



BW LPG

ANNUAL REPORT 2017

STAYING ON COURSE



Staying On Course

We aim to be Best on Water, delivering clean energy for our customers and for a sustainable future, while investing wisely through market cycles

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Staying on Course

Chairman and CEO's Review

2017 proved to be a test of our strategy and our business plans amidst a challenging year for the LPG segment. We saw strong headwinds from ship oversupply continuing to blow. Spot rates for Very Large Gas Carriers (VLGCs) were at their lowest since 2009, continuing a weak trend from 2016. Tighter Far East-US LPG price spreads contributed to cargo cancellations from the US, and the OPEC production cuts also meant lower Middle East volumes.

Against this backdrop, our financial returns were negatively impacted, and we ended the year with a loss of US\$44.8 million. We nevertheless built better momentum in 2017. We strengthened our capital position through competitive financing and strategic vessel divestments, whilst also renewing our fleet. Following our acquisition of Aurora LPG at the end of 2016, we completed the integration of nine VLGCs vessels into our wider fleet in January, and successfully refinanced six vessels at competitive terms. We also made some opportunistic divestments of older vessels when the prices were right. Five vessels were sold for total sales proceeds of US\$185 million. We brought total costs below 2016 levels with focus on our OPEX, bunkering and drydocks costs.

New regulatory requirements, political uncertainties and unpredictable economic developments will have an influence on our long-term strategy. While there has been little exuberance in the LPG segment in 2017, the fundamentals for LPG trade remain reasonable, and we should start to see renewed momentum in 2018. The supply overhang is expected to ease, especially with possible acceleration in recycling of older vessels with an eye on upcoming environmental regulations, and the global fleet growth should stabilise. The strengthening of VLGC demand should provide some relief to freight rates. Demand is expected to increase in Asia, led by India and China.

Positioning ourselves for the future, we established a joint venture, to own and operate a fleet of VLGCs for the transportation of LPG to India. We sold two of our vessels, BW Energy and BW Boss, to the joint venture,

as part of this agreement. This joint venture allows us to create a strong base in India to serve customers in the region. We have also enhanced our customer coverage model through the establishment of a commercial presence in Oslo and a technical office in Houston. The establishment of these offices should enhance the quality of our service, improve our ability to capture growth opportunities and differentiate us from our competitors.

Leadership in sustainability remained an important part of our strategy. In 2017, we strengthened our safety results through our Zero Harm approach. Our Lost Time Injury Frequency (LTIF) stands at 0.23 and this is below the industry baseline of 0.4. We continue to interact directly with customers for optimal operational solutions, maintain regular feedback with them and adopt Zero Harm principles across all our operational activities. We also updated our Vision, Mission and Values (VMV) in 2017 to align goals and behaviours throughout our shipboard and shorebased organisation. Built on the original company values, the new "VMV" refreshes the organisation's purpose and introduces the concept of striving to be "Best on Water".

We aim to be "Best on Water", delivering clean energy for our customers and for a sustainable future, while investing wisely through market cycles.

The ongoing digitalisation of society has been impacting the way we conduct business. Mobile solutions and ubiquitous internet access provide opportunities for us to interact with customers and suppliers in new ways, as well as making operations more efficient. To ensure that we are at the forefront of this development, we embarked in 2017 on a journey to enhance the business as a digital enterprise, where all information is integrated and easily accessible, with the intention to drive data-driven decision-making and achieve cost efficiencies.

With our strong balance sheet, customer focus, cost consciousness and stability in operations, we believe BW LPG is well positioned to achieve its targets for 2018. We would like to thank our employees and stakeholders for their important contributions.



Andreas Sohmen-Pao
Chairman of the Board



Martin Ackermann
Chief Executive Officer



2017 in Numbers

Against a weak market backdrop, BW LPG continues to further strengthen our position in the industry.

185

million (US\$)

Strategic Vessel Divestments from sale of 5 vessels



Strengthening BW LPG's Fleet Profile

The average age of BW LPG's VLGC Fleet is

7.3 years



The average age of the global VLGC fleet is **8.8** years

Established Joint Venture in **India** enabling us to consolidate our position in the World's

2nd Largest

LPG Import Market

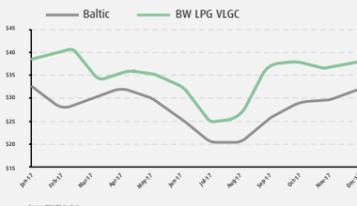


Strengthening our Balance Sheet and Liquidity Runway

BW LPG's Leverage

55.5%

Achieved VLGC TCE Earnings higher than the Baltic spot index



Industry Leading Safety Results

LTIF Industry Standard (Baseline)

0.40

LTIF BW LPG 2017 Performance

0.23

Average Port Calls per day

3.9



VLGC TCE Per Day

BW LPG US\$18,600/day
Market US\$13,500/day

Exports carried by BW LPG in 2017



13.1 million tonnes

Revenue

US\$491.8 million

TCE Income

US\$335.4 million

EBITDA

US\$125.5 million

Market Review

Falling Freight Rates

25.8%

reduction YOY

VLGC Fleet Growth

10.4%



Weakening East - West Price Spread

2016

US\$90

Per metric tonne

2017

US\$80

Per metric tonne

Shipyards under pressure with new building prices bottoming out



North America Seaborne VLGC Export Trade Growth

3.8 million tonnes

Strong Import Growth Driven By:

China



15.4% YOY volume growth

India



35.1% YOY volume growth



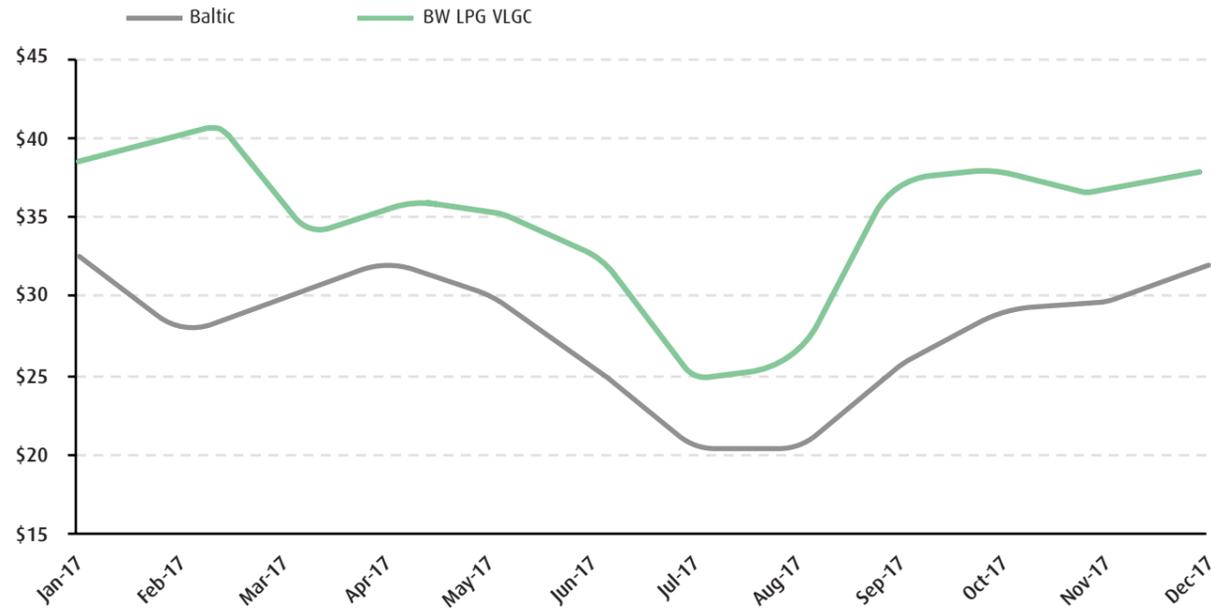
Commercial Performance

Achieved VLGC TCE Earnings higher than the Baltic spot index in 2017

We generated a VLGC TCE of US\$18,600 per day, outperforming the Baltic Index by 37.8%. This was achieved mainly due to our data-driven approach to cargo pricing and commercial decision-making.

