>Non-current</u>		
Later than one year and not later than five years (note 16)	9,556	64,751
	64,751	72,573

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

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

	2013	2012
	US\$'000	US\$'000
Interest expenses paid to a related party [^]	2,679	1,717
Support service fees charged by a shareholder	1,137	920
Support service fees charged by related parties [^]	780	584
Commercial fees charged by related parties [^]	5,597	4,771
Ship management fees charged by related parties [^]	10,276	9,176
Derivative gain recovered from a shareholder for financial instrument entered on behalf of the Group	184	-
Sales proceeds from disposal of vessels to related parties [^]	6,029	-
	As of	As of
	31 December	31 December
	2013	2012
Borrowings payable to a related party [^]	-	(128,217)
Other payables with related parties [^]	(5,858)	(869,653)
Other receivables with related parties [^]	16,657	13,866

(b) Key management's remuneration

	2013	2012
	US\$'000	US\$'000
Salaries and other short term employee benefits [#]	96	-
Share-based payments – equity settled	13	-
Post-employment benefits – contributions to Central Provident Fund [#]	3	-
Directors' fees	38	-

[^] Related parties refer to corporations controlled by a shareholder of the Company. The shareholder is the previous ultimate holding corporation of the Company.

[#] Remuneration to key management was incurred from 21 November 2013. Prior to this date, remuneration to key management was incurred by related parties of the Group.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

20. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the consolidated financial statements are as follows:

	2013 US\$'000	2012 US\$'000
Purchase of vessel	-	33,030
Vessels under construction	371,439	-
	371,439	33,030

As at 31 December 2013, the Group had outstanding shipbuilding contracts for the construction of six Very Large Gas Carriers for US\$436.2 million. The construction is to be paid in five instalments up to the scheduled delivery dates ranging from 31 October 2014 to 30 October 2015. As at 31 December 2013, the Group had paid US\$64.8 million and these are capitalised and presented within property, plant and equipment under "vessels under construction" cost.

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

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

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	2013 US\$'000	2012 US\$'000
Not later than one year	51,181	64,854
Later than one year but not later than five years	12,740	48,591
	63,921	113,445

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

20. Commitments (continued)

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

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

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2013	2012
	US\$'000	US\$'000
Not later than one year	74,249	44,001
Later than one year and not later than five years	235,113	121,632
Later than five years	229,751	56,914
	539,113	222,547

- (d) There are no uncalled commitments in the Group's partnerships.

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 2013, fuel oil costs comprised 50% (2012: 53%) of the Group's total operating expenses (excluding 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. Proceeds from the IPO of the Company during the year were denominated in Norwegian Kroner (NOK). All the IPO proceeds raised had been converted to US\$ or used to meet NOK-denominated expenses and accordingly, there was minimal ongoing foreign currency risk arising from the IPO proceeds.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

21. Financial risk management (continued)

(b) Credit risk

Credit risk is diversified over a range of counterparties including several key charterers. The Company 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 Company 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. There is no significant balance as at the balance sheet date that is neither past due or impaired. The maximum exposure is represented by the carrying value of each financial asset on the consolidated balance sheet.

(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. If US\$ interest rates increase/decrease by 50 basis points (2012: 50 basis points) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by approximately US\$0.6 million (2012: loss after tax will be higher/lower by approximately US\$0.8 million) as a result of higher/lower interest expense on these borrowings.

(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 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. 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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

21. Financial risk management (continued)

(d) Liquidity risk (continued)

	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 2013				
Trade and other payables	46,358	-	-	-
Finance lease liabilities	58,636	9,890	-	-
Bank borrowings	60,547	59,333	191,150	287,691
	165,541	69,223	191,150	287,691
	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 2012				
Trade and other payables	912,070	-	-	-
Finance lease liabilities	9,688	9,899	58,627	-
Loan from a related party [^]	128,217	-	-	-
	1,049,975	9,899	58,627	-

[^] Related parties refer to corporations controlled by a shareholder of the Company. The shareholder is the previous ultimate holding corporation of the Company.

