



BW LPG

EXPANDING HORIZONS

ANNUAL REPORT 2014

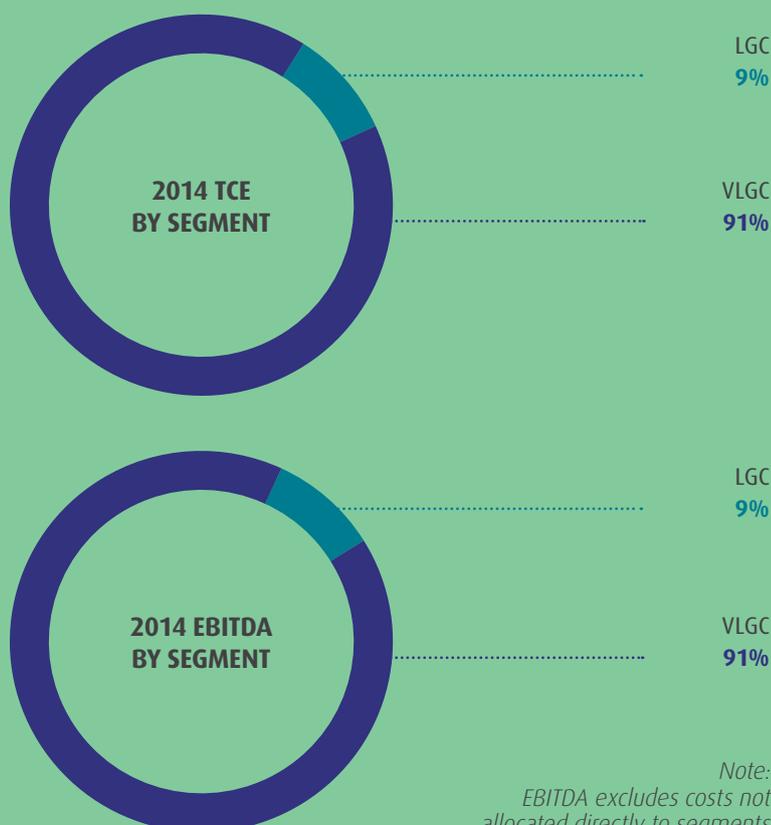


CONTENTS

01	Corporate Mission, Objective and Values
02	Chairman's Statement
03	CEO's Letter
06-07	Market and Business Report
10-11	Adding to the Fleet
12-13	Health, Safety, Security, Environment and Quality
14-15	Senior Management
18-19	Shareholder Information
20-21	Corporate Social Responsibility
22-23	Risk Management
24-25	Board of Directors' Report
26-27	Board of Directors
29-36	Corporate Governance
38	Responsibility Statement
39-108	Financial Reports
109-110	BW LPG's Fleet List
111-112	Glossary of Shipping Terms
113	The LPG Value Chain

KEY FINANCIAL AND OPERATIONAL DATA

	2014	2013	Change
	US\$'000	US\$'000	%
Revenue	747,362	449,248	66
TCE income	539,170	288,732	87
Operating profit before depreciation, amortisation and impairment	340,045	136,183	150
Operating profit	269,008	131,173	105
Profit after tax for the financial year	255,669	125,710	103
Cash and cash equivalents	70,245	110,907	-37
Borrowings	529,434	608,589	-13
Total assets	1,664,064	1,631,413	2
Total liabilities	583,110	656,684	-11
Equity	1,080,954	974,729	11
Earnings per share	1.87	0.92	103
ROE	23.7%	12.9%	84
ROCE	16.7%	9.2%	81



CORPORATE MISSION, OBJECTIVES AND VALUES



STRATEGIC VISION

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

MISSION STATEMENT

“Our mission is to be front of mind in those seeking maritime NGL logistics solutions by providing customer-oriented flexibility, operational safety and reliability, and value efficiency.”

VALUES

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

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

CORPORATE OBJECTIVES

In order to deliver our vision and mission we strive to:

- Attract, develop and retain the best relevant talent
- Identify and capture the most strategic and accretive growth opportunities
- Maintain recognition as an industry leader in marine-based NGL logistics solutions
- Optimise efficiency through strong asset utilisation
- Deliver cost-effective, reliable services through operational excellence
- Lead the market in safety and operate sustainably

CHAIRMAN'S STATEMENT

2014 is a year in which we saw the global LPG export market change dramatically with the United States, until recently a net importer of LPG, becoming the world's largest exporting nation. This has resulted in a substantial growth in seaborne LPG, both in terms of volumes carried and distance travelled, creating a very positive environment for BW's core business of LPG transportation in VLGCs (Very Large Gas Carriers).

Looking more broadly at the global economic environment, there are many uncertainties. Extraordinary stimulus measures starting in the US and extending to China, Japan and now Europe, have resulted in high levels of liquidity and low interest rates. Oil prices halved in a short period of time into the new year, leading to a significant reduction in capital spending plans amongst oil and gas companies. The broader shipping industry continues to be challenged by oversupply and uneven demand.

Against this backdrop, the VLGC sector stood out as the best performing shipping segment through the year. Annual ROE of 23.7% in the Company's first full year as a stock listed company saw the company off to a roaring start.

Whilst BW LPG only listed in November 2013, the Company has a long history in LPG shipping which traces back to 1978. During the past 37 years, the Company has developed deep knowledge of the sector, a large pool of highly experienced seafarers, and strong customer relationships – all of which have positioned the Company to benefit from recent market growth.

We have also been growing our fleet with modern vessels to meet increasing customer demand for shipping capacity. In November 2014, the Company took delivery of the first in a series of eight VLGC newbuildings from Hyundai Heavy Industries in Korea. An additional three

vessels are being delivered in rapid succession during the first half of 2015.

We are not alone in adding capacity to the world fleet, and while we have posted record earnings for the past year, we are mindful of the need for a balanced approach to the future. The strength of our balance sheet, our relationships and our organisational capabilities need to be measured over a period longer than a few quarters. We have maintained a healthy balance of fixed income coverage, and continue to work on longer range projects which can deliver returns in adjacent sectors. Such actions will help to ensure the company continues to deliver through the cycle.

2014 was the first full year of operation as a listed company, and the company has benefited from the efforts of our shore and shipboard teams. We are grateful for the leadership of CEO Nicholas Gleeson, who will in due course be returning to his role as CFO of BW Group. Martin Ackermann will be taking on the CEO role and work to further strengthen our commercial position as the leading LPG fleet. We are also grateful for the support of all stakeholders – customers, banks, investors, suppliers – who have demonstrated their belief in BW LPG and helped the company to grow.



Andreas Sohlen-Pao
Chairman



CEO'S LETTER

BW LPG has achieved excellent operational and financial outcomes in 2014, a year which has shown substantial growth and exceptional charter rates. Our leading VLGC position was enhanced by the acquisition of additional second-hand tonnage in 2013, enabling BW LPG to be the most important maritime contributor to exports of LPG from the United States. With the highest operating cash flows ever achieved in BW's history of LPG, investors have benefited from strong dividend payouts. Dividend yield was 27% based on the year-end share price. Strong cash flow has been secured for 2015-18 through contracted employment with high quality counterparties, while we continue to benefit from exceptional spot rates. A further 7 VLGC newbuildings are delivering into the fleet in 2015-16. This growth is supported by USD 400 million of new debt raised at competitive pricing of 1.7% over LIBOR. The Company is thus well positioned to continue to deliver solid shareholder returns in the years to come.



2014 earnings benefited from the first full year of the significant fleet additions made in 2013, on top of historically high spot rates. Utilisation across the global fleet was high through the year, and VLGCs in particular benefited from US export growth and the strong Asian demand. BW LPG delivered a net profit after tax of USD 256 million, which was more than double that of 2013. On the back of these results and the Company's strong balance sheet, the Board has recommended exceptional dividend payouts at 100% of net profit after tax, sharing this success with investors.

Safety, security, and efficiency of operations remain top priorities. In spite of high levels of vigilance and good safety statistics, we sadly experienced one fatality during a drydocking in Singapore. In 2014, the 'Zero Harm' project will be extended across the fleet to assist in continual improvement of safety performance. Technical performance has been solid throughout 2014 with the fleet experiencing minimal technical downtime, particularly important in such strong markets.

2014 provided an excellent environment for profitability, therefore asset prices for second hand and new ships were high. As such we were not active in acquisitions or new ordering. The Company continues to pursue growth through storage and logistics projects and other NGL-shipping related opportunities, and will continue to seek opportunities to add tonnage at

pricing which is value-accretive in the long-term. Purchase options have been declared where these enable us to grow the fleet in a constructive way.

The fleet has however been growing through our newbuilding program at Hyundai Heavy Industries in South Korea. In November 2014 we took delivery of the VLGC BW Aries, and in February 2015 held the ship naming ceremonies for BW Carina, BW Gemini, and BW Leo. After delivery of these vessels in the first half of 2015, four newbuildings remain.

2015 has opened yet again with a first quarter spot rate environment at an all-time high for a first quarter. The balance sheet is strong and the Company has secured competitively priced debt financing. The contract portfolio and customer base are also strong, and with a continued focus on safety and quality, the Group is positioned to continue to deliver long-term shareholder value.

Nicholas Gleeson
Chief Executive Officer



GROWING MARKETPLACE

GLOBAL SEABORNE LPG EXPORTS
GREW TO 76 MILLION TONNES IN 2014,
WITH US EXPORTS APPROXIMATELY
50% HIGHER THAN 2013



Asia is an increasingly important destination for LPG, with strong demand growth from China and India.

MARKET AND BUSINESS REPORT

Our Business

BW LPG services the maritime logistics 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, retail and power sectors, with a record in delivering more than 20 storage projects and related solutions over the last ten years, with storage operations continuing in 2014 and 2015 off Brazil and in the Caribbean.

Global seaborne LPG trade grew moderately in 2014, led by strong export growth from the United States which picked up the mantle of the world's largest LPG exporting nation from Qatar in 2014. We estimate that more than half of U.S. exports were destined for the Caribbean & Latin America, while long-haul routes to the East accounted for over a fifth of U.S. exports. Middle Eastern LPG exports grew at a stable rate, with the vast majority of those cargoes heading to markets in the

Far East and India. West African exports out of Nigeria and Angola also experienced a slight uptick in 2014, with the majority of cargoes again headed to markets in Korea, Japan, China, India and, to a lesser extent, Europe. Export growth in the aforementioned regions was offset by a decline in North Sea exports, whereas North African export volumes were little changed year on year by our estimates.

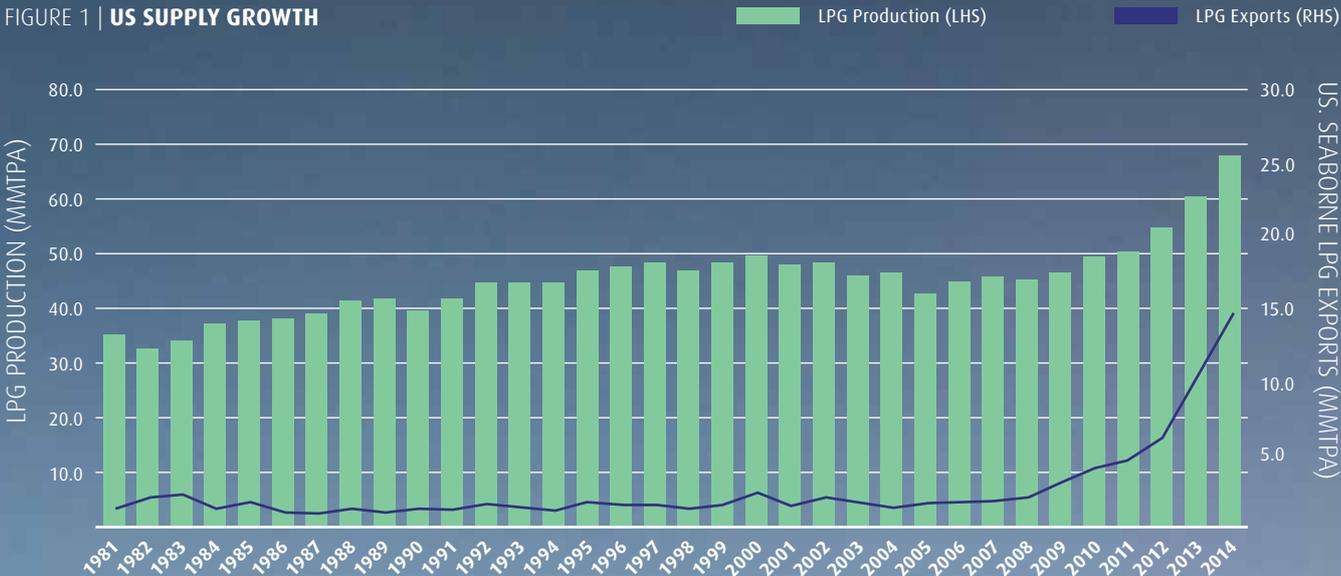
Both retail and industrial LPG consumption grew significantly in 2014, spurred on by abundant supplies of American NGLs. Asian demand accounted for slightly greater than half of global LPG demand, with strong growth from China and India more than offsetting modest declines from both Japan and Korea. Chinese demand growth was driven by the start-up of three new propane dehydrogenation ("PDH") plants in 2014, while Indian demand was supported by continuing government subsidies and the introduction of smaller cylinders geared towards households unable to afford the standard sized cylinders. European LPG demand remained relatively stable, growing in line with cumulative LPG demand.



2014 Highlights

The US grew to become the world's largest LPG exporting country with continued robust NGL production growth, expansion of existing export infrastructure, and new export facility investment already underway for 2015 and beyond.