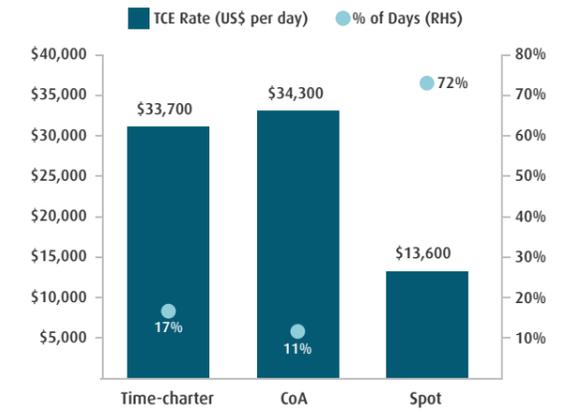
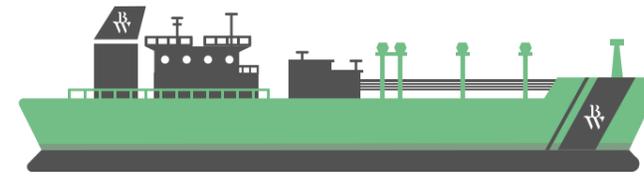


BW LPG VLGC Performance Against the Baltic Index (US\$ per tonne)



Source: BW LPG Analysis

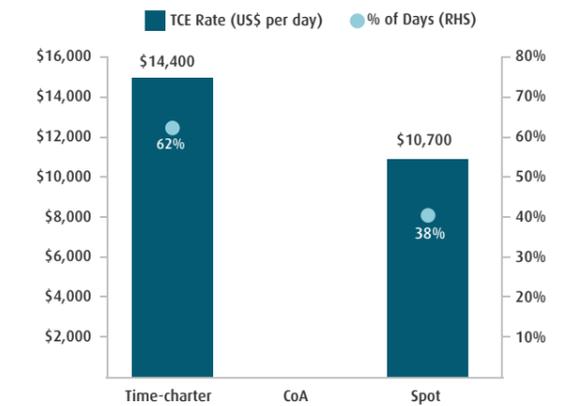
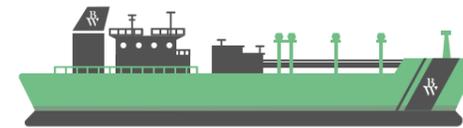
VLGC Segment Performance



Source: BW LPG Analysis

Focusing on our VLGC chartering performance, our CoA portfolio accounted for 11% of VLGC revenue days, with our time-charter portfolio accounting for 17% of VLGC revenue days and the remaining going to our spot fleet. In terms of TCE rates, our CoA portfolio generated TCE rates of US\$34,300 per day, whilst our time-charter portfolio generated TCE rates of US\$33,700 per day. Our spot fleet generated TCE rates of US\$13,600 per day.

LGC Segment Performance



Source: BW LPG Analysis

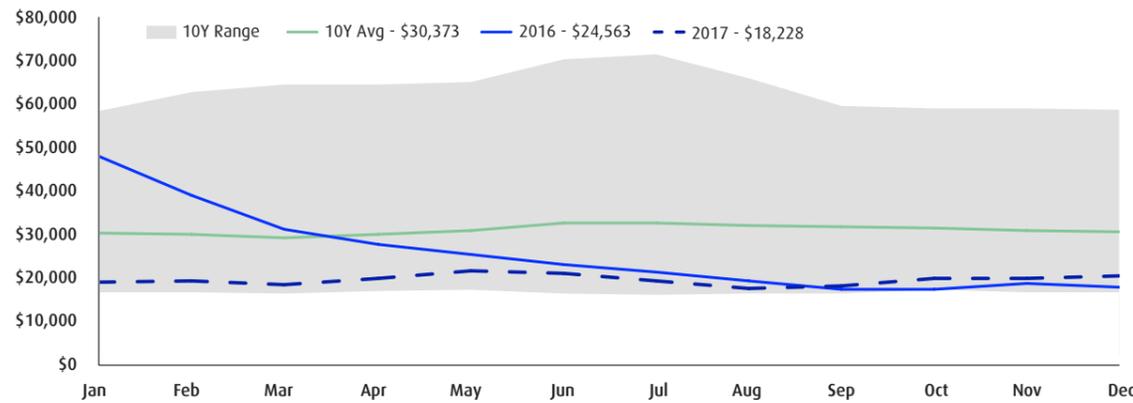
We operated 62% of our LGC fleet on time-charter and the remainder on the spot market. In terms of TCE rates, our time-charter portfolio generated TCE rates of US\$14,400 per day, whilst our spot portfolio generated TCE rates of US\$10,700 per day.



2017 in Six Graphs

1. VLGC spot rates in 2017 were even weaker than 2016, falling 25.8% YOY

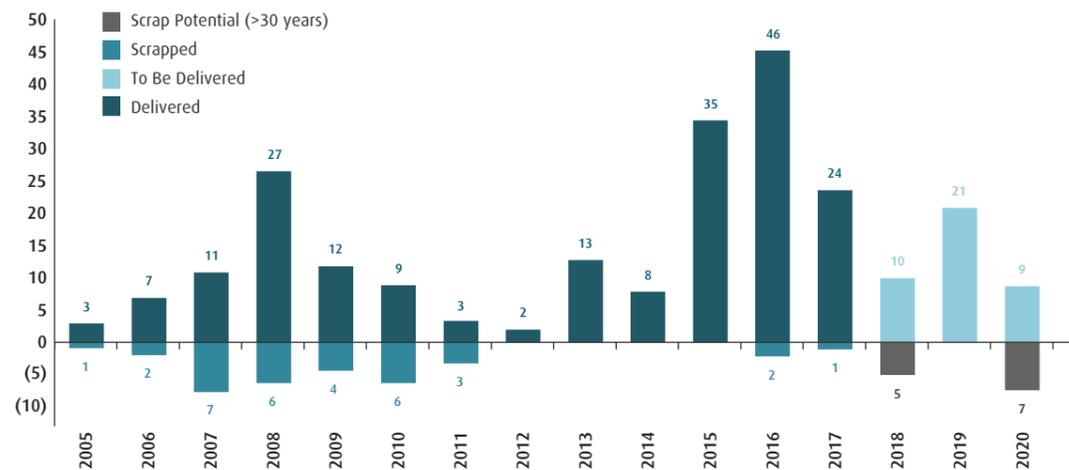
Trailing 10 Year Monthly VLGC Spot Rates (US\$ per day)