(e) Financial instruments by category

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

	2013 US\$'000	2012 US\$'000
Loans and receivables	222,865	87,980
Financial liabilities at amortised cost	652,722	1,112,093

(f) Fair value measurements

The Group financial asset/liability measured at fair value comprises bunker swaps which are measured at Level 2 of the fair value measurement hierarchy.

There was no financial asset or liability measured at fair value as at 31 December 2012.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

22. Segment information

Operating segments are determined based on the reports submitted to the Chief Operating Decision Maker (CODM) to make strategic decisions. The CODM is a committee of senior management comprising the Chief Executive Officer and Chief Financial Officer of the Group. Management considers the LPG business to be organised into two main business segments:

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

The business segments are organised and managed according to the size of the LPG vessels.

Management assesses the performance of the operating segments 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 ("Operating EBITDA"). This measurement basis excludes the effects of gain or loss on disposal of property, plant and equipment, impairment charges, and gain or loss on disposal of subsidiaries that are not expected to recur regularly in every financial period. Interest income is not allocated to segments, as financing is determined based on an aggregate investment portfolio rather than by segments. Unallocated items include general expenses that are not attributable to any segments.

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

	VLGC US\$'000	LGC US\$'000	Total US\$'000
2013			
Revenue	382,626	66,622	449,248
Operating EBITDA	117,864	21,874	139,738
Finance expense	(2,918)	(2,729)	(5,647)
Depreciation charge	(40,431)	(12,686)	(53,117)
Amortisation charge	(6,335)	-	(6,335)
Write-back of impairment charge on vessels - net	51,500	4,847	56,347
Loss on disposal of property, plant and equipment	-	(880)	(880)
	119,680	10,426	130,106
Unallocated items			(4,396)
Profit for the financial year			125,710
Segment assets as at 31 December 2013	1,320,095	173,453	1,493,548
Segment assets includes:			
Additions to:			
- vessels	355,668	-	355,668
- vessels under construction	65,241	-	65,241
- dry docking	13,995	8,727	22,722
Segment liabilities as at 31 December 2013	637,858	2,649	640,507

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

22. Segment information (continued)

	VLGC US\$'000	LGC US\$'000	Total US\$'000
2012			
Revenue	321,021	56,838	377,859
Operating EBITDA	74,699	23,628	98,327
Finance expense	(1,708)	(1,727)	(3,435)
Depreciation charge	(36,842)	(13,553)	(50,395)
Amortisation charge	(7,095)	-	(7,095)
Impairment charge on vessels - net	(54,960)	(670)	(55,630)
	(25,906)	7,678	(18,228)
Unallocated items			(1,921)
Loss for the financial year			(20,149)
Segment assets as at 31 December 2012	891,127	178,818	1,069,945
Segment assets includes:			
Additions to:			
- vessels	54,965	133,036	188,001
- dry docking	8,161	4,497	12,658
Segment liabilities as at 31 December 2012	700,042	130,177	830,219

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.

	2013 US\$'000	2012 US\$'000
Segment assets	1,493,548	1,069,945
Unallocated items:		
Cash and cash equivalents	110,907	22,221
Derivative asset	184	-
Other receivables	26,458	27,455
Property, plant and equipment	316	-
Total assets	1,631,413	1,119,621

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

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. Certain trade and other payables are allocated to the reportable segments. All other liabilities are reported as unallocated items.

	2013 US\$'000	2012 US\$'000
Segment liabilities	640,507	830,219
Unallocated items:		
Other payables	16,177	284,874
Current income tax liabilities	-	108
Total liabilities	656,684	1,115,201

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 partnerships

	2013 US\$'000		2012 US\$'000	
	Equity holders	Non-controlling interests	Equity holders	Non-controlling interests
Distributions to partnerships				
- KS Havgas Partners	-	-	1,250	450
- PR Bergesen d.y. Shipping DA	2,154	346	3,274	526
- AS Havgas Partners	-	-	897	-
	2,154	346	5,421	976

The partnerships, which are subsidiaries of the Group, have made distributions in accordance with the requirements of the partnership agreements. Distributions above reflect those amounts that were paid to parties outside the Group.