FIGURE 1 | US SUPPLY GROWTH

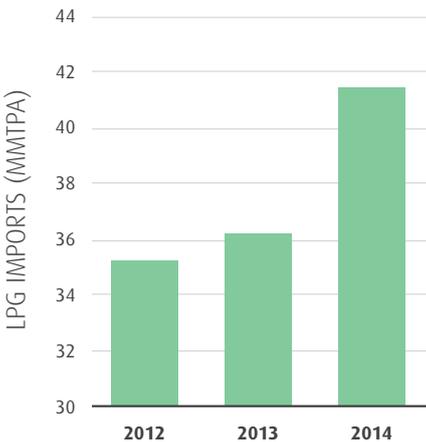


Source: Energy Information Administration (EIA)



MARKET AND BUSINESS REPORT

FIGURE 2 | **STRONG ASIAN DEMAND**



Note: Japan, South Korea, India, China, Indonesia, Vietnam, Philippines, Taiwan, Thailand.

Source: Customs data of respective countries, BW LPG estimates

Growth in demand for LPG remained particularly strong in Eastern markets as a result of strong retail growth in India and Indonesia and petrochemical demand in China.

Chinese seaborne LPG demand grew by an estimated 60% in 2014 to 6.8 metric tons. Three propane dehydrogenation (“PDH”) plants came into operation in China during 2014, with a further plant under commissioning in the first quarter of 2015. There are now five PDH plants operating in China with additional plants expected to come into operation in 2015 and the potential for capacity extensions at existing plants over time.

Elsewhere in Asia, importers of LPG increasingly sourced their product from the US and West Africa, displacing volumes traditionally imported from the Middle East. This has had a substantial impact on demand for shipping with average round voyage durations rising from 45 days to 110 days.

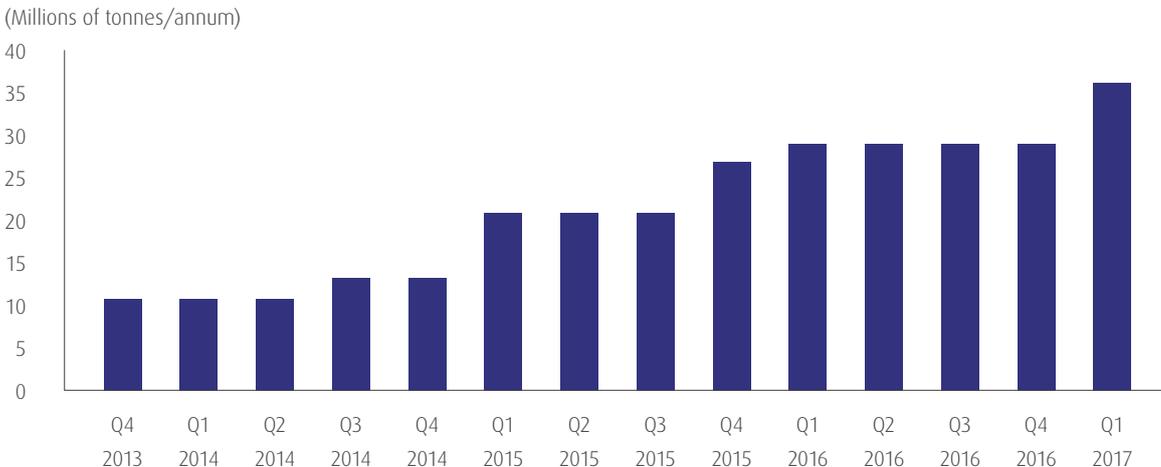
BW LPG’s fleet utilisation averaged 98% in 2014. This is achieved through a strong

commercial platform and long-standing agreements with many of the world’s largest charterers in the LPG space.

The fall in crude prices has led to a corresponding reduction in the price of fuel oil used to propel the vessels. Fuel oil costs were approximately \$625/tonne in January 2014 and are recently \$320/tonne, contributing to a reduction in voyage costs. These savings are achieved on the portion of the fleet deployed in the spot market and on some contracts of affreightment. Under time charters, the charterer bears fuel pricing risk and therefore benefits from the fuel cost reduction.

The Panama canal expansion project is expected to enable transit of larger vessels by late 2016 or early 2017. Until then only Panamax VLGCs, some LGCs and smaller vessels can transit the Panama Canal; resulting in a longer voyage for most of the global VLGC fleet. Strong market conditions have therefore benefitted the LGC fleet as the economics of a smaller cargo but a shorter voyage duration improve when day rates are higher.

FIGURE 3 | **ESTIMATED US LPG EXPORT CAPACITY (EXISTING AND PLANNED)**



Source: BW LPG based on terminal owner / developer published estimates

The Global VLGC and LGC Fleet

The VLGC newbuilding order book is close to 50% of today's fleet size with most vessels delivering from the latter part of 2015 and continuing through to 2017. Approximately 7% of the existing fleet is older than 25 years.

BW LPG has taken delivery of three VLGCs since November 2014, with a further three delivering in 2015 and two in 2016 – all from Hyundai Heavy Industries' Ulsan facility in South Korea. The first vessel (BW Aries) was delivered directly onto a time charter with a leading global energy

player and the remaining newbuildings are earmarked to participate in the spot and CoA market.

The orderbook for LGCs stands at three units with 4% of the fleet in excess of 25 years of age.

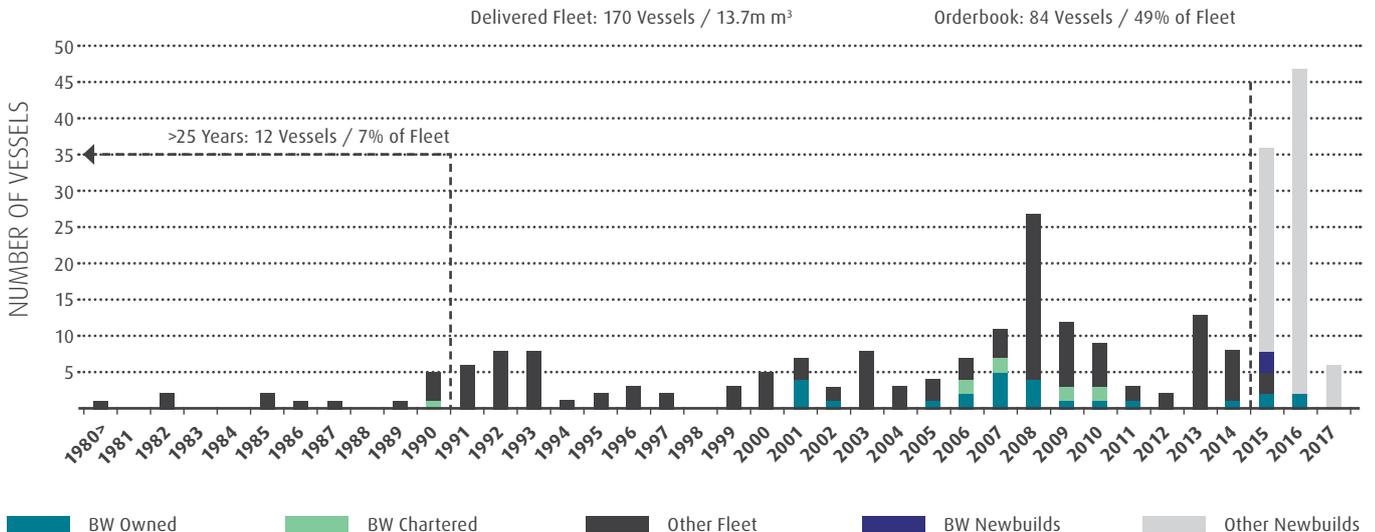
BW LPG continues to provide the scale and operating capability required to efficiently address the needs of the world's leading LPG market participants. Those needs continue to grow as the market develops for LPG in the petrochemical, retail and power sectors.

The Fleet

as at 31 March 2015



FIGURE 4 | **VLGC FLEET COMPOSITION AND AGE PROFILE**



Source: Clarksons, BW LPG

ADDING TO THE FLEET

BW LPG'S NEWBUILDING PROGRAM UNDERPINS OUR COMMITMENT TO MEET CUSTOMER REQUIREMENTS IN A RAPIDLY EXPANDING MARKET



BW LPG is the world's largest owner and operator of VLGCs and has over 35 years of operating experience in LPG shipping. This commitment to the sector has led to the development of an exceptional experience base and relationships with the industry's most well-reputed charterers.

In order to maintain its leading position as a tonnage provider to major charterers, BW LPG continues to add modern vessels to its fleet in light of the continuing rapid growth in the LPG export market. BW LPG placed an order for eight newbuildings for delivery between late 2014 and 2016. The specification of these vessels is in line with BW LPG's commitment to provide safe, reliable and cost-efficient LPG transportation solutions to our customers.

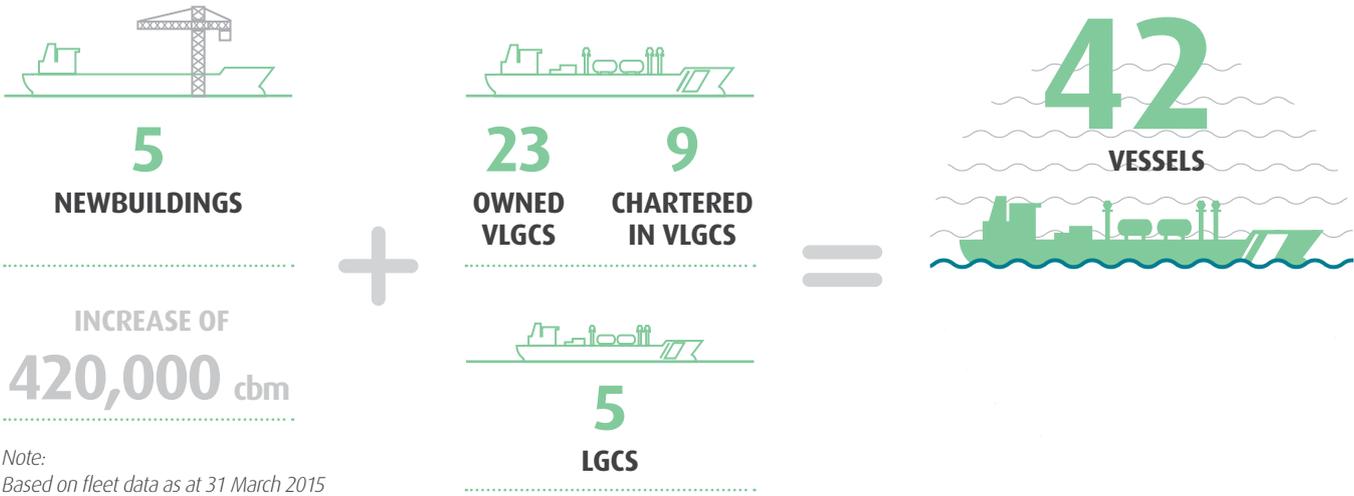
The newbuildings on order from Hyundai Heavy Industries (HHI) will feature technical

improvements such as electronically controlled main engines and high-end antifouling systems with electronic monitoring to improve fuel efficiency. The vessels are also fitted with latest design of cargo re-liquefaction systems that require less power and hence operate at lower cost. Selected vessels, for example, are fitted with Propeller Boss Cap Fins or Mewis Duct to reduce fuel consumption in line with our energy management program.

Three of the eight newbuildings have been completed by end March 2015, with another newbuilding due in April 2015 and each vessel proceeding smoothly to first charters. BW Aries was delivered on 17 November 2014, BW Carina on 27 February 2015, and BW Gemini on 18 March 2015. There are five additional deliveries expected – three later in 2015, and another two in mid-2016.

The newbuildings are designed for flexible deployment. Owning and operating the world's largest fleet of LPG carriers provides us the capacity and flexibility to offer timely and reliable services across the globe.

BW LPG's leadership in the LPG sector is not defined by vessel numbers alone. BW LPG's long-standing reputation as a leading provider of safe, reliable, and efficient LPG transportation along with decades of operating experience make it the platform of choice for the market-leaders in LPG production and trading.



HEALTH, SAFETY, SECURITY, ENVIRONMENT AND QUALITY

BW LPG IS COMMITTED TO CONTINUAL IMPROVEMENT, ESPECIALLY IN THE AREAS OF HEALTH, SAFETY, SECURITY, ENVIRONMENT AND QUALITY (HSSEQ).

Safety

We strive to protect life and understand the importance of safe and sustainable operations. Our safety record was stable for 2014, with a 12 month average Lost Time Injury Frequency (LTIF) of 1.035 and the number of LTI cases stable at six despite fleet growth. During the year there was one fatality. The severities of other recorded incidents were medium to low. The Total Recordable Injury Frequency (TRIF) has been reduced to 2.59.

BW LPG believes that our greatest responsibility is to ensure that our seafarers return home safely and unharmed to their

families. We highly value the importance of motivated employees to succeed. Last year we participated in a Human Element and Organisational Culture review performed in the fleet. The review involved both ship and office personnel. This was to provide the basis upon which further improvement initiatives and interventions could be prioritised, particularly in relation to working towards the achievement of 'Zero Harm'. The results of the review was presented to management, distributed to all vessels in the fleet, presented at the seafarer's conferences and used as a basis to revise the ongoing BW safety initiative 'Zero Harm' for 2015-2016.



1.035

**LOST TIME
INJURY FREQUENCY**

2.59

**TOTAL RECORDABLE
INJURY FREQUENCY**

Security

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

BW vessels comply with international and flag state security requirements. BW 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 and Indian Ocean 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.

There were no security incidents in the fleet in 2014.

Environment

The fleet is ISO14001 certified.

Key initiatives in 2014 were:

- Reduction of carbon dioxide (CO₂) emissions by reductions in fuel consumption
- Reduction of waste by reduced system oil consumption
- Reduce energy losses from vessels
- Reduction of plastic waste by giving packing instructions to suppliers
- Improvement in environmental footprint of new buildings

A designated Environmental Performance Manager closely follows the fleet's environmental performance. Key initiatives in 2014 were all successfully achieved, including meeting BW Fleet Management (BWF) target for reduction of CO₂ emissions.

There were no accidental spills to sea in 2014.

Quality

In 2014 the organisation had ongoing initiatives to improve management review processes and quality of reporting by enhancing seafarers induction/training programmes and re-training in line with our ISO 9001 quality certification awarded by DNV-GL. The effectiveness and validity of our procedures are continuously monitored through audits/management reviews and a continual improvement mentality where positive change is embraced.