Source: Clarksons

3. The VLGC fleet grew by 10.4% in 2017, still well above the 10-year median growth rate of 6%

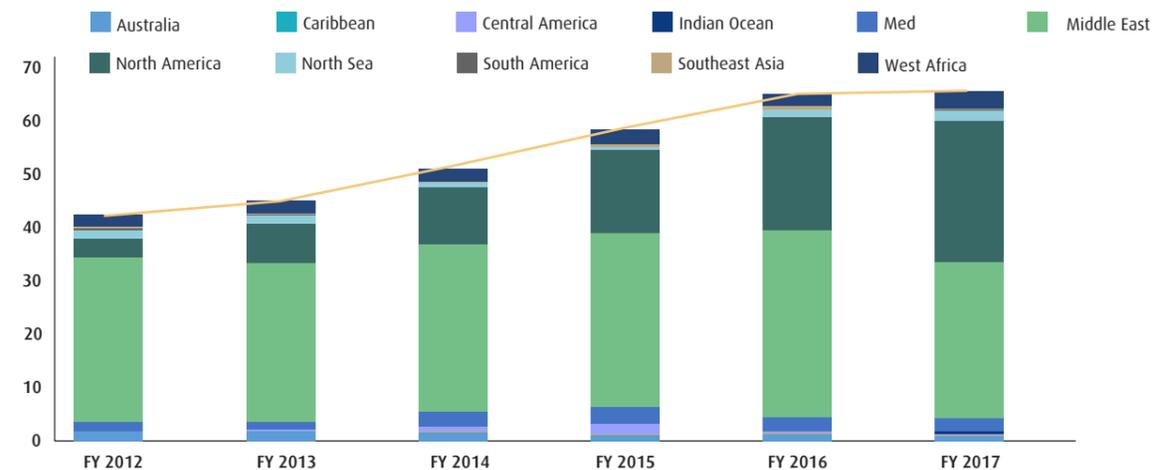
VLGC Fleet Development 2005 - 2020



Source: Clarksons

5. US Seaborne VLGC trade grew by 17.9%, with global VLGC volumes increasing by 2.5%

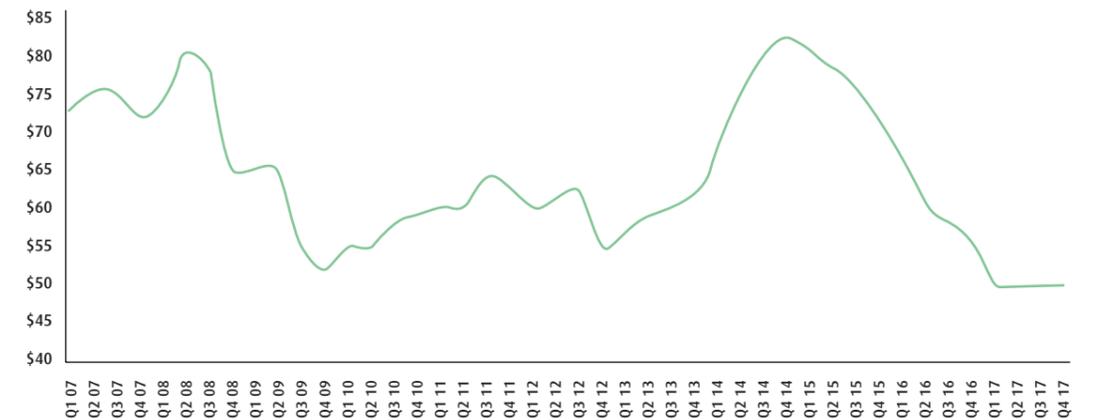
VLGC Trade By Exporter (million metric tons)



Source: Waterborne

2. Second-hand prices stabilised at cyclical low levels

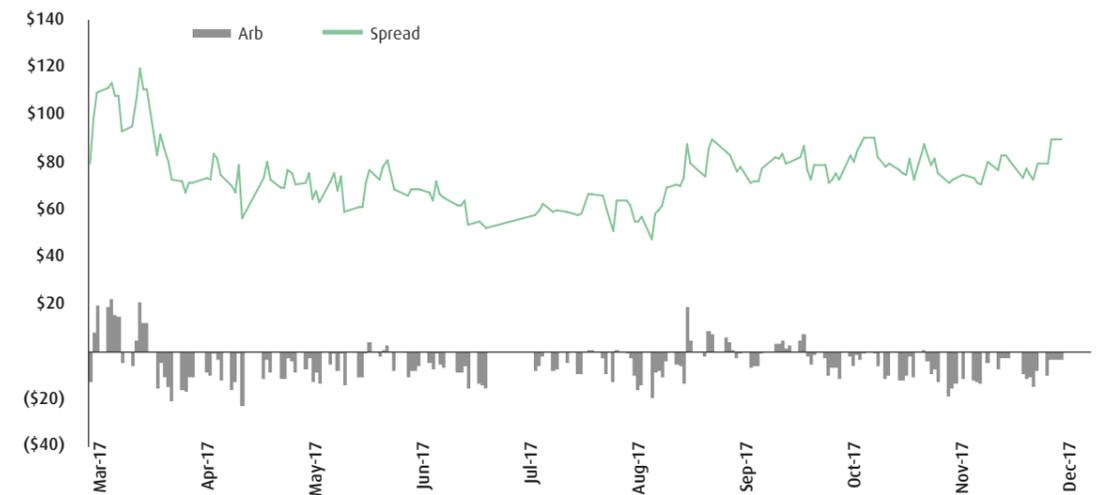
Quarterly VLGC Eight Year Old Prices (US\$ m)



Source: Steam 1960

4. Arbitrage window to ship US propane to Asia has been shut for most of 2017

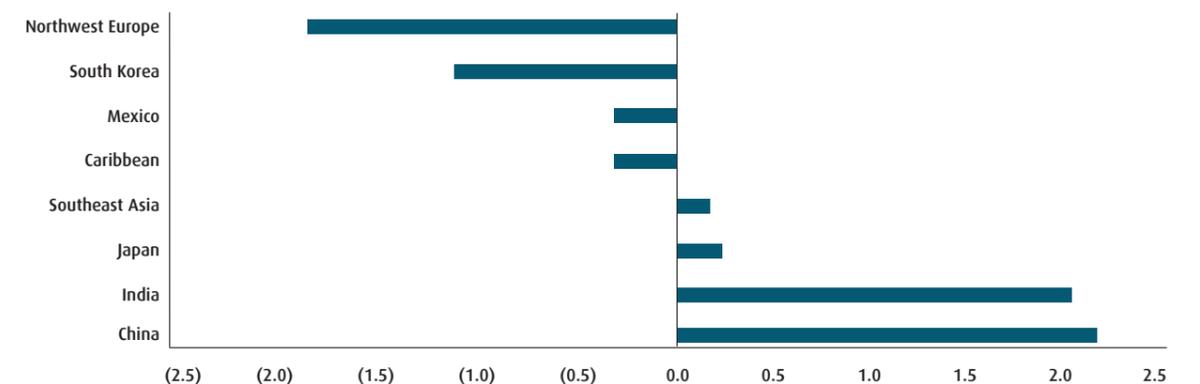
US-Asia Propane Price Spread & Arbitrage via Panama Canal (US\$ per tonne)



Source: Bloomberg

6. China (15.4%) and India (35.1%) were the key drivers of import growth in 2017

Changes in VLGC LPG Imports FY 2017 / FY 2016 (million metric tons)