24. Dividends

A final dividend of US 15 cents per share amounting to US\$20.4 million will be recommended at the Company's forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2014.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

25. Listing of companies in the Group

Name of companies		Principal activities	Country of incorporation	Equity holding 2013 %	Equity holding 2012 %
<i>(i) Subsidiaries held by the Company</i>					
BW LPG Holding Limited	(a)	Investment Holding	Bermuda	100	-
<i>(ii) Subsidiaries held by the BW LPG Holding Limited</i>					
BW Gas LPG Limited		Shipowning	Bermuda	100	100
BW Gas LPG Chartering Limited		Chartering	Bermuda	100	100
BW Trader Pte. Ltd.	(d)	Dormant	Singapore	-	100
BW Austria Limited		Shipowning	Bermuda	100	100
BW Borg Limited		Shipowning	Bermuda	100	100
BW Captain Limited	(d)	Dormant	Bermuda	-	100
BW Danuta Limited	(d)	Shipowning	Bermuda	-	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	(b)	Shipowning	Norway	78	78
PR Bergesen d.y. Shipping DA	(b)	Shipowning	Norway	86	86
AS Havgas Partners	(b)	Investment Holding	Norway	100	100
BW Green Transport AS	(b)	Chartering	Norway	100	100
BW Green Carriers AS	(b)	Chartering	Norway	100	100
BW LPG Partners Pte Ltd	(a)	Shipowning	Singapore	100	-
BW LPG Partners AS	(a)	Investment Holding	Norway	100	-
BW LPG AS	(a)	Management	Norway	100	-
BW LPG Pte Ltd	(a)	Management	Singapore	100	-
BW Cyan Limited	(a,b)	Shipowning	Bermuda	100	-
<i>(iii) Joint venture held by BW LPG Holding Limited</i>					
BW Gas Tailwind Carriers Pte. Ltd.	(c)	Shipowning	Singapore	50	50

(a) Incorporated in 2013 as part of the Group restructuring exercise.

(b) Entities acquired in 2013 as part of the Group restructuring. Results, assets and liabilities of these entities were accounted for using the pooling of interest method as these are entities under common control (note (2)).

(c) BW Gas Tailwind Carriers Pte. Ltd. was derecognised for accounting purposes since 31 December 2011, but it remains legally a joint venture of the Group.

(d) Company disposed during the year.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

26. Events after balance sheet date

The Group had exercised its options for the construction of two Very Large Gas Carriers (“VLGC”) at Hyundai Heavy Industries, to be delivered in first half of 2016.

Pursuant to the notice given on 13 October 2013 to BW Gas Tailwind Carriers Pte. Ltd. to cancel the bareboat charterparty of the chartered-in vessel, BW Trader, the Group has completed the acquisition of the vessel by the date of this report.

27. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant to the Group’s accounting periods beginning on or after 1 January 2014 or later periods and which the Group has not early adopted:

Amendment to IAS 32, ‘Financial instruments: presentation’, on asset and liability offsetting. These amendments clarify some of the requirements of offsetting financial assets and financial liabilities on the balance sheet. The Group does not anticipate the adoption of this standard to have a material impact on the consolidated financial statements.

Amendment to IAS 36, ‘Impairment of assets’ on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Financial Instruments: Recognition and Measurement Amendment to IAS 39 ‘Novation of derivatives’. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The Group does not anticipate the adoption of this standard to have a material impact on the consolidated financial statements.

IFRIC 21, ‘Levies’. This is an interpretation of IAS 37, ‘Provisions, contingent liabilities and contingent assets’. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Group does not anticipate the adoption of this standard to have a material impact on the consolidated financial statements.