Port State Controls

The LPG fleet has had 38 port state control inspections globally with an average of 0.82 deficiencies per inspection. Our vessels and their crews actively cooperate with flag state representatives in monitoring and improving our safety standards by continuous implementation and conformance to local and international regulation.

Audits

External audits are carried out by DNV-GL, Lloyds, 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). BWF's, ISM document of Compliance was renewed in 2013 and is valid for five years. In addition, the fleet is ISO9001 and ISO14001 certified by DNV-GL.

The fleet also follows the Oil Companies International Marine Forum (OCIMF) Tanker Management & Self-Assessment scheme (TMSA). In 2014, various major oil companies carried out TMSA reviews and approvals were given for BWF 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



Andrew Hoare

Chief Commercial Officer

Andrew Hoare, born 1969, 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. Mr. Hoare held 8,746 shares in BW LPG as of 31 December 2014.

Nicholas Gleeson

Chief Executive Officer

Nicholas Gleeson, born 1971, 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. Mr. Gleeson held 27,866 shares in BW LPG as of 31 December 2014.

Vijay Kamath

Chief Financial Officer

Vijay Kamath, born 1970, 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. Mr. Kamath held 8,512 shares in BW LPG as of 31 December 2014.

A photograph of a control room with teal-colored panels and monitors. The room is filled with technical equipment, including a large control panel with various buttons and screens. In the background, there are bookshelves filled with binders and a computer workstation. The lighting is bright, and the overall atmosphere is professional and technical.

CORPORATE GOVERNANCE

AS THE MARKETPLACE
GROWS AND BW LPG
EXPANDS, OUR COMMITMENT
TO CORPORATE GOVERNANCE
REMAINS UNWAVERING



SHAREHOLDER INFORMATION

The Share

BW LPG's shares were listed on the Oslo Stock Exchange on 21 November 2013. The stock has since been included in the Oslo Stock Exchange Benchmark Index (OSBEX) which comprises the most traded shares listed on Oslo Børs, from 2 June 2014 and the Oslo OBX Total Return Index, which consists of the 25 most traded securities on Oslo Børs, based on six months turnover rating, since 20 June 2014.

Share Capital and shareholder compositions

As at 31 December 2013, BW LPG had a share capital of USD 1.36 million, comprising of 136,276,383 shares, each with a nominal value of USD 0.01 per share. On 25 November 2014, the Company issued 15,072 shares to management pursuant to the Company's share incentive scheme for its top management. This resulted in a total outstanding share capital of USD 1.36m, comprising of USD 136,291,455 shares as at 31 December 2014. During the year, the Group purchased 3,400,000 of its own shares, which are held as treasury shares.



Geographical distribution of shareholders*

46.75%	■	Bermuda
20.93%	■	Norway
11.19%	■	United Kingdom
5.78%	■	Luxembourg
5.31%	■	United States
3.28%	■	Sweden
2.54%	■	Singapore
4.22%	■	Others

BW LPG had 2,773 shareholders as at 31 March 2015, of which the ten largest shareholders (including the BW Group and the Company itself), held 67.22% of the shares outstanding. Apart from the BW Group, the largest geographical shareholding of the company was in Norway, with other major shareholdings in the United States, the United Kingdom, Luxembourg and Sweden.

Dividend

The Company paid a final dividend of USD 0.20 (NOK 1.20) per share in June 2014. The Company paid USD 0.76 (NOK 4.69) per share in September 2014 as an interim dividend for the first half of 2014. The Board has recommended a dividend of USD 1.15 per share for approval in the May 2015 Annual General meeting. An aggregate dividend payout of USD 1.91 for 2014 would translate to a dividend yield of approximately 27% on the 31 December 2014 share price of NOK 52.40.

Share performance

The share was listed at NOK 47.00 on 21 November 2013. The share closed at NOK 60.00 on 31 December 2013. During the first half of 2014, in an environment of particularly positive spot charter rates, the share traded upwards, reaching a peak of NOK 91.45 by 3 July 2014. Later in the year the share traded down, closing the year at NOK 52.45, following a significant downturn in global oil prices.

Average liquidity of the stock was 646,725 shares per trading day during 2014.

Investor Relations policy

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

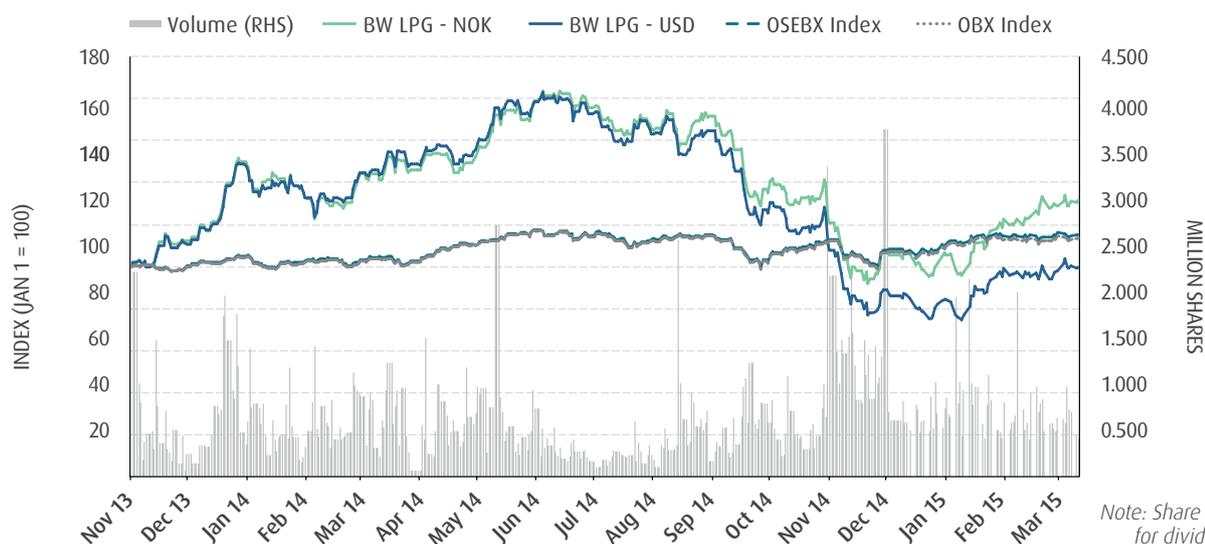
that compromise the independence of analysts in relation to the company and vice versa. We respect the principle of equal treatment of all market players to ensure fair pricing of BW LPG's shares.

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 events such as the Annual General Meetings of shareholders, Investor & Analyst presentations and information sessions, and by attending and actively participating at industry seminars and events where industry participants and investors are represented. Furthermore we publish an annual report, quarterly reports and press releases, to communicate developments within and relating to the Company.

Published reports address the company's business performance and developments, including relevant financial information. Press releases and other relevant corporate information are published timely when it is regarded as important in considering the value of the Company. BW LPG maintains an "Primary Insider Register" and will publish any changes to certain primary 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 websites 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 BW LPG, will receive the information immediately thereafter.

Share price movement (NOK)



Note: Share price not adjusted for dividends or buybacks.

Financial Calendar

27 February 2015	Q4 2014 Financial report and Annual audited accounts
17 April 2015	Publishing of Annual Report 2014
19 May 2015	Annual General Meeting, Milan
20 May 2015	Q1 2015 Financial report
28 August 2015	Q2 2015 Financial report
19 November 2015	Q3 2015 Financial report

Top 20 Shareholders

NUMBER OF SHARES	% OF ISSUED SHARES	NAME	ACCOUNT TYPE	CITIZENSHIP
62,139,281	45.59	BW GROUP LIMITED*		BMU
6,018,077	4.42	FOLKETRYGDFONDET		NOR
4,650,000	3.41	SUNDT AS		NOR
3,400,000	2.49	BW LPG HOLDING LTD		SGP
3,355,150	2.46	J.P. MORGAN CHASE BA NORDEA TREATY ACCOUNT	NOM	GBR
3,201,977	2.35	SKANDINAVISKA ENSKIL A/C SEB AIF - SWEDISH	NOM	SWE
2,368,284	1.74	JPMORGAN CHASE BANK, S/A ESCROW ACCOUNT	NOM	GBR
2,359,664	1.73	CLEARSTREAM BANKING	NOM	LUX
2,265,839	1.66	J.P. MORGAN CHASE BA NORDEA RE:NON-TREATY	NOM	GBR
1,870,054	1.37	JP MORGAN CLEARING C A/C CUSTOMER SAFE	NOM	USA
1,869,334	1.37	CAPITAL INTERNATIONAL		LUX
1,714,640	1.26	UBS AG, LONDON BRANC A/C CLIENT IPB	NOM	GBR
1,074,622	0.79	VPF NORDEA NORGE VER C/O JPMORGAN EUROPE		NOR
934,640	0.69	EUROCLEAR BANK S.A./ 25% CLIENTS	NOM	BEL
886,969	0.65	J.P. MORGAN LUXEMBOU S/A LUXEMBOURG MUTUAL	NOM	LUX
869,963	0.64	EQUITY TRI-PARTY (3) BNY MELLON SA/NV		GBR
859,053	0.63	VPF NORDEA CAPITAL C/O JPMORGAN EUROPE		NOR
854,298	0.63	THE BANK OF NEW YORK BNYM SA/NV - BNY GCM	NOM	GBR
802,728	0.59	STATOIL PENSJON C/O JP MORGAN CHASE		NOR
768,340	0.56	RWC FUNDS - RWC EURO	Ordinary	LUX

* In aggregate BW Group Limited holds 63,693,439 shares, representing 46.73% of issued shares. The balance of shares disclosed above, 62,139,281 is distributed among nominee accounts.

CORPORATE SOCIAL RESPONSIBILITY

BW LPG IS COMMITTED TO ETHICAL, SAFE AND SUSTAINABLE VALUE-CREATION FOR OUR SHAREHOLDERS, LENDERS, CUSTOMERS, EMPLOYEES AND OTHER STAKEHOLDERS.

Our Board believes that aligning CSR to business strategies and objectives is key to operating sustainably. Elements of our commitments in this regard are captured in our Corporate Mission, Objectives and Values. We work to find practical solutions to challenges faced by our people and the communities in which we operate, as we recognise that how we pursue our business goals is as important as achieving them.

We have implemented policies which guide our team in conducting themselves at the highest level of ethical conduct in their daily operations. Our key operating policies on Employee Rights; Health and Safety; Security; Energy Management; Anti-bribery and Corruption; Business ethics; and Whistle-blowing underscore our approach to CSR.

The Board requires and Management ensures that there is sufficient understanding and application of our CSR systems through employee handbooks; periodic training; and feedback sessions; to ensure solid comprehension. Implementation is monitored through periodic reviews and status reports; CSR-related key performance indicators; planning and oversight of key CSR initiatives.

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 and has an in depth non harassment policy to provide a work environment free from all forms of unlawful discrimination, including harassment. This policy also prohibits any retaliation against any individuals who report discrimination, harassment or participate in an investigation of such reports. A grievance procedure is also in place to provide every employee the right to fair and consistent treatment in the workplace. 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.

Health and safety

BW LPG has a comprehensive and program to prevent ill-health and injury by providing health guidance, raising health awareness, and working in cooperation with various general and specialist medical practitioners.

Proper risk assessment and mitigation, including specifying restrictions on risky work activities, ensure that risks identified are minimised or mitigated in hazardous situations.

BW LPG's policy on 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. Offshore safety highly encourages and the Shipboard Management Team guides crew on safe work practices. Tool box meetings, onboard and web-based training programs as well as drills are conducted regularly to prepare seafarers for any challenge and to ensure safety.

Onshore safety is addressed and communicated at monthly management meetings, in weekly operations reviews, and at regular Officer Conferences and in-house safety workshops. Our employees are the foundation of our business. Safety of our people and our vessels will always be a priority in any decision. Safety practices of our people and our vessels will always be a priority in any decision.

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 upon their employment and at least annually thereafter.

Policies on Whistleblowing and Anti-bribery and Corruption are in place and deployed across the organisation, with systems for periodic training to ensure solid comprehension and implementation. We comply with the principles set out in the UK Bribery Act 2010.

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. This 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 to stakeholders, 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
- Obtain feedback from relevant authorities in the communities in which we operate
- Strive to be a net positive value contributor to those communities impacted by our operations

RISK MANAGEMENT

BW LPG STRIVES TO PROVIDE COMPETITIVE RISK-ADJUSTED RETURNS TO SHAREHOLDERS. RISK MANAGEMENT IS AN IMPORTANT ELEMENT OF VALUE DELIVERY AND CONSEQUENTLY, IS A FUNDAMENTAL COMPONENT OF BUSINESS DECISION-MAKING

Strategic and External Risks

These are risks which relate to the markets, countries, segments, services and products, or from customers and are addressed by the business strategies managed through the Company's annual strategy review process. In this process, the Board of Directors reviews and provides inputs on Senior Management's assessment of strategic and external risks. Senior Management is responsible to ensure 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 ethical behaviour, both directly involving employees and through third parties or partners on behalf of the Company; with security of sensitive information; and related to 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 events occurring during planning and execution of business operations, involving for example elements such as cargo loss or damage, counterparties, asset loss, crew injury, environmental damage, or damage to assets. Appropriate control measures are to be incorporated in operations planning to mitigate these risks, with ongoing monitoring during execution to identify and address newly emerging risks. Incidents and near-misses experienced are reviewed by the appropriate

Heads of Departments to ensure that their root causes are comprehensively analysed, with suitable corrective actions determined and implemented. The risk management process for project planning is effected using a risk register whereby commonly occurring risks are considered, with applicability assessed in terms of impact and probability. This register supports risk identification and follow-up of identified risks in projects and related improvement opportunities.

Financial Risks

The Group's activities expose it to a variety of financial risks. The Group recognises the unpredictability of financial markets and seeks to minimise the potential adverse effects on financial performance of the Group. Where applicable, the Group uses

financial instruments such as interest rate swaps and bunker swaps to hedge certain financial risk exposures. The Group avoids speculation and risk management tools which may create new exposures as a result of their incompatibility with the risk targeted for mitigation.