Source: Waterborne

India's LPG import had a CAGR of 16.3% in the last five years

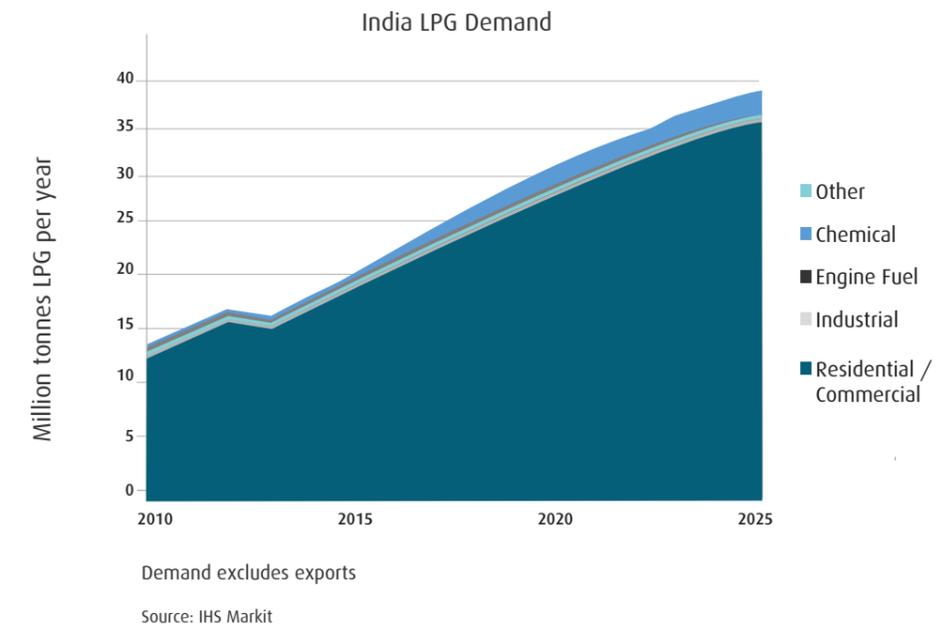
Source: IHS Markit



Capturing Future Growth in India through a Strategic Partnership

The Group positioned itself to participate in the burgeoning Indian LPG market by establishing a joint venture, BW Global United LPG India Private Limited in October 2017. The Group sold two VLGCs, BW Boss and BW Energy to this joint venture. The two VLGCs have been converted to Indian flag to better position the Group in the Indian market. The joint venture will allow BW LPG to create a strong base in India which is the world's second largest LPG import market. India's LPG import had a Compound Annual Growth Rate (CAGR) of 16.3% in the last five years. This growth is driven primarily by increased retail demand and strong support for LPG consumption from the Government of India. Investments in import infrastructure, biomass displacement and continued government support are favourable for the LPG market.

India's LPG demand growth will be nearly all for residential / commercial end uses



Retail demand accounted for 92% of India's domestic consumption in 2017
Source: IHS Markit

Pro-LPG Government Policies to Promote The Use of Retail LPG



Pradhan Mantri Ujjwala Yojana Scheme providing 50 million LPG connections to women from families living below the poverty line by end 2018.

2020 Target: 100 million households



Direct Benefits Transfer Scheme (Pahal) was set up in 2014 as an anti-corruption initiative to minimise misuse of subsidised LPG fundings. This allows consumers to receive the LPG subsidies given out by the government directly into their bank accounts.



Give It Up Campaign was set up in 2015 to motivate middle-income LPG consumers who can afford to pay the market price for LPG to voluntarily surrender their LPG subsidies so that poorer Indians can benefit. More than one million people have given up their subsidies.

BW LPG supports WLPGA's Cooking for Life Initiative

COOKING FOR LIFE, a campaign of the World LPG Association (WLPGA), aims to facilitate the transition of ONE BILLION people from cooking with traditional fuels as well as other dirty and dangerous fuels to cleaner-burning LPG by 2030. Here's why:

OVER
4 MILLION PEOPLE
DIE PREMATURELY



FROM ILLNESS ATTRIBUTABLE TO
HOUSEHOLD AIR POLLUTION
FROM COOKING WITH SOLID FUELS



MORE PEOPLE **DIE** FROM
COOKING-RELATED INDOOR AIR
POLLUTION-CAUSED ILLNESS
THAN FROM **MALARIA,**
HIV/AIDS AND
TUBERCULOSIS
COMBINED



BURNING
WOOD AND COAL
PRODUCES AROUND
150 TIMES MORE
CARBON MONOXIDE (CO)
THAN LPG PER GIGAJOULE OF ENERGY



AROUND
3 BILLION
PEOPLE
COOK AND HEAT
THEIR HOMES
USING OPEN FIRES
AND SIMPLE STOVES
BURNING **BIOMASS,**
KEROSENE
AND **COAL**

Source: WLPGA

BW LPG's Running For Life Campaign



For a second year running, BW LPG employees ran for a cause – to improve lives with cleaner energy. In 2016, we launched the Running for Life campaign in conjunction with the Annual Standard Chartered Marathon. The Running for Life campaign's objectives are two-fold; to inspire a healthy and fit lifestyle among BW LPG employees and to support the WLPGA's Cooking for Life programme.

BW LPG employees joined this annual race once again in 2017 to raise funds for donation to the programme. The Company donated money to the programme for every employee who completed the 10 km run, half marathon and full marathon. As the leading carrier of LPG, we ran proudly in support of this cause, contributing to healthier, cleaner lives around the world.



Contract Coverage for 2018

Our contract coverage for 2018 is 14%. Freight rates remain at low levels, with recovery being dependent on increasing US LPG production, continued demand from Asia (especially India and China) and geographic LPG price spreads. We remain confident on the long-term fundamentals for LPG, and continue to monitor the orderbook for 2018 and 2019.

Market Outlook 2018

US LPG production growth forecast

↑ **7%**

US Domestic LPG consumption growth

↑ **1%**

US Seaborne LPG exports growth

↑ **7.5%**

Higher US inventory build required to prevent reoccurrence of domestic price strengthening

80-90%

of incremental US volumes will be shipped to Asian markets

Supply & demand is expected to rebalance once deliveries ease after 2017. VLGC demand to continue at a slower pace

Expected **500,000 to 800,000** tonnes of additional exports from **Australia**

Expected fleet growth

↑ **2%**

Expected demand growth

↑ **5%-6%**

Source: BW LPG Analysis



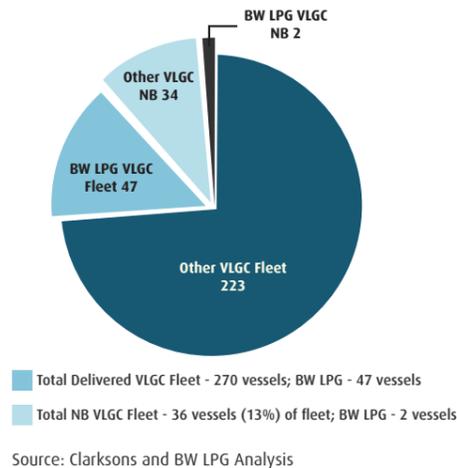
Financial Performance

We aim to maintain a strong financial position, maintaining our competitiveness at all levels.

Our cash position combined with a long track record sets us apart as a reliable and safe partner for customers and other stakeholders in weak market conditions.