IFRS 9, ‘Financial instruments’. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on the impairment of financial assets and hedge accounting continues to apply. The Group does not anticipate the adoption of this standard to have a material impact on the consolidated financial statements.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Note	2013 US\$'000	2012 US\$'000
Revenue	3	5,983	6,254
TCE income[^]		5,983	6,254
Other operating income	3	2,508	16,777
Other operating expenses	4	(5,603)	(5,717)
Operating profit before depreciation, amortisation and impairment		2,888	17,314
Loss on disposal of property, plant and equipment		(1,109)	-
		1,779	17,314
Depreciation charge	6	(820)	(1,239)
Write-back of impairment charge/(Impairment charge)	6	326	(2,100)
Operating profit		1,285	13,975
Interest income		48	-
Interest expense		(199)	-
Other finance expense		(6)	-
Finance expense - net		(157)	-
Profit for the financial year		1,128	13,975
Other comprehensive income for the financial year		-	-
Total comprehensive income for the financial year		1,128	13,975

[^] "TCE income" denotes "time charter equivalent income" which represents revenue from time charters.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

As at 31 December 2013

	Note	2013 US\$'000	2012 US\$'000
Vessels	6	-	6,596
Dry docking	6	-	1,036
Total property, plant and equipment		-	7,632
Investment in subsidiaries	7	10	35,555
Total non-current assets		10	43,187
Trade and other receivables	8	953,077	407
Cash and cash equivalents	9	13,222	-
Total current assets		966,299	407
Total assets		966,309	43,594
Share capital	10	1,363	10
Share premium	10	268,987	-
Contributed surplus	10	685,913	-
Share-based payment reserves	10	13	-
Retained earnings		5,061	3,933
Total shareholder's equity		961,337	3,943
Trade and other payables	11	4,972	39,651
Total liabilities		4,972	39,651
Total equity and liabilities		966,309	43,594

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

	Note	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2013		10	-	-	-	3,933	3,943
Profit for the financial year		-	-	-	-	1,128	1,128
Share based payment reserve - Value of employee services	10	-	-	-	13	-	13
Issue of new shares	10	1,353	279,254	685,913	-	-	966,520
Share issue expenses	10	-	(10,267)	-	-	-	(10,267)
Balance at 31 December 2013		1,363	268,987	685,913	13	5,061	961,337
		Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserve US\$'000	(Accumulated losses)/ Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2012		10	-	-	-	(10,042)	(10,032)
Profit for the financial year		-	-	-	-	13,975	13,975
Balance at 31 December 2012		10	-	-	-	3,933	3,943

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2013

	2013 US\$'000	2012 US\$'000
Cash flows from operating activities		
Profit for the financial year	1,128	13,975
Adjustments for:		
- depreciation charge	820	1,239
- (write-back of impairment charge)/impairment charge	(326)	2,100
- loss on disposal of property, plant and equipment	1,109	-
- interest income	(48)	-
- interest expense	199	-
Operating cash flow before working capital changes	<u>2,882</u>	17,314
Changes in working capital:		
- trade and other receivables	(18,088)	(268)
- trade and other payables	4,857	(6,075)
Net cash (used in)/provided by operating activities	<u>(10,349)</u>	10,971
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(10,971)
Acquisition of a subsidiary	(10)	-
Disposal of property, plant and equipment	6,029	-
Disposal of subsidiaries	35,555	-
Interest received	48	-
Net cash provided by/(used in) investing activities	<u>41,622</u>	(10,971)
Cash flows from financing activities		
Repayment of payables to related parties	(287,401)	-
Proceeds from issuance of ordinary shares	279,617	-
Share issue expenses	(10,267)	-
Net cash used in financing activities	<u>(18,051)</u>	-
Net increase in cash and cash equivalents	<u>13,222</u>	-
Cash and cash equivalents at beginning of the financial year	-	-
Cash and cash equivalents at end of the financial year	<u>13,222</u>	-

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

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 incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

With effect from 3 September 2013, the name of the Company was changed from BW Gas LPG Holding Limited to BW LPG Limited.