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



(a) Market risk**(i) Fuel price risk**

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

(ii) Currency risk

The Group's business operations are typically not exposed to significant foreign exchange risk as it has no significant regular transactions denominated in foreign currencies. Where significant foreign exchange risk is identified, risk mitigation through foreign currency swaps and forward contracts is considered to secure the exposure in the Group's functional currency (US dollars) at or subsequent to the time at which the transaction is committed.

(b) Credit risk

Credit risk is diversified over a range of counterparties including several key charterers. The Group performs ongoing credit evaluation of its charterers and has policies in place to ensure that credit is extended

only to charterers with appropriate credit histories or financial resources. The Group has policies in place for the control and monitoring of the concentration of credit risk. The Group has implemented policies to ensure that 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. Cash and cash equivalents are mainly deposits, which are placed in banks with credit-ratings assigned by international credit-rating agencies. Trade receivables are substantially due from companies with good collection track records with the Group. Where significant balances are past due or impaired, appropriate provisions are made against these exposures.

(c) Interest rate risk

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

The Group's borrowings are at variable rates. The Group has entered into forward-start interest rate swaps to swap floating interest rates to fixed interest rates in order to limit the aggregate exposure over time to fluctuations in interest rates.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit

facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains sufficient cash for its daily operations via short-term cash deposit at banks and has access to unutilised portion of revolving facilities offered by financial institutions.

(e) Capital risk

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

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

BOARD OF DIRECTORS' REPORT

BW LPG ACHIEVED STRONG REVENUE GROWTH AND PROFITABILITY IN 2014. THE COMPANY ALSO REPURCHASED 2.5% OF ITS OUTSTANDING SHARES; PAID A FIRST-HALF DIVIDEND OF USD 0.76; AND ANNOUNCED A DIVIDEND OF USD 1.15 FOR THE SECOND HALF, PROVIDING SIGNIFICANT CASH RETURNS TO SHAREHOLDERS AS A RESULT OF EXCEPTIONAL PROFITABILITY AND CASH FLOWS.

Financial Performance

2014 time charter equivalent income was USD 539.2 million, 87% higher than 2013. EBITDA for the year was USD 340.0 million in 2014, 150% higher than the USD 136.2 million achieved in 2013. The improved profitability was driven by the significant growth in export tonne miles, driving a sustained high charter rate environment and strong utilisation of the global LPG fleet.

Net profit was USD 255.7 million in 2014, up over 100% from USD 125.7 million from 2013.

Operating expenses increased due to the increase in fleet size.

Operating cash flows were USD 381.4 million, 212% higher than the USD 122.1 million delivered in 2013.

As a result of the exceptional profitability and positive cash flows, the Board has recommended total dividend payments of USD 1.91 for the full year 2014, with USD 0.76 paid in September 2014 for the first half, and USD 1.15 recommended to the May 2015 Annual General Meeting for the second half.

Outlook

2014 witnessed the first full year of the significant growth in LPG transportation as a result of expanding LPG exports from shale gas and tight oil production in the United States. This growth has continued at the high end of the Company's expectations, and has continued into 2015. Despite lower oil prices since late 2014,

the growth in natural gas liquids continues, and producers are still forecasting production increases. Pipeline, fractioning, and export terminal capacity have all continued to benefit from significant investment. Demand for LPG has been strong across the globe, with India, China and Indonesia the most significant growth markets, driving longer shipping distances.

With this positive backdrop, BW LPG is benefiting from the significant fleet growth achieved in 2013 and from the addition of modern tonnage through an eight-vessel newbuilding program.

The global VLGC fleet is growing rapidly in 2015 and 2016, which is likely to create a higher degree of market competitiveness in the future. BW LPG maintains a balance between spot market exposure, fixed income and utilisation-supporting contracts designed to provide comfort over liquidity in softer markets, and long-term value maximisation across shipping cycles.

BW LPG remains committed to maintaining a strong business based on delivery of safe and efficient shipping services to customers in a market which continues to grow in global importance.

Safety Record

Safety is a top priority at BW LPG. Sadly, the Company experienced a loss of life of a seafarer during a drydocking in 2014. The safety statistics for the fleet were at reasonable levels in 2014, with a LTIF (Lost Time Injury Frequency per million working hours) rate of 1.035 and a TRIF



USD 539.2 Million
2014 TC EQUIVALENT INCOME

USD 340.0 Million
2014 EBITDA

USD 255.7 Million
2014 NET PROFIT

(Total Recordable Injury Frequency) rate of 2.59. The Board is conscious that safety performance is a continuous process, and the Company has active programs in place with a focus on 'Zero Harm'.

Corporate Governance

The Board of Directors has adopted a corporate governance policy reflective of the Company's commitment to good governance and taking into account standards of corporate governance in the listed environment in Norway. Deviations from the code are addressed in the Corporate Governance section of this Annual Report. The Board held five meetings in 2014.

Risks

BW LPG is exposed to various market, operational, and financial risks. The most significant of these risks were set out in the IPO prospectus issued in November 2013. That document and other information on risks is available on the Company website at www.bwlpg.com.

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

The Group's main risks relate to the inherently cyclical nature of the shipping industry and the consequent inherent volatility of financial performance; the potential for oversupply of shipping

capacity to negatively impact freight rates and asset values; and the dependence on continued export volumes of relevant hydrocarbons to maintain demand for shipping.

Significant Events After 31 December 2014

On 17th February 2015, BW LPG signed a Facility Agreement for a debt facility of up to USD 400 million to finance seven of its Very Large Gas Carriers (VLGCs) newbuildings.

On 27th February 2015, BW LPG took delivery of BW Carina, the second of eight newly-built VLGCs from Hyundai Heavy Industries (HHI).

On 2nd March 2015, BW LPG exercised a purchase option over Very Large Gas Carrier (VLGC) Vermilion First, which had been time chartered to the Company since the acquisition of the charter from AP Moller-Maersk in 2013. The Company took delivery of the vessel on 20th March 2015, and since renamed as BW Sakura.

On 12th March 2015, BW LPG announced Mr. Martin Ackermann as the newly appointed Chief Executive Officer of BW LPG Limited. He will join BW LPG after he is released from his current contractual obligations.

On 18th March 2015, BW LPG took delivery of BW Gemini, the third of eight newly-built VLGCs from Hyundai Heavy Industries (HHI).

On 23rd March 2015, the Company announced the re-delivery of the vessel, Gas Capricorn under the terms of the Charter Party.

Going Concern

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

Parent Company Accounts

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

BW LPG Limited is a holding company with no operating activities since 1 January 2014. Vessels and related assets, as well as external debt financing, are held in subsidiary companies within the Group. The holding company balance sheet includes primarily cash and receivables from subsidiaries and related parties; as well as shareholders' equity, trade payables and accrued expenses. Total assets are USD 962.7 million; shareholders' equity USD 962.2 million; and total liabilities USD 0.6 million. Income of USD 127.6 million is solely dividends from subsidiaries, and expenses of USD 2.9 million comprise overhead and other costs related to the operations of holding company as a listed entity.

BOARD OF DIRECTORS



Andreas Sohmen-Pao

Chairman
Chair, Nomination Committee

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

Mr. Sohmen-Pao previously worked at Goldman Sachs International in London. He has served as a non-executive director of the London P&I Club, the Hongkong and Shanghai Banking Corporation Ltd 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. Mr. Sohmen-Pao is an Austrian citizen, and resides in Singapore. He has served as Chairman of the Board since 1 September 2013.

John B Harrison

Vice Chairman
Chair, Audit Committee

John B Harrison, born 1956, is currently an independent non-executive director at AIA Group Limited, where he also serves as Chairman of the audit committee and as a member of the risk committee. 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 of KPMG China for six years from 2003. He has been involved in all areas of banking, finance and aviation industries for many years. Mr. Harrison was educated at Durham University in England, from which he graduated in 1977 with a Degree in Mathematics. Mr. Harrison is a British citizen, and resides in Hong Kong. He has served on the Board as Vice-Chairman since 21 November 2013.

Dato' Jude P Benny

Director
Member, Remuneration Committee

Dato' Jude P Benny, born 1957, is a senior partner of Joseph Tan Jude Benny LLP in Singapore. His practice areas include commercial 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. He has served on the Board since 21 November 2013.



Andreas Beroutsos

Director

Andreas Beroutsos, born 1965, is the Executive Vice President, Private Equity & Infrastructure, at La Caisse de dépôt et placement du Québec. Previously, Mr. Beroutsos was the founder and Managing Partner of One Point Capital Management, a private equity firm, and partner and Senior Managing Director at Eton Park Capital Management, where he led Private Investments. He spent the first 17 years of his career at McKinsey & Co. in New York, where he was a Director and senior partner, serving as head of the Global Private Equity practice and senior leader of the Financial Institutions Group.

In 2013, Mr. Beroutsos served on the General Council (Board of Directors) of the Hellenic Financial Stability Fund in Greece, as an independent member. He holds BA and MBA degrees from Harvard University, both with high honours. Mr. Beroutsos is a Greek citizen, a United States permanent resident, and he resides in New York. He has served on the Board since 21 November 2013.

Anne Grethe Dalane

Director

Chair, Remuneration Committee

Anne Grethe Dalane, born 1960, is Business Process Owner at Yara International ASA. She has been with Yara since 2003. 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 has held various executive positions at Norsk Hydro from 1984- 2003, in the areas of Human Resources, Corporate Strategy and Finance. She has also served as director of various companies.

Ms. Dalane's Board experience includes Hafslund, EDB Business Partners and Prosafe. She is a Certified Financial Analyst and holds a Master of Business and Administration from the Norwegian School of Economics and Business Administration in Bergen, Norway. Ms. Dalane is a Norwegian citizen and resides in Norway. She has served on the Board since 21 November 2013.

Anders Onarheim

Director

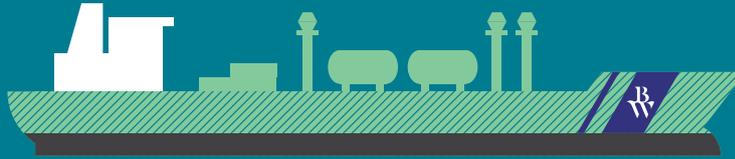
Member, Audit Committee

Anders Onarheim, born 1959, has extensive knowledge within management, business development and capital markets after holding the position of managing director in companies within Carnegie Group for over 16 years. Prior to Carnegie, Mr. Onarheim served as the Head of Equities of Enskilda Securities Norway from 1994 to 1996. From 1990 to 1994, he served as an Executive Director in the Investment Banking division of Goldman Sachs in the 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 is a board member of Solstad Offshore, North Energy, Reach Subsea and other investment firms. He holds an MBA from Washington University in St. Louis, where he graduated in 1986. Mr. Onarheim is a Norwegian citizen, and resides in Norway. He has served on the Board since 21 November 2013. Mr. Onarheim held 30,000 shares in BW LPG as of 31 December 2014.

32

VERY LARGE GAS CARRIERS



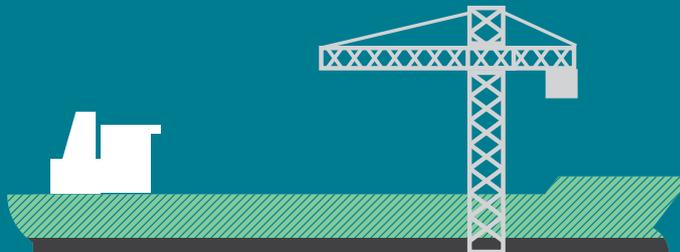
5

LARGE GAS CARRIERS



5

NEWBUILDINGS



Note: Please refer to pg 109-110 for the detailed fleet list

REPORT ON CORPORATE GOVERNANCE

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

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

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

1. Implementation and Reporting on Corporate Governance

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

The Board recognises that the manner in which the Company is governed is critical to the successful development of the Company over time. The Board therefore commits the Company to good Corporate Governance, and has endorsed and adopted on a 'comply or explain' basis the Norwegian Code of Practice for Corporate Governance (English version of the original document "Norsk anbefaling - Eierstyring og selskapsledelse") issued by the Norwegian Corporate Governance Board, most recently revised on 30 October 2014 (the "Code"). The Code is available at www.nues.no.

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

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

2. Business

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

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

3. Equity and Dividends

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

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

REPORT ON CORPORATE GOVERNANCE

(CONTINUED)

The 2014 Annual General Meeting of the Company has approved that the Board may grant authorisations for the Company to purchase its own shares. Members of the Board are encouraged to own shares in the Company. Such authorisations are valid for the period until the next Annual General Meeting.

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

4. Equitable Treatment of Shareholders and Transactions with Close Associates

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

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

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

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

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

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

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

5. Freely Negotiable Shares

In general, the shares in the Company are freely transferable. However, the Board may refuse to register the transfer of any share, and may direct the Registrar to decline (and the Registrar shall decline if so requested) to register the transfer of any share in the register of members, or if required, refuse to direct any Registrar appointed by the Company to transfer any interest in a share held through the VPS, where such transfer would, in the opinion of the Board, likely result in 50% or more of the aggregate issued and outstanding shares or votes being held or owned directly or indirectly by individuals or legal persons resident for tax purposes in Norway or, alternatively, such shares being effectively connected a Norwegian business activity, or the Company otherwise being deemed a "Controlled Foreign

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

Company” pursuant to Norwegian tax legislation. This represents a deviation from section 5 of the Code, however, given liquidity in available markets the Company does not foresee that this provision will impact on the free transferability of its shares.

6. General Meetings

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

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

- The notice and the supporting documents and information on the resolutions to be considered at the General Meeting shall be available on the Company’s website no later than 21 calendar days prior to the date of the General Meeting;
- The resolutions and supporting documentation, if any, shall be sufficiently detailed and comprehensive to allow shareholders to understand and form a view on matters that are to be considered at the General Meeting;
- The registration deadline, if any, for shareholders to participate at the General Meeting shall be set as closely to the date of the General Meeting as practically possible and permissible under the provision in the Bye-laws;
- The Board and the person who chairs the General Meeting shall ensure that the shareholders have the opportunity to vote separately on each candidate nominated for election to the Company’s Board and Committees (if applicable); and
- The members of the Board, the Nomination Committee and the external auditor shall attend the General Meeting. Shareholders who cannot be present at the General Meeting will be given the opportunity to vote by proxy or to participate by using electronic means. The Company shall in this respect:
 - Provide information on the procedure for attending by proxy;
 - Nominate a person who will be available to vote on behalf of shareholders as their proxy; and
 - Prepare a proxy form which shall, insofar as this is possible, be formulated in such a manner that the shareholder can vote on each item that is to be addressed and vote for each of the candidates that are nominated for election.