Addition of nine Aurora LPG vessels at a discount to net asset value

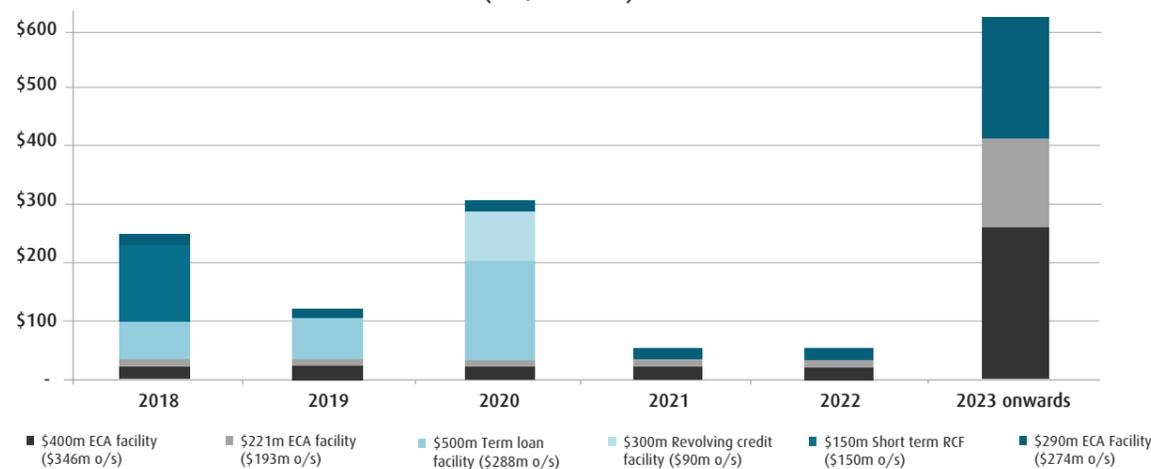
In 2016, BW LPG made a strategic move to acquire Aurora LPG. The acquisition of Aurora LPG illustrates our strategy of investing counter cyclically and growing through market downturns. We executed the acquisition at the lowest point in the cycle since 2009 and acquired the company for US\$57.6 million. As a result of this acquisition, nine Aurora vessels were added into our wider fleet in January 2017.



Refinancing of BW LPG vessels with market leading financing terms

In March 2017, the Group secured US\$290 million for the re-financing of six 2016-built ex-Aurora ships at an all-in cost of LIBOR plus 1.88% per annum with a 16-year amortisation profile. In February 2018, the Group further signed a US\$150 million five year Senior Secured Term Loan Agreement to refinance its existing US\$150 million revolving credit facility maturing in March 2018. The new US\$150 million loan facility was raised from a syndication of five banks at an all-in cost of LIBOR plus 1.7% per annum with an eight-year amortisation profile. These financings exemplify our strategy of cost leadership, and our ability to leverage the BW LPG platform value to obtain market leading financing. The ex-Aurora fleet is now refinanced at similar competitive terms and structure as the rest of the BW LPG fleet, which further strengthens our competitive edge in a challenging market.

Financing – Repayment Profile (US\$ million)



[US\$150 million Short term RCF has been refinanced with a US\$150 million five-year Senior Secured Term Loan in February 2018]

Source: BW LPG Analysis

Strategic vessel divestments to increase liquidity – Sale of five vessels at US\$185 million

Global VLGC Fleet Age



Average Years

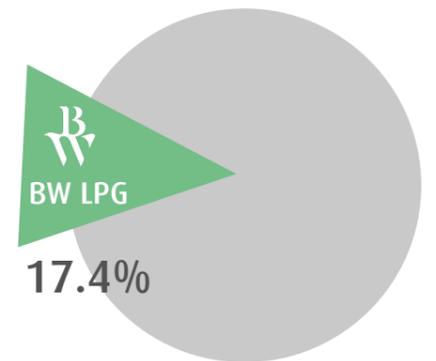
8.8

BW LPG VLGC Fleet Age



7.3

% Share of Global VLGC Fleet



- In January 2017, the Group recycled the 1991-built LGC BW Havfrost and completed the sale and leaseback of the 2017-built VLGC BW Messina.
- In July 2017, the Group sold the 2001-built VLGC BW Vision. The vessel was delivered to her new owner in September 2017.
- In July 2017, the Group sold the 2002-built VLGC BW Energy and the 2001-built VLGC BW Boss to BW LPG's joint venture (JV) with Global United Shipping India Private Limited. BW Energy was delivered into the JV in October 2017 whilst BW Boss was delivered to the JV in January 2018.

The divestment of these vessels were part of our strategy to rejuvenate our fleet. As a result of these sales, the average fleet age of BW LPG's vessels have improved to 7.3 years against the global fleet age of 8.8 years.

[Data as of 31 January 2018]

Maintaining a comfortable leverage of 56% in a low market

As at 31 December 2017, our net debt position stands at US\$1.3 billion. Total liquid cash and undrawn facilities was at US\$266.5 million which consisted of US\$56.5 million in cash, and undrawn amounts under revolving credit facilities of US\$210 million.

On-going cost-savings initiatives

8%

reduction in OPEX YOY

90%

of bunkers performed below Platts levels



Safety Results

Maintaining Industry Leading Safety Results

Towards Zero Harm

2017
BW LPG Lost Time Injury Frequency (LTIF)



2017
BW LPG Total Recordable Case Frequency (TRCF)



*LTIF: Lost Time Injury Frequency target 2017 was 0.4 which corresponded to 3 cases.
TRCF: Total Recordable Case Frequency target 2017 was 1.5 which corresponded to 10 cases.*



Improving Safety Standards

Each year, BW LPG improves on its safety performance. This is an ongoing journey towards Zero Harm.

BW LPG (LTIF)
Lost Time Injury Frequency



2017 (Actual) —● 0.23

↓ 61.0%

2017 (Baseline) —● 0.4

2016 —● 0.59

BW LPG (TRCF)
Total Recordable Case Frequency



2017 (Actual) —● 1.28

↓ 3.0%

2017 (Baseline) —● 1.5

2016 —● 1.32



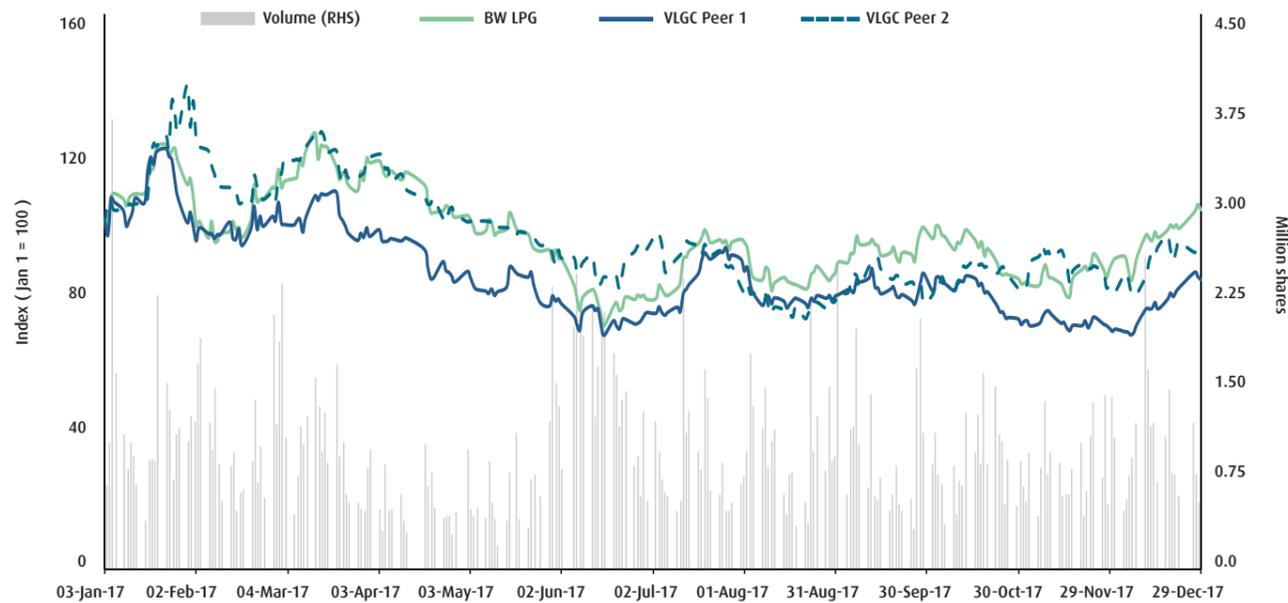
Share Performance

2017 Relative and Absolute Performance of Shares

Overview

BW LPG's shares traded down to NOK 29.00 per share in the first half of 2017 due to weakness in freight driven by worsening arbitrage economics that resulted in substantial cargo cancellations in the US Gulf Coast. Set against a backdrop of continued above-average VLGC fleet growth, the occurrence of Hurricane Harvey in the third quarter turned Asian LPG forward curves into backwardation due to export delays and port closures. BW LPG, however, managed to perform relatively well by generating US\$10,790 per day on its spot fleet versus benchmark VLGC rates of approximately US\$7,600 per day in the third quarter. After the decline in September, the shares recovered through the fourth quarter. The share price recovery in the fourth quarter was led by increasing LPG production post-Harvey and sustained day rates of US\$17,800. Our shares generated a gain of 6.4% for 2017 and finished the year at NOK 38.64 per share.