The Company was listed on the Oslo Stock Exchange on 21 November 2013.

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

These financial statements were authorised for issuance by the Board of Directors of BW LPG Limited on 14 April 2014.

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, effective in 2013 or later

On 1 January 2013, the Company adopted the new or amended IFRS and interpretations of IFRS ("INT IFRS") that are mandatory for application for the financial year. The adoption of these new or amended IFRS and INT IFRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years:

IAS 1 Financial Statement Presentation

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they may potentially be reclassified to profit or loss subsequently (reclassification adjustments).

IAS 19 Employee Benefits

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the Company's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

IFRS 7 Financial Instruments: Disclosure

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare financial statements in accordance with US GAAP.

IFRS 12 Disclosure of Interest in Other Entities

IFRS 12, 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Additional disclosures are required on the Company's interests in subsidiaries to assist users to make their assessment on the financial impact of these entities on the consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP.

The adoption of these new standards and amendments to the published standards does not have a material impact on the 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.

The following is a summary of estimates and assumptions which have a material effect on the financial statements.

(1) *Useful life and residual value of assets*

The Company 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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

(2) *Impairment*

The Company assesses at the balance sheet dates whether there is any objective evidence that the values of receivables from subsidiaries may be impaired. If there is objective evidence of impairment, management will exercise judgement as to whether an impairment loss should be made and recorded as an expense. In determining this, management will use estimates based on historical loss experience for assets with similar credit risk characteristics.

(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 Company's activities, net of rebates, discounts, off-hire charges.

(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.

(2) *Interest income*

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

(c) 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(e)).

(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 to the income statement.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

(c) 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
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- (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 Company and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the 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 the profit or loss.

(d) Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(e) Impairment of non-financial assets

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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

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

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.

(f) Loans and receivables

The Company has only one class of non-derivative financial assets - loans and receivables. They are presented as "trade and other receivables" (note 8) and "cash and cash equivalents" (note 9) 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 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.

(g) 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.

(h) 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.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

(i) Leases

When a company is the lessor:

Operating leases

Leases of vessels in which the Company retains 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.

(j) 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.

(k) 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.

(l) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions, which are subject to an insignificant risk of change in value.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

(m) Share capital

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

(n) Dividends to Company's shareholders

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

3. Revenue and other operating income

	2013	2012
	US\$'000	US\$'000
Revenue from:		
- time charter	5,983	6,254
Other operating income:		
- dividend income	2,508	16,777

4. Expenses by nature

	2013	2012
	US\$'000	US\$'000
Manning costs	2,037	2,487
Maintenance and repair expenses	510	1,877
Insurance expenses	102	141
Operating expenses	83	358
Vessel operating expenses	2,732	4,863
Directors' fees	38	-
Share-based payments – equity settled	13	-
Other operating expenses	2,820	854
Total other operating expenses	5,603	5,717

5. Income tax

No provision for tax has been made for the year ended 31 December 2013 and 2012 as the Company does not have any income that is subject to income tax based on the tax legislation applicable to the Company.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

6. Property, plant and equipment

	<u>Vessels</u> US\$'000	<u>Dry docking</u> US\$'000	<u>Total</u> US\$'000
<i>Cost</i>			
At 1 January 2013	8,730	2,221	10,951
Disposals	(8,730)	(2,221)	(10,951)
At 31 December 2013	-	-	-
<i>Accumulated depreciation and impairment charge</i>			
At 1 January 2013	2,134	1,185	3,319
Depreciation charge	163	657	820
Write-back of impairment charge	(326)	-	(326)
Disposals	(1,971)	(1,842)	(3,813)
At 31 December 2013	-	-	-
Net book value			
At 31 December 2013	-	-	-
<i>Cost</i>			
At 1 January 2012	-	-	-
Additions	8,730	2,241	10,971
Write-off on completion of dry docking	-	(20)	(20)
At 31 December 2012	8,730	2,221	10,951
<i>Accumulated depreciation and impairment charge</i>			
At 1 January 2012	-	-	-
Depreciation charge	34	1,205	1,239
Impairment charge	2,100	-	2,100
Write-off on completion of dry docking	-	(20)	(20)
At 31 December 2012	2,134	1,185	3,319
<i>Net book value</i>			
At 31 December 2012	6,596	1,036	7,632