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

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

7. Nomination Committee

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

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

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

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

Two of the three members of the Company's Nomination Committee are not members of the Board. Pursuant to the Nomination Committee guidelines, a member of the Board who is also a member of the Nomination Committee may offer himself for re-election to the Board. This represents a deviation from 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 of the Nomination Committee and the deadline for submitting proposals to the Nomination Committee are available on the Company's website.

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

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

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

The composition of the Board satisfies the above recommendations. The Board consists of six members, possessing the required expertise, capacity and diversity. All members of the Board are independent of the executive management of the Company and exercise proper supervision of the management of the Company and its operations. With the exception of Andreas Sohmen-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 the Board members were elected for a period that commenced on 21 November 2013 and expires on the date of the Annual General Meeting in 2016, 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 is available on the Company's website. Information has been included on the website to illustrate the expertise of the members of the Board.

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.

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

In order to conduct its work, the Board as well as each of the Committees are guided by their respective guidelines which are reviewed annually for effectiveness. Annually, the Board and the Committees fix in advance a number of regular scheduled meetings of the Board and Committees for the following calendar year, although additional meetings may be called for by the respective Chairmen. The Directors and members of the Committee shall normally meet in person but if so allowed by the Chairmen, Directors and Committee members 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, a Remuneration Committee, 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. Additionally, a Nomination Committee has been established, consisting of Board member Mr. Andreas Sohmen-Pao (Chairman of the Nomination Committee), and non-Board members Mr. Ronny Langeland and Ms. Mai-Lill Ibsen. See section 7 above for information on the Nomination Committee.

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

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

10. Risk Management and Internal Control

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

Management and internal control is based on Company-wide policies and internal guidelines in areas such as Finance and Accounting, Health, Safety, Security, Environment & Quality (HSSEQ), Ship Operations and Project Management, in addition to implementation and the follow-up of a risk assessment process. The Company's management system is central to the Company's internal control and ensures that the Company's vision, policies, goals and procedures are known and adhered to. Further details can be found in the Corporate Social Responsibility Report at pages 20, 21 and Risk Management Report at pages 22, 23.

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

The Board carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. Further details are reflected in Page 22, 23 of the Risk Management report and Page 78 – 81 of the notes to the Financial Statements.

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

REPORT ON CORPORATE GOVERNANCE

(CONTINUED)

tasks for BW LPG in addition to the role as a member of the Board of the Company. However, if they do so, the entire Board shall be informed, and the fee shall be approved by the Board.

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

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

12. Remuneration of the Executive Personnel

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

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

Executive Personnel comprised the CEO, CFO, CCO and Head of Fleet Supervision ("HOFS"). The remuneration structure for Executive Personnel comprises primarily salaries; performance-based bonus; insurance cover; company-provided phones; and other benefits which are minor in nature. Executive Personnel have no pension plan paid by the Company. These disclosures are viewed to be sufficiently transparent to meet shareholders' information needs.

Executive Personnel's remuneration amounted to US\$1.4 million in 2014:

	Salary	Payments to defined contribution plan	Variable bonus*	Other benefits	Total remuneration for 2014
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Executive Personnel's remuneration	1,160	41	208	30	1,439

* Variable bonus for 2014's performance was paid in 2015.

In 2014, payments of US\$96,000 were made to the CEO and CCO for variable bonus relating to 2013's performance and US\$103,000 in share-based payments related to 2013 were made to the CFO and HOFS. As the Company was listed on 21 November 2013, the applicable period for 2013 Executive Personnel's remuneration was less than 2 months.

There is no obligation to present the Guidelines on Remuneration of Executive Personnel to the shareholders of a Bermuda incorporated company. The Company did not provide the remuneration of individual Executive Personnel and therefore deviates from section 12 of the Code.

REPORT ON CORPORATE GOVERNANCE (CONTINUED)

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.

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

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

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

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

14. Take-overs

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

(CONTINUED)

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

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

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

15. Auditor

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

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

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

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

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

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

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

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

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

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



BW LPG

FINANCIAL REPORTS

39	Independent Auditor's Report
40	Consolidated Statement of Comprehensive Income
42	Consolidated Balance Sheet
43	Consolidated Statement of Changes in Equity
45	Consolidated Statement of Cash Flows
47	Notes to the Financial Statements
89 – 108	Parent Company Financial Statements

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2014 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 2015



Andreas Sohlen-Pao
Chairman



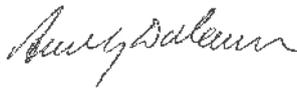
John B Harrison
Vice Chairman



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 consolidated balance sheet as at 31 December 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the Company comprise the balance sheet as at 31 December 2014, the statements of comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

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.

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 2014, 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, 27 February 2015
Partner in Charge: Kok Moi Lre

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 US\$'000	2013 US\$'000
Revenue	4	747,362	449,248
Voyage expenses	5	(208,192)	(160,516)
TCE income[^]		539,170	288,732
Other operating income	4	1,867	886
Charter hire expenses	5	(98,099)	(60,835)
Other operating expenses	5	(102,893)	(92,600)
Operating profit before depreciation, amortisation and impairment (EBITDA)		340,045	136,183
Loss on disposal of property, plant and equipment		-	(880)
Loss on disposal of subsidiaries	11	-	(1,025)
		340,045	134,278
Amortisation charge	9	(4,910)	(6,335)
Depreciation charge	10	(66,127)	(53,117)
Write-back of impairment charge	10	-	56,347
Operating profit		269,008	131,173
Foreign currency exchange loss - net		(205)	(59)
Interest income		135	52
Interest expense		(10,383)	(5,480)
Derivative (loss)/gain		(949)	184
Other finance expense		(1,240)	(160)
Finance expense - net		(12,642)	(5,463)
Profit before tax for the financial year		256,366	125,710
Income tax expense	8	(697)	-
Profit after tax for the financial year		255,669	125,710

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

	Note	2014 US\$'000	2013 US\$'000
Other comprehensive income:			
Items that may be subsequently reclassified to income statement			
Cash flow hedges – interest rate swaps	14	(1,806)	-
Other comprehensive loss, net of tax		(1,806)	-
Total comprehensive income for the financial year		253,863	125,710
Profit attributable to:			
Equity holders of the Company		254,570	124,739
Non-controlling interests		1,099	971
		255,669	125,710
Total comprehensive income attributable to:			
Equity holders of the Company		252,764	124,739
Non-controlling interests		1,099	971
		253,863	125,710
Earnings per share attributable to the equity holders of the Company			
(expressed in US\$ per share)			
Basic and diluted earnings per share	7	1.87	0.92

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

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014 US\$'000	2013 US\$'000
Charter hire contracts acquired	9	17,381	22,291
Intangible assets		17,381	22,291
Derivative financial instruments	14	681	-
Vessels	10	1,282,424	1,261,290
Vessels under construction	10	153,838	65,241
Dry docking	10	36,173	28,436
Furniture and fixtures	10	497	316
Total property, plant and equipment		1,472,932	1,355,283
Total non-current assets		1,490,994	1,377,574
Inventories	12	15,629	20,719
Trade and other receivables	13	87,177	122,029
Derivative financial instruments	14	19	184
Cash and cash equivalents	15	70,245	110,907
Total current assets		173,070	253,839
Total assets		1,664,064	1,631,413
Share capital	16	1,363	1,363
Share premium	16	269,103	268,987
Treasury shares	16	(22,445)	-
Contributed surplus	16	685,913	685,913
Other reserves	16	(43,286)	(41,467)
Retained earnings		180,747	50,203
		1,071,395	964,999
Non-controlling interests		9,559	9,730
Total shareholder's equity		1,080,954	974,729
Borrowings	17	469,855	503,362
Deferred income		745	1,241
Derivative financial instruments	14	797	-
Total non-current liabilities		471,397	504,603
Borrowings	17	59,579	105,227
Deferred income		496	496
Derivative financial instruments	14	1,709	-
Current income tax liabilities	8	675	-
Trade and other payables	18	49,254	46,358
Total current liabilities		111,713	152,081
Total liabilities		583,110	656,684
Total equity and liabilities		1,664,064	1,631,413

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Attributable to equity holders of the Company										
	Note	Share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Contributed surplus US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance at 1 January 2014		1,363	268,987	-	685,913	(41,467)	50,203	964,999	9,730	974,729
Profit for the year		-	-	-	-	-	254,570	254,570	1,099	255,669
Other comprehensive income for the year		-	-	-	-	(1,806)	-	(1,806)	-	(1,806)
Total comprehensive income for the year		-	-	-	-	(1,806)	254,570	252,764	1,099	253,863
Share based payment reserve - value of employee services	16	-	-	-	-	103	-	103	-	103
Issue of new shares	16	-	116	-	-	(116)	-	-	-	-
Purchase of treasury shares	16	-	-	(22,445)	-	-	-	(22,445)	-	(22,445)
Distributions to non-controlling interests	24	-	-	-	-	-	-	-	(1,270)	(1,270)
Dividend paid	25	-	-	-	-	-	(124,026)	(124,026)	-	(124,026)
Total transactions with owners, recognised directly in equity		-	116	(22,445)	-	(13)	(124,026)	(146,368)	(1,270)	(147,638)
Balance at 31 December 2014		1,363	269,103	(22,445)	685,913	(43,286)	180,747	1,071,395	9,559	1,080,954

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

Note	Attributable to equity holders of the Company						Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000		
Balance at 1 January 2013	10	-	-	67,687	(72,382)	(4,685)	9,105	4,420
Profit for the year	-	-	-	-	124,739	124,739	971	125,710
Total comprehensive income for the year	-	-	-	-	124,739	124,739	971	125,710
Share based payment reserve - value of employee services	16	-	-	13	-	13	-	13
Issue of new shares	16	1,353	279,254	685,913	-	-	-	966,520
Share issue expenses	16	-	(10,267)	-	-	(10,267)	-	(10,267)
Distributions to non-controlling interests	24	-	-	-	(2,154)	(2,154)	(346)	(2,500)
Capital reserve - acquisition of subsidiaries	16	-	-	(109,167)	-	(109,167)	-	(109,167)
Total transactions with owners, recognised directly in equity		1,353	268,987	685,913	(109,154)	(2,154)	(346)	844,599
Balance at 31 December 2013		1,363	268,987	685,913	(41,467)	50,203	9,730	974,729

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	2014 US\$'000	2013 US\$'000
Cash flows from operating activities		
Profit before tax for the financial year	256,366	125,710
Adjustments for:		
- amortisation charge	4,910	6,335
- amortisation of deferred income	(496)	(496)
- depreciation charge	66,127	53,117
- write-back of impairment charge	-	(56,347)
- loss on disposal of property, plant and equipment	-	880
- loss on disposal of subsidiaries	-	1,025
- derivative loss/(gain)	184	(184)
- interest income	(135)	(52)
- interest expense	10,383	5,480
- other finance expense	1,151	160
- share-based payments	103	13
Operating cash flow before working capital changes	338,593	135,641
Changes in working capital:		
- inventories	5,090	(2,024)
- trade and other receivables	34,852	(64,838)
- trade and other payables	2,918	53,446
Cash generated from operations	381,453	122,225
Taxes paid	(22)	(108)
Net cash provided by operating activities	381,431	122,117
Cash flows from investing activities		
Purchases of property, plant and equipment	(181,039)	(429,698)
Disposal of property, plant and equipment	-	6,029
Disposal of subsidiaries, net of cash disposed	-	(772)
Interest paid (capitalised interest expense)	(2,529)	-
Interest received	135	52
Net cash used in investing activities	(183,433)	(424,389)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

	2014	2013
	US\$'000	US\$'000
Cash flows from financing activities		
Funding from related party for purchase of property, plant and equipment	-	393,571
Repayment to a related party	-	(816,384)
Proceeds from borrowings	140,000	700,000
Payment of financing fees	-	(7,349)
Funding provided to a related party	-	(12,910)
Repayment received from a related party	-	26,776
Repayments of bank borrowings	(165,000)	(150,000)
Repayment of finance lease	(55,196)	(7,822)
Distributions to non-controlling interests	(1,270)	(2,500)
Interest paid	(9,550)	(1,614)
Dividend paid	(124,026)	-
Other finance expense paid	(1,173)	(160)
Proceeds from issuance of ordinary shares	-	279,617
Share issue expenses	-	(10,267)
Purchase of treasury shares	(22,445)	-
Net cash (used in)/provided by financing activities	(238,660)	390,958
Net (decrease)/increase in cash and cash equivalents	(40,662)	88,686
Cash and cash equivalents at beginning of the financial year	110,907	22,221
Cash and cash equivalents at end of the financial year	70,245	110,907

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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") was listed on the Oslo Stock Exchange on 21 November 2013 and is incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

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

These financial statements were authorised for issue by the Board of Directors of BW LPG Limited passed on 27 February 2015.

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:

- (1) 100% equity interest in AS Havgas Partners (a Norwegian Tonnage Tax Company which holds 15% equity interest in KS Havgas Partners);
- (2) 62.5% equity interest in KS Havgas Partners (a Norwegian Limited Partnership); and
- (3) 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.

- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

2. Group restructuring (continued)

- (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:

- (1) The financial statements of the Group 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 since 1 January 2013.
- (2) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

2. Group restructuring (continued)

Details of the assets acquired and liabilities assumed of these businesses as at 31 December 2013 are as follows:

Assets acquired and liabilities assumed	US\$'000
Property, plant and equipment	215,671
Inventories	3,228
Trade and other receivables	66,316
Cash and cash equivalents	2,813
Total assets	<u>288,028</u>
Trade and other payables	<u>167,079</u>
Total liabilities	<u>167,079</u>
Total net assets	<u>120,949</u>

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 and net profit US\$17.2 million to the consolidated group. Of these, BW Cyan Limited contributed US\$44.6 million of revenue and US\$10.5 million of net profit.