Indexed BW LPG Share Price Performance Relative to Norway



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

Source: Bloomberg

2017 Total Shareholder Return (NOK million)



Source: Bloomberg

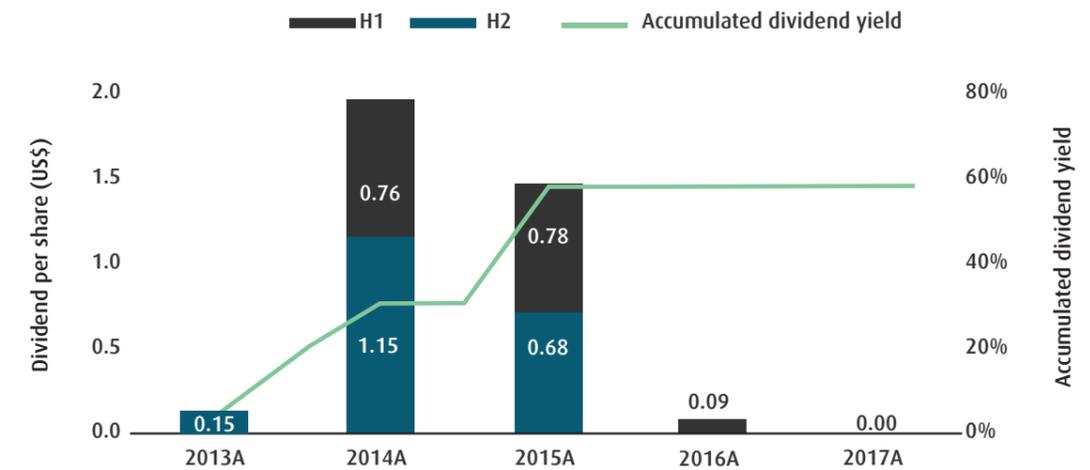
Dividends at Stated Policy of 50% of Profits

The company did not pay any dividend for the second half of 2016 and the first half of 2017. With the loss incurred in the second half of 2017, the Board has recommended that no dividend be paid for the second half of 2017. Of the 141,938,998 shares in issue, 350,106 are treasury shares acquired through a share buy-back programme and are not entitled to dividends.

	Earnings Per Share	Dividend Per Share	Payout Ratio	Share Price at Period End	Annualised Earnings Yield	Annualised Dividend Yield
H1 2017	\$0.02	\$0.00	50%	\$3.47	1%	0%
H2 2017	(\$0.31)	\$0.00	50%	\$4.71	(13%)	0%
H1 2016	\$0.04	\$0.09	50%	\$3.79	2%	5%
H2 2016	\$0.14	\$0.00	50%	\$4.20	7%	0%

Accumulated Dividend Yield of 58%

Since listing in 2013, we have paid out dividends of US\$3.61 (NOK 27.15) per share, US\$485 million in total as of 31 December 2017, representing an accumulated dividend yield of 58% on the IPO price of NOK 47 per share.



Source: Bloomberg

Investor Relations Policy

We always:

- Respect the principle of equal treatment of all market players to ensure fair pricing of BW LPG's shares
- Maintain an open and continuous dialogue with existing and potential shareholders, stakeholders and the public
- Aim for a high degree of openness and communicate information in compliance with the disclosure requirements of the Oslo Stock Exchange

- Communicate about our business performance and developments with all our investors and analysts via:
 - Annual and quarterly reports and press releases
 - Annual General Meetings, Investor & Analyst presentations and information sessions
 - Industry seminars and events where industry participants and investors are represented
- Maintain a Primary Insider Register
- Inform any changes to primary insiders' shareholdings in accordance with Oslo Stock Exchange rules. These are published on the Oslo Stock Exchange's internet news platform (www.newspoint.no) and on our website