For the year ended 31 December 2013, the Company recognised a write-back of impairment charge of US\$0.3 million (2012: an impairment charge of US\$2.1 million), which represents the adjustment on vessel values to its recoverable amount. The recoverable amount of the vessel was determined based on fair value (based on independent third party valuation reports which made references to comparable prices of similar LPG vessels) less cost to sell.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

7. Investment in subsidiaries

	2013 US\$'000	2012 US\$'000
<i>Equity investments at cost</i>		
At beginning of financial year	35,555	-
Additions	10	35,555
Disposal	(35,555)	-
At end of financial year	10	35,555

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

Name of companies	Principal activities	Country of incorporation	Equity holding 2013 %	Equity holding 2012 %
BW LPG Holding Limited	Investment Holding	Bermuda	100	-
BW Gas LPG Limited	Shipowning	Bermuda	-	100
BW Gas LPG Chartering Limited	Chartering	Bermuda	-	100
BW Trader Pte. Ltd.	Dormant	Bermuda	-	100
BW Austria Limited	Shipowning	Bermuda	-	100
BW Borg Limited	Shipowning	Bermuda	-	100
BW Captain Limited	Dormant	Bermuda	-	100
BW Danuta Limited	Shipowning	Bermuda	-	100
BW Lord Limited	Shipowning	Bermuda	-	100
BW Prince Limited	Shipowning	Bermuda	-	100
BW Princess Limited	Shipowning	Bermuda	-	100
LPG Transport Service Ltd.	Shipowning	Bermuda	-	100
BW Liberty Limited	Shipowning	Bermuda	-	100
BW Loyalty Limited	Shipowning	Bermuda	-	100

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

8. Trade and other receivables

	2013 US\$'000	2012 US\$'000
Other receivables – subsidiaries	934,582	-
Other receivables – related parties [^]	18,029	-
Other receivables – non-related parties	429	384
	953,040	384
Prepayments	37	23
	953,077	407

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

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

[^] Related parties refer to corporations controlled by a shareholder of the Company. The shareholder is the previous ultimate holding corporation of the Company.

9. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with financial institutions.

Cash and cash equivalents are principally denominated in US\$.

10. Share capital and other reserves

	Number of shares	Ordinary shares US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserves US\$'000	Total US\$'000
At 1 January 2013	10,000	10	-	-	-	10
Share split (i)	990,000	-	-	-	-	-
Shares issued (ii)	135,276,383	1,353	279,254	685,913	-	966,520
Value of employee services	-	-	-	-	13	13
Shares issue expenses	-	-	(10,267)	-	-	(10,267)
At 31 December 2013	136,276,383	1,363	268,987	685,913	13	956,276
At 1 January 2012 and 31 December 2012	10,000	10	-	-	-	10

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

10. Share capital and other reserves (continued)

(a) Issued and fully paid share capital

- (i) On 28 October 2013, the subsidiaries of the Company transferred their receivables from and payables to their related parties to the Company, resulting in a net amount due to related parties from the Company. Subsequently the Company transferred this net amount due to related parties to BW Gas Limited amounting to US\$686.9 million (the "Intercompany Balance"). In addition, the Company entered into a Capitalisation Agreement (the "Capitalisation Agreement") with BW Gas Limited under which the Company issued 99 million ordinary shares of US\$0.01 each as settlement for US\$1.0 million of amount due to BW Gas Limited. The remainder of the Intercompany Balance of US\$685.9 million would be accounted for as a capital contribution presented within capital reserve under "Contributed surplus".
- (ii) On 21 November 2013, the Company issued 36,276,383 ordinary shares at NOK47 per share, raising US\$280 million (calculated at exchange rate USD/NOK 6.09) in connection with its initial public offering ("IPO") on the Oslo Stock Exchange ("Oslo Børs").
- (iii) All issued ordinary shares are fully paid with a par value of US\$0.01 (2012: US\$1.00) per share.
- (iv) Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(b) Share premium

A portion of the cost of the IPO, which relates to the issuance of new ordinary shares, has been netted off against the share premium account.