- (3) The share capital of the Group reflects the share capital of the Company on the respective dates. The retained earnings of the Group in 2013 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.
- (4) All significant intra-group transactions and balances have been eliminated on combination.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

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, adopted by the Group

The Group has adopted the following relevant new standards and amendments to published standards as at 1 January 2014:

Amendments to IAS 32 Financial instruments: Presentation on offsetting financial assets and financial liabilities

Amendment to IAS 32, ‘Financial instruments: Presentation’ on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms.

Amendments to IAS 36 Impairment of assets

Amendment to IAS 36, ‘Impairment of assets’, on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units (“CGUs”) which had been included in IAS 36 by the issue of IFRS 13.

Amendments to IAS 39 Financial instruments: Recognition and measurement

Amendment to IAS 39, ‘Financial instruments: Recognition and measurement’ on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to ‘over-the-counter’ derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuing hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria.

IFRIC 21 Levies

IFRIC 21, ‘Levies’, sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 ‘Provisions’. The interpretation addresses what the obligation event is that gives rise to pay a levy and when a liability should be recognised.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements

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

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

(1) Useful life and residual value of assets

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

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

(2) Impairment

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

(3) Revenue recognition

All freight revenues and voyage expenses are recognised on a percentage of completion basis. Discharge-to-discharge basis is used in determining the percentage of completion for all spot voyages and voyages servicing contracts of affreightment. Under this method, freight revenue is recognised evenly over the period from the departure of a vessel from its original discharge port to departure from the next discharge port.

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

Revenue from time charter (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. (note 3(m)).

Realisable demurrage income is recognised upon completion of a voyage, assessed at 80% of the total estimated claims issued to customers.

(b) Revenue and income recognition

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

(1) Rendering of services

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

The Group determines the percentage of completion of voyage freight using the discharge-to-discharge method. Under this method, voyage revenue is recognised rateably over the period from the departure of a vessel from its original discharge port to departure from the next discharge port.

Demurrage revenue is recognised as revenue from voyage charter in the profit and loss and is assessed at 80% of the total estimated claims issued to customers upon completion of voyage. The estimation of this rate is based on actual demurrage recovered over total estimated claims issued to customers historically.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Significant accounting policies (continued)

(b) Revenue and income recognition (continued)

(1) Rendering of services (continued)

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

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

(2) Interest income

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

(c) Group accounting

(1) Subsidiaries

(i) Consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Significant accounting policies (continued)

(c) Group accounting (continued)

(1) Subsidiaries (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Significant accounting policies (continued)

(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 40 to 45 months (2013: 52 to 57 months), are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(e) Property, plant and equipment

(1) Measurement

- (i) Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (note 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
Dry docking	2.5 – 5 years
Furniture and fixtures	3 – 5 years

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(3) Subsequent expenditure

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Significant accounting policies (continued)

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

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.

(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 15) 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 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Significant accounting policies (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Significant accounting policies (continued)

(m) Leases (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Significant accounting policies (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Significant accounting policies (continued)

(q) Employee benefits (continued)

(3) Share-based compensation (continued)

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 and treasury shares

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

4. Revenue and other operating income

	2014 US\$'000	2013 US\$'000
Revenue from:		
- voyage charter	611,436	353,115
- time charter	135,926	96,133
	747,362	449,248
Other operating income:		
- sundry income	1,371	390
- amortisation of deferred income	496	496
	1,867	886

5. Expenses by nature

	2014 US\$'000	2013 US\$'000
Fuel oil consumed (note 12)	173,059	126,141
Port charges	20,742	20,485
Other voyage expenses	14,391	13,890
Voyage expenses	208,192	160,516
Charter hire expenses	98,099	60,835
Manning costs	42,968	40,013
Maintenance and repair expenses	33,970	32,418
Insurance expenses	3,830	3,128
Operating expenses	9,659	11,788
Vessel operating expenses	90,427	87,347
Employee compensation (note 6)	4,013	447
Directors' fees	346	38
Statutory audit	248	204
Non-audit services	28	818
Other operating expenses	7,831	3,746
Non-vessel related operating expenses	12,466	5,253
Total voyage, charter hire and other operating expenses	409,184	313,951

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

6. Employee compensation

	2014	2013
	US\$'000	US\$'000
Wages and salaries	3,697	406
Share-based payments – equity settled	103	13
Post-employment benefits - contributions to defined contribution plans	213	28
	4,013	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.

7. Earnings per share

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

	2014	2013
	US\$'000	US\$'000
Net profit attributable to equity holders of the Company (US\$'000)	254,570	124,739
Weighted average number of common shares outstanding ('000)	136,064	136,276
Basic and diluted earnings per share (US\$ per share)	1.87	0.92

The Group's potential common shares consist of 15,072 common shares granted to certain employees and are subject to a one-year vesting period which ended on 21 November 2014. These potential common shares do not have a material impact on the computation of diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

8. Income tax expense

(a) Income tax expenses

	2014	2013
	US\$'000	US\$'000
Tax expense attributable to profit is made up of:		
- profit for the financial year:		
- current income tax	675	-
- underprovision in prior year	22	-
	697	-

(b) Movement in current income tax liabilities

Beginning of financial year	-	108
Income tax expense	697	-
Income tax paid	(22)	(108)
At end of financial year	675	-

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

	2014	2013
	US\$'000	US\$'000
Profit before income tax	256,366	125,710
Tax calculated at a tax rate of 0% (2013: 0%)	-	-
Effects of:		
- different tax rates in other countries	675	-
- underprovision in prior year	22	-
Income tax expense	697	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

9. Intangible assets

	2014 US\$'000	2013 US\$'000
<i>Charter hire contracts acquired</i>		
At beginning of the financial year	22,291	42,429
Exercise of purchase option (note 10)	-	(9,936)
Reclassification to property, plant and equipment (note 10)	-	(3,867)
Amortisation charge	(4,910)	(6,335)
At end of the financial year	<u>17,381</u>	<u>22,291</u>

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).

10. Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

10. Property, plant and equipment (continued)

	<u>Vessels</u>	<u>Dry docking</u>	<u>Vessels under construction</u>	<u>Furniture & fixtures</u>	<u>Total</u>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<i>Cost</i>					
At 1 January 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 costs	-	(8,198)	-	-	(8,198)
At 31 December 2013	1,449,082	41,260	65,241	316	1,555,899
<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
Write-back of impairment charge	(56,347)	-	-	-	(56,347)
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 costs	-	(8,198)	-	-	(8,198)
At 31 December 2013	187,792	12,824	-	-	200,616
<i>Net book value</i>					
At 31 December 2013	1,261,290	28,436	65,241	316	1,355,283

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

10. Property, plant and equipment (continued)

- (a) The net book value of vessels held under finance leases as at 31 December 2014 amounted to US\$27.2 million (2013: US\$87.7 million).
- (b) The Group has mortgaged vessels with an aggregate carrying amount of US\$1,058.7 million at 31 December 2014 (31 December 2013: US\$1,132.1 million) as security for bank borrowings amounting to US\$519.9 million (2013: US\$543.8 million) (note 17).
- (c) For the year ended 31 December 2014, the Group did not recognise any impairment charge or write-back of previously recognised impairment charges, whereas for the year ended 31 December 2013, the Group had recognised a write-back of previously recognised impairment charge of US\$56.3 million, which represents the adjustments of certain vessel values to their recoverable amounts. The recoverable amounts of the vessels were determined based on fair value (based on independent third party valuation reports which made references to comparable transaction prices of similar LPG vessels) less costs to sell.
- (d) For the year ended 31 December 2014, interest amounting to US\$2.7 million (2013: US\$0.5 million) has been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.1% (2013: 2.0%) per annum.
- (e) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

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>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	49,951
Total liabilities	<u>49,951</u>
Net assets disposed	1,045
Loss on disposal	(1,025)
Cash proceeds from disposal	20
Less: Cash and cash equivalents disposed	(792)
Net cash outflow on disposal	<u>(772)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
(CONTINUED)

12. Inventories

	2014	2013
	US\$'000	US\$'000
Fuel oil	15,629	20,719

The cost of inventories recognised as expense and included in "voyage expenses" amounted to US\$173.1 million (2013: US\$126.1 million) (note 5).

13. Trade and other receivables

	2014	2013
	US\$'000	US\$'000
Trade receivables – non-related parties	72,277	91,345
Other receivables – non-related parties	3,282	3,957
Other receivables – related parties [^]	-	16,656
	75,559	111,958
Prepayments	11,618	10,071
	87,177	122,029

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

14. Derivative financial instruments

	31 December 2014		31 December 2013	
	Assets US\$'000	Liabilities US\$'000	Assets US\$'000	Liabilities US\$'000
Interest rate swaps	700	(2,506)	-	-
Bunker swap	-	-	184	-
	700	(2,506)	184	-

The above interest rate swaps comprise of 16 forward-start contracts that expire on 25 February 2019:

- (i) With notional amounts totalling US\$218.8 million which commence on 25 February 2015; and
- (ii) With notional amounts totalling US\$193.8 million which commence on 25 February 2016.

The notional amounts decrease quarterly from the commencement date.

Interest rate swaps are transacted to hedge interest rate risk on bank borrowings and cash flow hedge accounting has been adopted by the Group for these contracts. After taking into account the effects of these contracts, the Group effectively pays fixed interest rates ranging from 1.7% per annum to 2.3% per annum and receives a variable rate equal to US\$ three-month LIBOR. Hedge accounting is adopted by the Group for these contracts.

The Group did not enter into any interest rate swaps prior to 31 December 2013.

Bunker swaps are transacted to hedge bunker price risks. The above bunker swap which was entered into with a shareholder of the Company, expired on 31 December 2014. The Group did not adopt hedge accounting for this contract.

15. 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\$.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

16. Share capital and other reserves

	Number of shares	Common shares US\$'000	Treasury shares US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Other reserves			Total US\$'000
						Capital reserve US\$'000	Hedging reserve US\$'000	Share based payment reserve US\$'000	
At 1 January 2014	136,276,383	1,363	-	268,987	685,913	(41,480)	-	13	914,796
Shares issued ⁽⁴⁾	15,072	-	-	116	-	-	-	(116)	-
Value of employee services	-	-	-	-	-	-	-	103	103
Purchase of treasury shares	-	-	(22,445)	-	-	-	-	-	(22,445)
Hedging reserve	-	-	-	-	-	-	(1,806)	-	(1,806)
At 31 December 2014	136,291,455	1,363	(22,445)	269,103	685,913	(41,480)	(1,806)	-	890,648

	Number of shares	Common shares US\$'000	Treasury shares US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Other reserves			Total US\$'000
						Capital reserve & others US\$'000	Hedging reserve US\$'000	Share based payment reserve US\$'000	
At 1 January 2013	10,000	10	-	-	-	67,687	-	-	67,697
Share split ⁽¹⁾	990,000	-	-	-	-	-	-	-	-
Shares issued ⁽²⁾⁽³⁾	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	(41,480)	-	13	914,796

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

16. Share capital and other reserves (continued)

(a) Issued and fully paid share capital

- (1) On 28 October 2013, the Company executed a share split whereby each of the outstanding common shares of US\$1 each was split into 100 common shares of US\$0.01 each. Following the share split, the share capital of the Group increased from 10,000 common shares of US\$1 each to 1,000,000 common shares of US\$0.01 each.
- (2) 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 common 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".
- (3) On 21 November 2013, the Company issued 36,276,383 common 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").
- (4) The Company operates an equity-settled, share-based compensation plan. Pursuant to the plan, 15,072 common shares were issued to certain employees upon the end of the vesting period on 21 November 2014. As such, the Company's number of issued common shares increased to 136,291,455.
- (5) All issued common shares are fully paid with a par value of US\$0.01 (2013: US\$0.01) per share.
- (6) Fully paid common shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(b) Share premium

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

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

(c) Capital reserve

The negative capital reserve of US\$41.5 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

16. Share capital and other reserves (continued)

(d) Share based payment reserve

Certain employees are entitled to receive common shares in the Company 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 2014, an expense of US\$103,000 (2013: US\$13,000) was recognised in the income statement with a corresponding increase recognised in the share based payment reserve. Upon issue of 15,072 common shares at end of vesting period, the amount recognised in the share based payment reserve account was transferred to share premium account.

(e) Treasury shares

Pursuant to a share buy-back programme announced by the Company on 3 December 2014, a total of 3.4 million shares were purchased at an average price of NOK47.74 per share for an aggregate consideration of NOK162.3 million (US\$22.4 million) between 3 December to 22 December 2014.

17. Borrowings

	2014	2013
	US\$'000	US\$'000
Non-current		
Finance lease liabilities (note 19)	-	9,556
Bank borrowings	469,855	493,806
	469,855	503,362
Current		
Finance lease liabilities (note 19)	9,556	55,195
Interest payable	1,072	1,081
Bank borrowings	48,951	48,951
	59,579	105,227
Total borrowings	529,434	608,589

On 4 November 2013, the Group 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.

- (1) 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 at 25 November 2020. It bears a nominal interest rate of US\$ 3-month LIBOR plus a margin of 1.9% per annum.
- (2) 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. The facility will mature on 25 November 2020.
- (3) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

17. Borrowings (continued)

Carrying amounts and fair values

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

As at 31 December 2014, the face value of the bank borrowing amounted to US\$525.0 million (31 December 2013: US\$550.0 million). After deduction of unamortised upfront fees of US\$6.2 million (2013: US\$7.2 million), the carrying amount of the bank borrowing amounted to US\$518.8 million as at 31 December 2014 (31 December 2013: US\$542.8 million).

Finance lease liabilities amounting to US\$9.6 million (2013: US\$64.8 million) are secured by one (2013: two) leased vessel(s), which would revert to the lessor in the event of default by the Group (note 19).