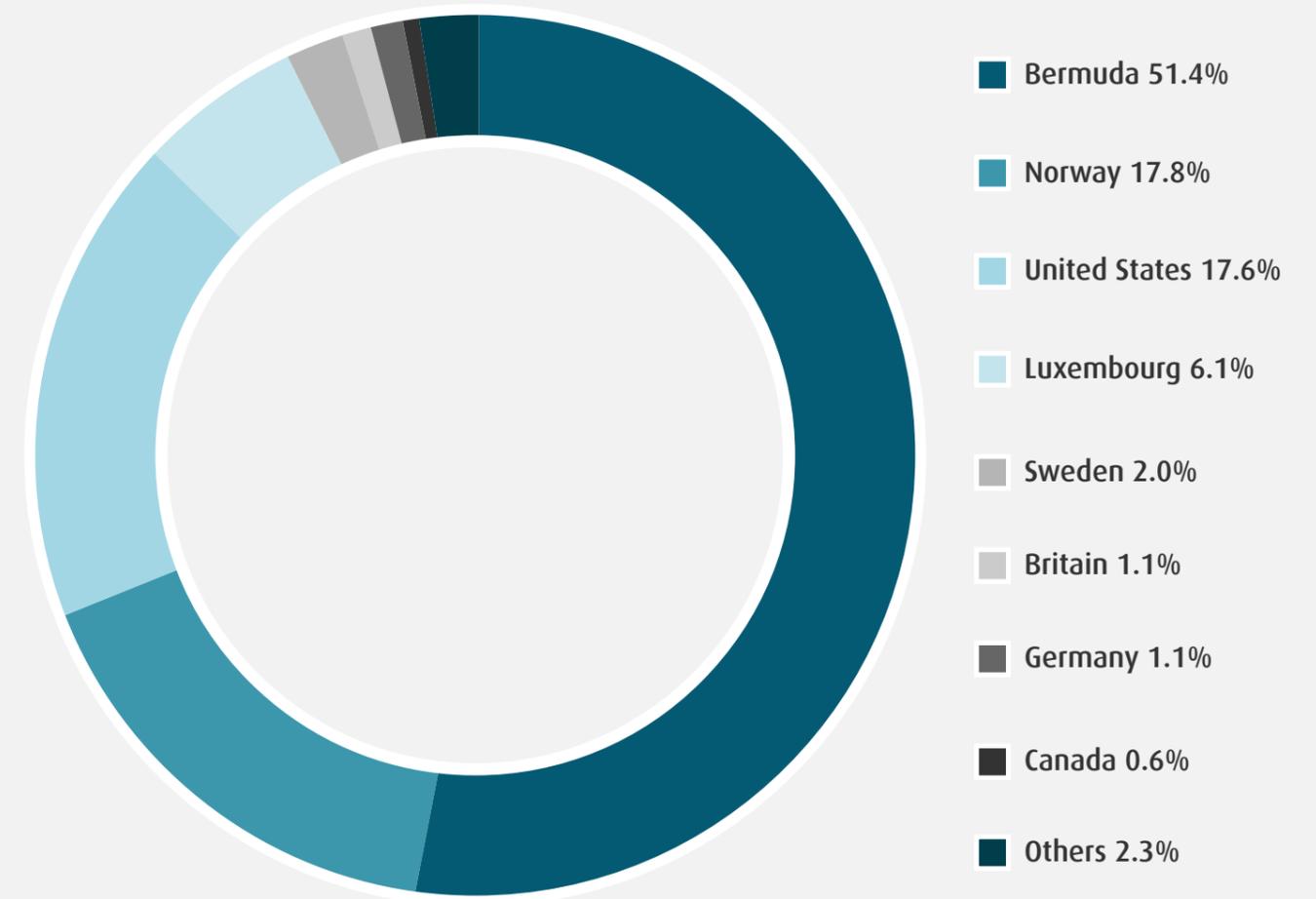
Diverse Shareholder Base

BW LPG gained 59 shareholders in 2017, with a total of 4,227 shareholders at 31 December 2017, a 1.4% increase from 2016. Of the total shareholders, the 20 largest shareholders (including BW Group), held 79.7% of the shares outstanding. Apart from BW Group, the largest geographical shareholding of the Company is in Norway, with other major shareholdings in the United States, Luxembourg and Sweden.

Top 20 BW LPG Shareholders	Shares	% ownership
BW Group	63,155,829	44.5%
Capital Group	9,271,501	6.5%
Nordea Bank, Luxembourg (PB)	5,620,989	4.0%
DNB Asset Management	5,146,334	3.6%
Folketrygdfondet	5,104,652	3.6%
Sundt AS	4,131,637	2.9%
KLP	3,906,952	2.8%
NFU Mutual	2,226,007	1.6%
Dimensional Fund Advisors	1,836,949	1.3%
Sissener Canopus	1,600,000	1.1%
First Fondene	1,593,995	1.1%
Tufton Oceanic	1,398,466	1.0%
Stein Mohn	1,325,884	0.9%
BlackRock	1,205,541	0.8%
Nordea Asset Management	1,095,874	0.8%
Arrowstreet Capital	1,029,210	0.7%
Transpetrol Shipping Limited	926,990	0.7%
Storebrand Asset Management	922,341	0.7%
Vanguard Group	904,917	0.6%
GMO	868,530	0.6%
Remaining shareholders	28,666,400	20.2%
Total	141,938,998	100.0%

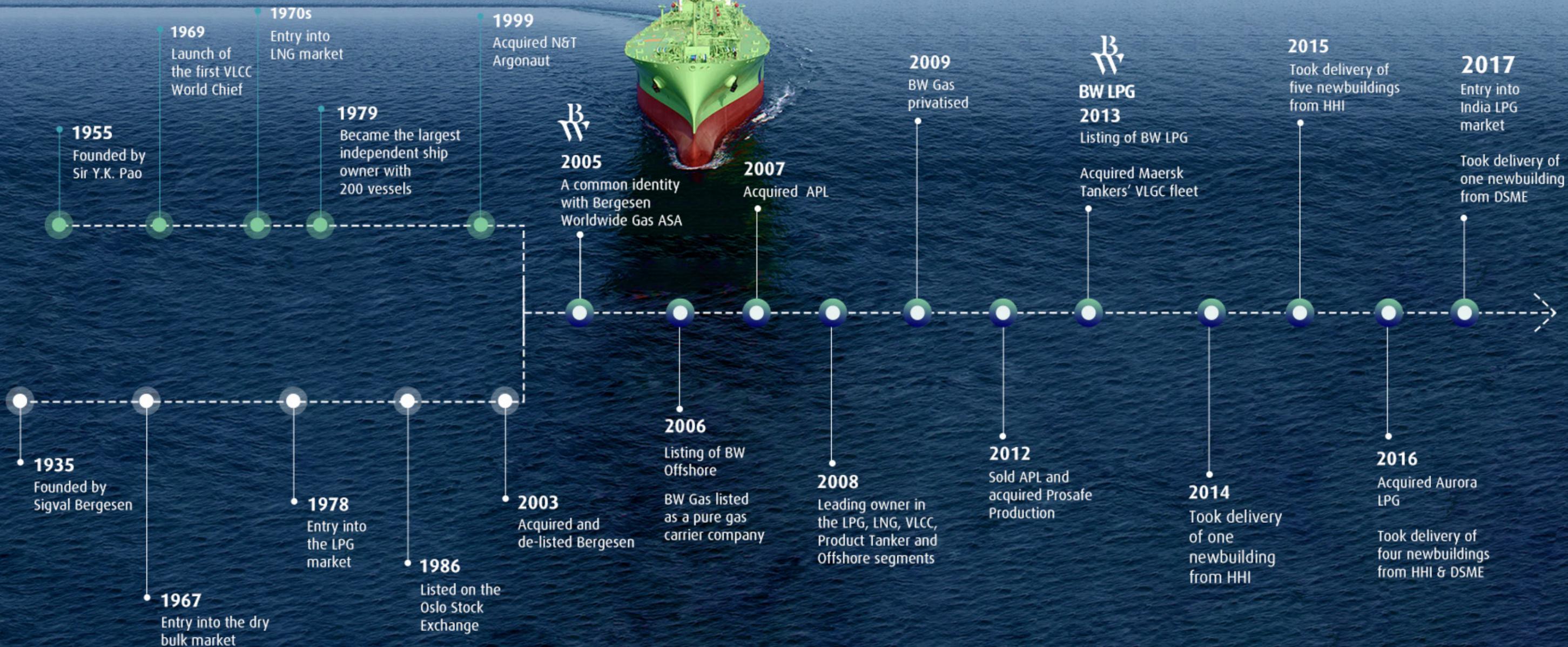
Source: Richard Davies Investor Relations Limited

Geographical distribution of shareholders



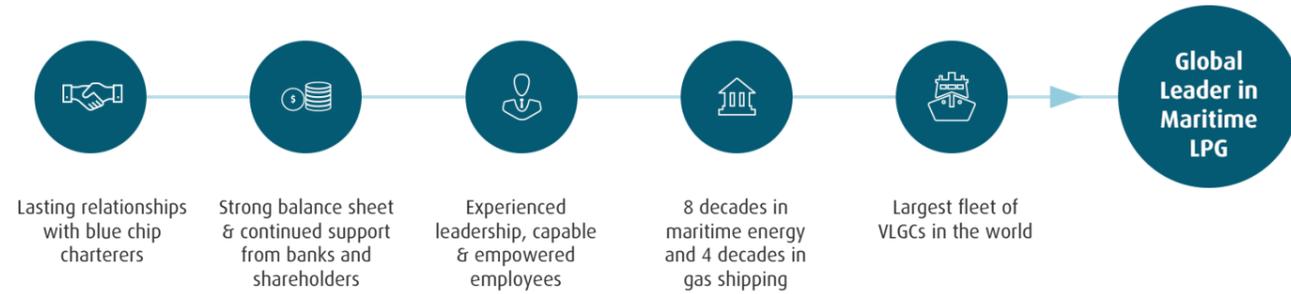
Our history - more than 80 years in maritime energy