(c) Share-based payment reserve

Certain employees are entitled to receive shares with value which is equivalent to three months of each awardee's salary. 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 of one year. For the year ended 31 December 2013, an expense of US\$13,000 was recognised in the income statement with a corresponding increase recognised in the share-based payment reserve.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

11. Trade and other payables

	2013	2012
	US\$'000	US\$'000
Trade payables – non-related parties	716	67
Other payables – related parties [^]	-	39,523
Other accrued operating expenses	4,256	61
	4,972	39,651

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

The other payables due to related parties were unsecured, interest-free and were repayable on demand.

[^] Related parties refer to corporations controlled by a shareholder of the Company. The shareholder is the previous ultimate holding corporation of the Company.

12. 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

	2013	2012
	US\$'000	US\$'000
Interest expenses paid to a related party [^]	165	-
Support service fees charged by a shareholder	93	75
Support service fees charged by related parties [^]	382	-
Ship management fees charged by related parties [^]	515	369
Sales proceeds from disposal of vessels to related parties [^]	6,029	-
	As at	As at
	2013	2012
	US\$'000	US\$'000
Other payables with related parties [^]	-	39,523
Other receivables with subsidiaries	934,582	-
Other receivables with related parties [^]	18,029	-

[^] Related parties refer to corporations controlled by a shareholder of the Company. The shareholder is the previous ultimate holding corporation of the Company.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

12. Related party transactions (continued)

(b) Key management's remuneration

	2013 US\$'000	2012 US\$'000
Share-based payments – equity settled	13	-
Directors' fees	38	-
	<hr/>	<hr/>

13. Commitments

Operating lease commitments – where the Company is a lessor

The Company leases vessels to non-related and related parties under non-cancellable operating lease agreements. The leases have varying terms.

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	2013 US\$'000	2012 US\$'000
Not later than one year	-	6,382
	<hr/>	<hr/>

14. 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

(i) 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. Proceeds from the IPO of the Company during the year were denominated in Norwegian Kroner (NOK). All the IPO proceeds raised have been converted to US\$ or used to meet NOK-denominated expenses and accordingly, there is minimal ongoing foreign currency risk arising from the IPO proceeds.

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

14. Financial risk management (continued)

(b) Credit risk

The Company's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents. Both balances as at the balance sheet date 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 2013	
Trade and other payables	4,972
	Less than 1 year US\$'000
At 31 December 2012	
Trade and other payables	39,651

(d) Financial instruments by category

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

	2013 US\$'000	2012 US\$'000
Loans and receivables	966,262	384
Financial liabilities at amortised cost	4,972	39,651

BW LPG LIMITED (FORMERLY KNOWN AS BW GAS LPG HOLDING LIMITED) PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 December 2013

15. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have published, and are relevant to the Company's accounting periods beginning on or after 1 January 2014 or later periods and which the Company has not early adopted:

Amendment to IAS 32, 'Financial instruments: presentation', on asset and liability offsetting. This amendment clarifies some of the requirements of offsetting financial assets and financial liabilities on the balance sheet.

Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Financial Instruments: Recognition and Measurement Amendment to IAS 39 'Novation of derivatives'. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria.

IFRIC 21, 'Levies'. This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

IFRS 9, 'Financial instruments'. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on the impairment of financial assets and hedge accounting continues to apply.

The Company does not anticipate the adoption of the standard to have a material impact on the financial statements.