18. Trade and other payables

	2014	2013
	US\$'000	US\$'000
Trade payables – non-related parties	30,117	26,434
Trade payables – related parties [^]	600	-
Other payables – related parties [^]	354	5,858
Other payables – non-related parties	42	63
Charter hire received in advance	7,940	2,225
Other accrued operating expenses	10,201	11,778
	49,254	46,358

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

19. Finance lease liabilities

The Group has leased one (2013: two) vessel(s) on finance lease from a non-related party with option to purchase the vessel(s) at the end of the charter period.

	2014	2013
	US\$'000	US\$'000
Minimum lease payments due:		
- not later than one year	9,890	58,636
- later than one year and not more than five years	-	9,890
	9,890	68,526
Less: Future finance charges	(334)	(3,775)
Present value of finance lease liabilities	9,556	64,751

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

	2014	2013
	US\$'000	US\$'000
<u>Current</u>		
Not later than one year (note 17)	9,556	55,195
<u>Non-current</u>		
Later than one year and not later than five years (note 17)	-	9,556
	9,556	64,751

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

20. Related party transactions

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

(a) Services

	2014	2013
	US\$'000	US\$'000
Interest expense paid to a related party [^]	-	2,679
Support service fees charged by a shareholder	-	1,137
Support service fees charged by related parties [^]	5,744	780
Commercial fees charged by related parties [^]	-	5,597
Ship management fees charged by related parties [^]	7,264	10,276
Derivative (loss) reimbursed to/gain recovered from a shareholder for a financial instrument entered on behalf of the Group	(949)	184
Sales proceeds from disposal of vessels to related parties [^]	-	6,029
	<hr/>	<hr/>
	As at	As at
	31 December	31 December
	2014	2013
	US\$'000	US\$'000
Trade payables to related parties [^]	(954)	-
Other payables to related parties [^]	-	(5,858)
Other receivables from related parties [^]	-	16,656
	<hr/>	<hr/>

(b) Key management's remuneration

	2014	2013
	US\$'000	US\$'000
Salaries and other short term employee benefits [#]	1,286	96
Share-based payments – equity settled	103	13
Post-employment benefits – contributions to defined contribution plans [#]	41	3
Directors' fees	346	38
	<hr/>	<hr/>
	1,776	150
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

21. Commitments

(a) Capital commitments

In 2013, the Group entered into shipbuilding contracts for the construction of six VLGCs and in 2014, it further entered into shipbuilding contracts for the construction of two additional VLGCs. In November 2014, the first new build, BW Aries was delivered and the remaining seven vessels will be delivered in 2015 and 2016.

The total cost for the remaining seven contracts amounted to US\$515.6 million. As at 31 December 2014, the Group had paid US\$146.8 million in instalments and these payments are capitalised and included in "vessels under construction". Capital commitments contracted for these seven contracts at the balance sheet date but not recognised in the consolidated financial information as at balance sheet date are as follows:

	2014	2013
	US\$'000	US\$'000
Vessels under construction	368,824	371,439

On 17 February 2015, the Group signed a Facility Agreement with Export-Import Bank of Korea, DNB Asia Limited and Skandinaviska Enskilda Banken AB (Publ), Singapore Branch for a debt facility of up to US\$400 million to provide post-delivery financing for seven of its VLGC newbuildings.

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

The Group time charters vessels to non-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:

	2014	2013
	US\$'000	US\$'000
Not later than one year	130,556	51,181
Later than one year but not later than five years	120,583	12,740
	251,139	63,921

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

21. Commitments (continued)

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

The Group time charters 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:

	2014	2013
	US\$'000	US\$'000
Not later than one year	93,602	74,249
Later than one year and not later than five years	289,386	235,113
Later than five years	208,413	229,751
	591,401	539,113

22. Financial risk management

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

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

(a) Market risk

(i) Fuel price risk

The Group is exposed to the risk of variations in fuel oil costs, which are affected by the global political and economic environment. In 2014, fuel oil costs comprised 56% (2013: 50%) of the Group's total operating expenses (excluding amortisation, depreciation and charter hire expenses).

(ii) Currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

22. Financial risk management (continued)

(b) Credit risk

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

The Group's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents. Bank deposits that are not impaired are mainly deposits with banks with credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group. There is no significant balance as at the balance sheet date that is past due or impaired as substantial portions of the trade and other receivables represent accrued revenue for voyage charters-in-progress at the balance sheet date. 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. The Group has entered into forward-start interest rate swaps to swap floating interest rates to fixed interest rates for 49% - 94% of its loan starting from February 2015 onwards (see note 14). If the US\$ interest rates increase/decrease by 50 basis points (2013: 50 basis points) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by approximately US\$2.6 million (2013: US\$0.6 million) as a result of higher/lower interest expense on these borrowings; the total comprehensive income will be higher/lower by approximately US\$3.9 million (2013: US\$nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

22. Financial risk management (continued)

(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.

	Less than <u>1 year</u> US\$'000	Between <u>1 and 2 years</u> US\$'000	Between <u>2 and 5 years</u> US\$'000	Over <u>5 years</u> US\$'000
At 31 December 2014				
Trade and other payables	49,254	-	-	-
Finance lease liabilities	9,890	-	-	-
Bank borrowings	59,733	58,274	194,867	263,201
	118,877	58,274	194,867	263,201
	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

(e) Capital risk

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

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

The Group's leverage ratio at 31 December 2014 is around 33% (2013:38%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

22. Financial risk management (continued)

(e) Capital risk (continued)

The Group is also in compliance with all externally imposed capital requirements for the financial years ended 31 December 2013 and 2014.

(f) Financial instruments by category

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

	2014	2013
	US\$'000	US\$'000
Loans and receivables	145,804	222,865
Financial derivative instruments - net	1,806	-
Financial liabilities at amortised cost	570,748	652,722

(g) Fair value measurements

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

(h) Offsetting financial assets and financial liabilities

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

23. Segment information

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 its 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 ("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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

23. Segment information (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

23. Segment information (continued)

	VLGC US\$'000	LGC US\$'000	Total US\$'000
2013			
Revenue	382,626	66,622	449,248
Voyage expenses	(138,932)	(21,584)	(160,516)
TCE income	243,694	45,038	288,732
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	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 before tax 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
----------------	--------------	----------------

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.

	2014 US\$'000	2013 US\$'000
Segment assets	1,576,696	1,493,548
Unallocated items:		
Cash and cash equivalents	70,245	110,907
Derivative financial instruments	700	184
Other receivables	15,926	26,458
Property, plant and equipment	497	316
Total assets	1,664,064	1,631,413

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

23. Segment information (continued)

Reportable segments' liabilities

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

	2014	2013
	US\$'000	US\$'000
Segment liabilities	560,363	640,507
Unallocated items:		
Derivative financial instruments	2,506	-
Other payables	19,566	16,177
Current income tax liabilities	675	-
Total liabilities	583,110	656,684

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.

24. Distributions to non-controlling interests

	2014	2013
	US\$'000	US\$'000
Distributions to non-controlling interests in		
- KS Havgas Partners	855	-
- PR Bergesen d.y. Shipping DA	415	346
	1,270	346

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

In 2013, distribution amounting to US\$2.2 million was paid to the previous shareholders of the above subsidiaries prior to the Group acquiring them on 29 August 2013 (note 2(a)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

25. Dividend paid

	2014	2013
	US\$'000	US\$'000
Final dividend in respect of the previous financial year of US\$0.15 (2013:US\$nil) per share	20,440	-
Interim dividend in respect of current financial year of US\$0.76 (2013:US\$nil) per share	103,586	-
	124,026	-

A final cash dividend of US\$1.15 per share for FY 2014, amounting to US\$152.8 million will be recommended at the Company's forthcoming annual general meeting. Of the 136,291,455 shares in issue, 3,400,000 are treasury shares acquired through a share buy-back programme and are not entitled to dividends. These consolidated financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

26. Subsequent events

- (a) A final cash dividend for the current financial year will be recommended at the Company's forthcoming annual general meeting (see note 25).
- (b) The Group has secured a US\$400 million Senior Secured Term Loan Facility (see note 21(a)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

27. Listing of companies in the Group

Name of companies		Principal activities	Country of incorporation	Equity holding 2014 %	Equity holding 2013 %
(i) <u>Subsidiary held by the Company</u>					
BW LPG Holding Limited	(a)	Investment holding	Bermuda	100	100
(ii) <u>Subsidiaries held by BW LPG Holding Limited</u>					
BW Gas LPG Limited		Shipowning	Bermuda	100	100
BW Gas LPG Chartering Limited		Chartering	Bermuda	100	100
BW Austria Limited		Shipowning	Bermuda	100	100
BW Borg Limited		Shipowning	Bermuda	100	100
BW Lord Limited		Shipowning	Bermuda	100	100
BW Prince Limited		Shipowning	Bermuda	100	100
BW Princess Limited		Shipowning	Bermuda	100	100
LPG Transport Service Ltd.		Shipowning	Bermuda	100	100
BW Liberty Limited		Shipowning	Bermuda	100	100
BW Loyalty Limited		Shipowning	Bermuda	100	100
KS Havgas Partners	(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	100
BW LPG Partners AS	(a)	Investment holding	Norway	100	100
BW LPG AS	(a)	Management	Norway	100	100
BW LPG Pte Ltd	(a)	Management	Singapore	100	100
BW Cyan Limited	(b)	Shipowning	Bermuda	100	100

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

(b) Entities acquired in 2013 as part of the Group restructuring exercise. 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)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

28. New or revised accounting standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments'

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group has yet to assess the full impact on the adoption of IFRS 9.

IFRS 15 'Revenue from contract with customers'

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group has yet to assess the full impact on adoption of IFRS 15.

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



BW LPG

PARENT COMPANY FINANCIAL STATEMENTS

89	Statement of Comprehensive Income of Parent Company
90	Balance Sheet of Parent Company
91	Statement of Changes in Equity of Parent Company
93	Statement of Cash Flows of Parent Company
94	Notes to the Financial Statements of Parent Company

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 US\$'000	2013 US\$'000
Revenue	3	-	5,983
TCE income[^]		-	5,983
Dividend from a subsidiary		127,570	2,508
Other operating expenses	4	(2,850)	(5,603)
Operating profit before depreciation, amortisation and impairment		124,720	2,888
Loss on disposal of property, plant and equipment		-	(1,109)
		124,720	1,779
Depreciation charge	6	-	(820)
Write-back of impairment charge	6	-	326
Operating profit		124,720	1,285
Interest income		6	48
Interest expense		-	(199)
Other finance income/(expense)		17	(6)
Finance income/(expense) - net		23	(157)
Profit for the financial year		124,743	1,128
Other comprehensive income for the financial year		-	-
Total comprehensive income for the financial year		124,743	1,128

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

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014 US\$'000	2013 US\$'000
Interest in a subsidiary	7	962,111	934,592
Total non-current assets		962,111	934,592
Other receivables	8	404	18,495
Cash and cash equivalents	9	220	13,222
Total current assets		624	31,717
Total assets		962,735	966,309
Share capital	10	1,363	1,363
Share premium	10	269,103	268,987
Contributed surplus	10	685,913	685,913
Share-based payment reserves	10	-	13
Retained earnings		5,778	5,061
Total shareholder's equity		962,157	961,337
Trade and other payables	12	578	4,972
Total liabilities		578	4,972
Total equity and liabilities		962,735	966,309

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserve US\$'000	Retained earnings US\$'000	Total Equity US\$'000
Balance at 1 January 2014		1,363	268,987	685,913	13	5,061	961,337
Profit for the year		-	-	-	-	124,743	124,743
Total comprehensive income for the year		-	-	-	-	124,743	124,743
Share-based payment reserve - value of employee services	10	-	-	-	103	-	103
Issue of new shares	10	-	116	-	(116)	-	-
Dividend paid	11	-	-	-	-	(124,026)	(124,026)
Total transactions with owners, recognised directly in equity		-	116	-	(13)	(124,026)	(123,923)
Balance at 31 December 2014		1,363	269,103	685,913	-	5,778	962,157

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

	Note	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserve US\$'000	Retained earnings US\$'000	Total Equity US\$'000
Balance at 1 January 2013		10	-	-	-	3,933	3,943
Profit for the year		-	-	-	-	1,128	1,128
Total comprehensive income for the 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)
Total transactions with owners, recognised directly in equity		1,353	268,987	685,913	13	-	956,266
Balance at 31 December 2013		1,363	268,987	685,913	13	5,061	961,337

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	2014 US\$'000	2013 US\$'000
Cash flows from operating activities		
Profit for the financial year	124,743	1,128
Adjustments for:		
- depreciation charge	-	820
- write-back of impairment charge	-	(326)
- loss on disposal of property, plant and equipment	-	1,109
- share-based payment	103	13
- interest income	(6)	(48)
- dividend income	(127,570)	(2,508)
- interest expense	-	199
Operating cash flow before working capital changes	(2,730)	387
Changes in working capital:		
- other receivables	(9,428)	(18,088)
- trade and other payables	(4,394)	4,844
Net cash used in operating activities	(16,552)	(12,857)
Cash flow from investing activities		
Acquisition of a subsidiary	-	(10)
Disposal of property, plant and equipment	-	6,029
Disposal of subsidiaries	-	35,555
Dividend received	127,570	2,508
Interest received	6	48
Net cash provided by investing activities	127,576	44,130
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)
Dividend paid	(124,026)	-
Net cash used in financing activities	(124,026)	(18,051)
Net (decrease)/ increase in cash and cash equivalents	(13,002)	13,222
Cash and cash equivalents at beginning of the financial year	13,222	-
Cash and cash equivalents at end of the financial year	220	13,222

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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") was listed on the Oslo Stock Exchange on 21 November 2013 and is incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

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

These financial statements were authorised for issue by the Board of Directors of BW LPG Limited passed on 27 February 2015.

2. Significant accounting policies

(a) Basis of preparation

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

New standards, amendments to published standards and interpretations

The Company has adopted the following relevant new standards and amendments to published standards as at 1 January 2014:

Amendments to IAS 32 Financial instruments: Presentation on offsetting financial assets and financial liabilities

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms.