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 36 gas carriers with a total carrying capacity of about 3 million cbm and a further 672,000 (eight newbuildings) cbm of capacity on order in Korea with Hyundai Heavy Industries. Delivery of our eight VLGC newbuildings is expected between 2014 and 2016. With 35 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	58,800	HKG	DNV
Berge Ningbo	2006	82,252	58,800	HKG	DNV
Berge Summit	1990	78,488	50,748	BHS	DNV
BW Austria	2009	84,603	54,702	NIS	DNV
BW Birch	2007	80,657	58,123	IOM	DNV
BW Borg	2001	84,301	54,800	BHS	ABS
BW Boss	2001	84,333	54,826	BHS	ABS
BW Broker	2007	80,138	52,900	LBR	DNV
BW Cedar	2007	80,657	58,063	IOM	DNV
BW Confidence	2006	81,604	54,490	IOM	LR
BW Denise	2001	78,637	56,745	NIS	BV
BW Empress	2005	78,908	49,999	IOM	NKK
BW Energy	2002	82,551	53,556	IOM	ABS
BW Kyoto	2010	83,000	56,000	SGP	NKK
BW Liberty	2007	84,529	54,975	NIS	BV
BW Lord	2008	84,614	54,691	NIS	DNV
BW Loyalty	2008	84,501	55,057	NIS	BV
BW Maple	2007	80,645	58,136	IOM	DNV
BW Oak	2008	80,608	58,159	IOM	DNV
BW Pine	2011	78,553	53,028	IOM	LR
BW Prince	2007	82,383	54,368	NIS	DNV
BW Princess	2008	82,383	54,368	NIS	DNV
BW Tokyo	2009	83,000	56,000	PAN	NKK
BW Trader	2006	78,631	53,151	SGP	BV
BW Vision	2001	82,488	53,503	BHS	ABS
Gas Capricorn	2003	77,356	49,999	IDN	DNV
G. Symphony	2011	81,609	55,062	IDN	DNV
Reimei	2007	78,592	53,100	BHS	NKK
Vermilion First	2010	77,323	49,999	PAN	NKK
Yuricosmos	2010	77,330	49,999	PAN	NKK
Yuyo Spirits	2009	77,325	49,999	PAN	NKK
No. of VLGCs	31	2,514,243	1,686,146		

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	57,139	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	59,375	44,639	BMU	DNV
No. of LGCs	5	290,253	224,397		

Acquisitions and Newbuildings

Vessel Name	Built	CBM	DWT
VLGC NB HHI Hull 2705	2014	84,000	51,600
VLGC NB HHI Hull 2706	2015	84,000	51,600
VLGC NB HHI Hull 2707	2015	84,000	51,600
VLGC NB HHI Hull 2722	2015	84,000	51,600
VLGC NB HHI Hull 2723	2015	84,000	51,600
VLGC NB HHI Hull 2724	2015	84,000	51,600
VLGC NB HHI Hull 2736	2016	84,000	51,600
VLGC NB HHI Hull 2737	2016	84,000	51,600
No. of newbuildings	8	672,000	412,800

Note: List includes owned and operated fleet

Updated: 4 March 2014

Total fleet count: 44

Flag	Count
PAN (Panama)	4
BMU (Bermuda)	2
NIS (Norway)	10
HKG (Hong Kong)	2
SGP (Singapore)	2
BHS (Bahamas)	5
LBR (Liberia)	1
- (Newbuildings)	8
IOM (Isle of Man)	8
RUS (Russia)	0
IDN (Indonesia)	2
Total:	44

Class	Count
DNV	19
ABS	4
NKK	7
LR	2
BV	4
Total:	36

Note: Excludes 8 Newbuildings

Fleet Overview	Count	CBM	DWT
VLGCs	31	2,514,243	1,686,146
LGCs	5	290,253	224,397
Newbuildings	8	672,000	412,800
Total:	44	3,476,496	2,323,343

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
TC 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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