Amendments to IAS 39 Financial instruments: Recognition and measurement

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuing hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria.

IFRIC 21 Levies

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligation event is that gives rise to pay a levy and when a liability should be recognised.

The adoption of these new standards and amendments to the published standards do not have a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements

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

(b) Revenue and income recognition

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) Dividend income

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

(2) Interest income

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

(3) Revenue from time charter

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

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
---------	----------

- (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) Interest in a subsidiary

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

2. Significant accounting policies (continued)

(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.

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 "other receivables" (note 8) and "cash and cash equivalents" (note 9) on the balance sheet.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

2. Significant accounting policies (continued)

(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.

(i) 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.

(j) 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.

(k) 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.

(l) Share capital

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

(m) Dividends to Company's shareholders

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

3. Revenue

	2014 US\$'000	2013 US\$'000
Revenue from:		
- time charter	-	5,983

4. Expenses by nature

	2014 US\$'000	2013 US\$'000
Manning costs	-	2,037
Maintenance and repair expenses	-	510
Operating expenses	-	185
Vessel operating expenses	-	2,732
Directors' fees	346	38
Share-based payments – equity settled	103	13
Support service fees charged by subsidiaries	1,213	-
Other expenses	1,188	2,820
Total other operating expenses	2,850	5,603

5. Income tax

No provision for tax has been made for the year ended 31 December 2014 and 2013 as the Company does not have any income that is subject to income tax based on the tax legislation applicable to the Company.

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	-	-	-
<i>Net book value</i>			
At 31 December 2013	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

6. Property, plant and equipment (continued)

For the year ended 31 December 2013, the Company recognised a write-back of impairment charge of US\$0.3 million, which represents the adjustments 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.

7. Interest in a subsidiary

	2014	2013
	US\$'000	US\$'000
Equity investments at cost		
At beginning of financial year	10	35,555
Additions	685,900	10
Disposal	-	(35,555)
At end of financial year	685,910	10
Receivables from a subsidiary	276,201	934,582
	962,111	934,592

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

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

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

<u>Name of company</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	Equity holding 2014	Equity holding 2013
BW LPG Holding Limited	Investment holding	Bermuda	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

8. Other receivables

	2014	2013
	US\$'000	US\$'000
Other receivables – related parties [^]	55	18,029
Other receivables – non-related parties	165	429
	220	18,458
Prepayments	184	37
	404	18,495

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

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

[^] Related parties refer to corporations controlled by a shareholder 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\$.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

10. Share capital and other reserves

	Number of shares	Ordinary shares US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share based payment reserve US\$'000	Total US\$'000
At 1 January 2014	136,276,383	1,363	268,987	685,913	13	956,276
Shares issued ⁽³⁾	15,072	-	116	-	(116)	-
Value of employee services	-	-	-	-	103	103
Shares issue expenses	-	-	-	-	-	-
At 31 December 2014	136,291,455	1,363	269,103	685,913	-	956,379
	Number of shares	Ordinary shares US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share based payment reserve US\$'000	Total US\$'000
At 1 January 2013	10,000	10	-	-	-	10
Share split ⁽¹⁾	990,000	-	-	-	-	-
Shares issued ⁽²⁾	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

10. Share capital and other reserves (continued)

(a) Issued and fully paid share capital

- (1) 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".
- (2) On 21 November 2013, the Company issued 36,276,383 common 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").
- (3) The Company operates an equity-settled, share-based compensation plan. Pursuant to the plan, 15,072 common shares were issued to certain employees upon the end of the vesting period on 21 November 2014. As such, the Company's number of issued common shares increased to 136,291,455.
- (4) All issued common shares are fully paid with a par value of US\$0.01 (2013: US\$0.01) per share.
- (5) Fully paid common shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(b) Share premium

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

Upon issue of 15,072 common shares to certain employees, the value of services of these employees was transferred from share-based payment reserve to 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 2014, an expense of US\$103,000 (2013: US\$13,000) was recognised in the income statement with a corresponding increase recognised in the share based payment reserve. Upon issue of 15,072 common shares at end of vesting period, the amount recognised in the share based payment reserve account was transferred to share premium account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

11. Dividend paid

	2014 US\$'000	2013 US\$'000
Final dividend in respect of the previous financial year of US\$0.15 (2013:US\$nil) per share	20,440	-
Interim dividend in respect of current financial year of US\$0.76 (2013:US\$nil) per share	103,586	-
	124,026	-

A final cash dividend of US\$1.15 per share for FY 2014, amounting to US\$152.8 million will be recommended at the Company's forthcoming annual general meeting. Of the 136,291,455 shares in issue, 3,400,000 are treasury shares acquired through a share buy-back programme and are not entitled to dividends. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

12. Trade and other payables

	2014 US\$'000	2013 US\$'000
Trade payables – non-related parties	144	716
Other accrued operating expenses	434	4,256
	578	4,972

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

13. 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

	2014 US\$'000	2013 US\$'000
Interest expenses paid to a related party [^]	-	165
Support service fees charged by a shareholder	-	93
Support service fees charged by related parties [^]	-	382
Support service fees charged by subsidiaries	1,213	-
Ship management fees charged by related parties [^]	-	515
Sales proceeds from disposal of vessels to related parties [^]	-	6,029
	<hr/>	<hr/>
	As at December 2014 US\$'000	As at December 2013 US\$'000
Receivable from a subsidiary	276,201	934,582
Other receivables from related parties [^]	55	18,029
	<hr/>	<hr/>

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

(b) Key management's remuneration

	2014 US\$'000	2013 US\$'000
Share-based payments – equity settled	103	13
Directors' fees	346	38
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

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 – Currency risk

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

(b) Credit risk

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

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company maintains sufficient cash for its daily operations via short-term cash deposit at banks and funding from its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

14. Financial risk management (continued)

(c) Liquidity risk (continued)

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.

	<u>Less than 1 year</u> US\$'000
At 31 December 2014	
Trade and other payables	578
	<u> </u>
	<u>Less than 1 year</u> US\$'000
At 31 December 2013	
Trade and other payables	4,972
	<u> </u>

(d) Capital risk

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

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

(e) Financial instruments by category

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

	2014 US\$'000	2013 US\$'000
Loans and receivables	440	31,680
Financial liabilities at amortised cost	578	4,972
	<u> </u>	<u> </u>

15. Subsequent event

A final cash dividend for the current financial year will be recommended at the Company's forthcoming annual general meeting (see note 11).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(CONTINUED)

16. New or revised accounting standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments'

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company has yet to assess the full impact on the adoption of IFRS 9.

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

BW LPG'S FLEET LIST

BW LPG is the world's largest Very Large Gas Carrier (VLGC) owner and operator based on number of VLGCs and by LPG carrying capacity. BW LPG owns and operates 37 gas carriers with a total carrying capacity of about 3 million cbm and a further 420,000 (five newbuildings) cbm of capacity on order in Korea with Hyundai Heavy Industries. Delivery of our five VLGC newbuildings is expected between 2015 and 2016. With over 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	58,757	HKG	DNV
Berge Ningbo	2006	82,252	58,899	HKG	DNV
Berge Summit	1990	78,489	50,748	BHS	DNV
BW Aries	2014	84,196	54,561	IOM	DNV
BW Austria	2009	84,603	54,707	NIS	DNV
BW Birch	2007	82,303	58,124	IOM	DNV
BW Borg	2001	84,301	54,826	BHS	LRS
BW Boss	2001	84,301	54,800	BHS	LRS
BW Broker	2007	80,138	53,293	LBR	DNV
BW Carina	2015	84,154	54,561	IOM	DNV
BW Cedar	2007	82,260	58,063	IOM	DNV
BW Confidence	2006	83,270	54,490	IOM	LRS
BW Denise	2001	78,647	56,745	NIS	LRS
BW Empress	2005	78,908	49,999	IOM	NKK
BW Energy	2002	82,551	54,490	IOM	LRS
BW Gemini	2015	84,196	54,561	IOM	DNV
BW Kyoto	2010	83,299	54,920	SGP	NKK
BW Liberty	2007	84,597	54,975	NIS	LRS
BW Lord	2008	84,615	54,691	NIS	DNV
BW Loyalty	2008	84,601	55,057	NIS	LRS
BW Maple	2007	82,291	58,136	IOM	DNV
BW Oak	2008	82,253	58,159	IOM	DNV
BW Pine	2011	80,156	53,028	IOM	LRS
BW Prince	2007	82,383	54,368	NIS	DNV
BW Princess	2008	82,383	54,368	NIS	DNV
BW Sakura	2010	78,500	49,999	IOM	DNV
BW Tokyo	2009	83,270	54,936	SGP	NKK
BW Trader	2006	78,631	53,151	SGP	LRS
BW Vision	2001	82,488	53,503	BHS	LRS
Reimei	2007	80,197	53,100	BHS	NKK
Yuricosmos	2010	78,908	49,999	PAN	NKK
Yuyo Spirits	2009	78,903	49,999	PAN	NKK
No of VLGCs	32	2,619,368	1,741,052		

BW LPG'S FLEET LIST

LGC Fleet

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

Newbuildings

Vessel name	Year of Delivery	CBM	DWT	Flag	Class
Hull No. 2722	2015	84,000	51,600	IOM	DNV
Hull No. 2723	2015	84,000	51,600	IOM	DNV
Hull No. 2724	2015	84,000	51,600	IOM	DNV
Hull No. 2736	2016	84,000	51,600	IOM	DNV
Hull No. 2737	2016	84,000	51,600	IOM	DNV
No of Newbuildings	5	420,000	258,000		

GLOSSARY OF SHIPPING TERMS

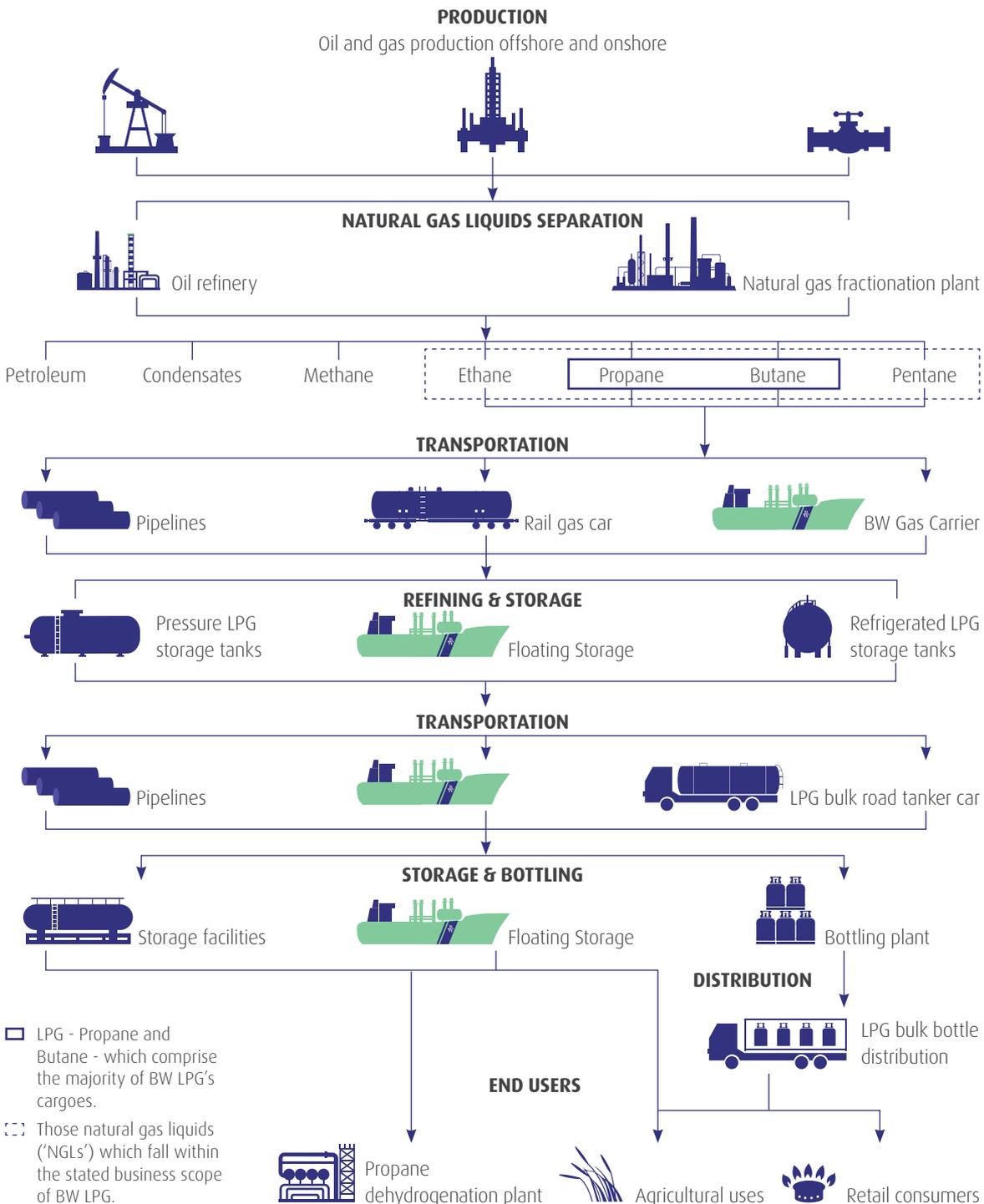
Term	Definition	Term	Definition
Ammonia	Raw material used among others in fertiliser production	Dry docking	The removal of a vessel from the water for inspection and/or repair of submerged parts
Bcm	Billion cubic meters	Dwt	Dead weight tonne. A vessel's cargo carrying capacity measured in tonnes
BMP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

GLOSSARY OF SHIPPING TERMS

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

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.





BW LPG

BW LPG Limited

10 Pasir Panjang Road
Mapletree Business City
#17-02
Singapore 117438

www.bwlpq.com

Telephone: +65 6705 5588
Email: general.enquiries@bwlpq.com

Investor Relations

Vijay Kamath
Chief Financial Officer
Telephone: +65 6705 5506
Email: vijay.kamath@bwlpq.com