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



Global Leader in Maritime LPG

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



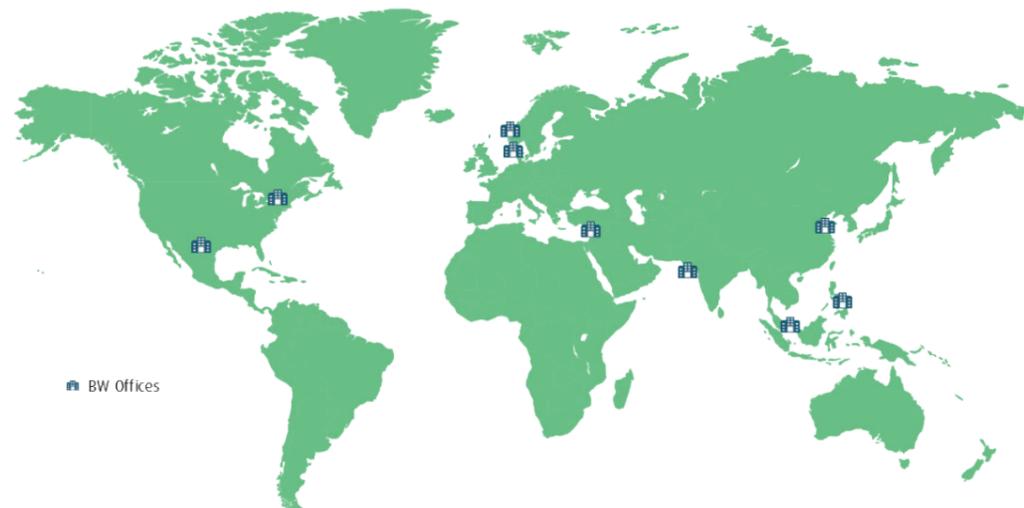
Operations Overview

24/7 Global Coverage <p>Providing 24/7 commercial and operational support to our customers</p>	Operations <p>Experienced operations team with a track record of optimising the fleet performance</p>	Technical Management <p>Keeping our ship management activities to industry standards</p>	Crewing <p>Majority of the crew on board our vessels are recruited and developed through our in-house manning and training departments</p>
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Total Assets US\$ 2.5 billion	Presence in 9 Countries	Total Number Of Employees (fleet & shore) 1,234
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Global Presence

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



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

Our VISION

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

Our MISSION is to Act for the Future

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

Our VALUES are to be Collaborative, Ambitious, Reliable and Enduring

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

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Vessels



Director's Report



From left to right: Anders Onarheim, Andreas Beroutsos, Anne Grethe Dalane, Andreas Sohmen-Pao, Martha Kold Bakkevig, John Barrie Harrison, Carsten Mortensen

Financial Performance

Our operating revenue was US\$491.8 million in FY 2017 (US\$506.5 million in FY 2016).

TCE income decreased to US\$335.4 million from US\$406.7 million, mainly attributable to the decline in LPG spot rates and lower fleet utilisation despite an increase in fleet size. These factors resulted in a decrease in TCE income of US\$47.0 million and US\$24.3 million, in the VLGC and LGC segments respectively. Charter hire expenses decreased to US\$68.7 million in FY 2017 (US\$69.5 million in FY 2016) due to overall lower hire rates for charter-in vessels.

Other operating expenses increased to US\$146.8 million in FY 2017 (US\$128.8 million in FY 2016) mainly attributable to an overall larger fleet size. The Group reported a loss after tax of US\$44.8 million in FY 2017 (profit after tax of US\$23.6 million in FY 2016). The decrease in profit was mainly due to the decline in TCE income arising from decline in LPG spot rates, lower fleet utilisation despite an increase in fleet size, and recognition of an impairment charge of US\$4.6 million on vessels that were reclassified as assets held-for-sale.

Parent Company Accounts

Vessels and related assets, as well as external debt financing, are held in subsidiary companies within the Group.

The investment holding company's balance sheet includes primarily cash and receivables from subsidiaries as well as shareholders' equity, trade payables and accrued expenses.

Total assets are US\$985.9 million, shareholders' equity is US\$985.7 million, and total liabilities are US\$0.2 million. Income of US\$9.0 million is solely from dividends from our subsidiary and expenses of US\$3.2 million, which consists of overhead and other costs related to the operations of the investment holding company as a listed entity.

Safety

Safety is top priority at BW LPG and the Board is conscious that safety performance is a continuous process. The Group has active programmes in place with a focus on 'Zero Harm'.

In 2017, the safety statistics for the Group improved with a LTIF (Lost Time Injury Frequency per million working hours) rate of 0.23 compared to a rate of 0.59 in 2016. TRCF (Total Recordable Case Frequency) in 2017 stands at a rate of 1.28 compared to a rate of 1.32 in 2016.

Corporate Governance

The Board of Directors has adopted a corporate governance policy reflective of the Group's commitment to good governance and taking into account standards of Corporate Governance in the Norwegian Code of Practice for Corporate Governance (the Code). Deviations from the Code are addressed in the corporate governance section of this Annual Report. The Board held four meetings in 2017.

Risk

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

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.

Outlook

Freight rates remain at low levels, with recovery being dependent on increasing US LPG production, continued demand from Asia (especially India and China) and geographic LPG price spreads.

Crude oil production, natural gas and thus, LPG, is expected to continue growing in the US as per the EIA's short-term forecast for 2019. Coupled with renewed growth in other regions, the supply-demand balance will tighten in 2018 with production outweighing consumption in 2019.

Data suggests that shale production continues to increase, with the current rate of growth and level of NGLs matching or exceeding

global demand. Activity levels in US crude oil production remain elevated and drilling activity is likely only to decline if WTI prices drop significantly.

Going forward, we see healthy demand from PDH facilities and alkylation units. Petchem margins were well-supported throughout 2017, resulting in additional PDH plants being commissioned between 2018 and 2020. Demand for LPG is expected to remain firm from China and India.

The VLGC freight rate market has seen newbuild orders in early 2018 though this is expected to partially offset by several ships heading for recycling over the next two years. Net fleet growth, on average, is expected to be roughly 2%.

Significant Events After 31 December 2017

In January 2018, as part of the establishment of the newly formed joint venture, BW Global United LPG India Private Limited, a second VLGC, BW Boss was delivered to the joint venture.

In February 2018, the Group signed a five-year Senior Secured Term Loan of US\$150 million with a syndication of five banks to replace the existing unsecured US\$150 million Revolving Credit Facility due March 2018. The all-in cost for this financing is LIBOR plus 1.7% per annum.

Going Concern

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

Board of Directors



Andreas Sohmen-Pao

Born: 1971
Resident of: Singapore
Nationality: Austrian

Andreas Sohmen-Pao is Chairman of BW Group, BW LPG Limited, BW Offshore Limited and the Singapore Maritime Foundation. He is also non-executive director of Singapore National Parks Board and Singapore Symphony Orchestra. He has served as Chairman of the Board of BW LPG Limited since 1 September 2013. Mr Sohmen-Pao was previously Chief Executive Officer of BW Group. He has also served as a non-executive director of The Hongkong and Shanghai Banking Corporation Ltd, The London P&I Club, The Esplanade Co Ltd, Sport Singapore and the Maritime and Port Authority of Singapore amongst others. Mr Sohmen-Pao graduated from Oxford University in England with an honours degree in Oriental Studies. He holds an MBA from Harvard Business School.



John Barrie Harrison

Born: 1956
Resident of: Hong Kong
Nationality: English

John Barrie Harrison is an independent non-executive director of BW Group and Vice Chairman of BW LPG Limited since 2013. He is also an independent non-executive director of AIA Group Limited, Cathay Pacific Airways Limited and Grosvenor Asia Pacific Limited and Chair of Grosvenor Asia Pacific Limited's audit committee. Formerly, Mr Harrison served as an independent non-executive director of Hong Kong Exchanges and Clearing Limited, The London Metal Exchange Limited, and LME Clear Limited. Mr Harrison was previously Deputy Chairman of KPMG International and Chairman of KPMG Asia Pacific. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. Mr Harrison was educated at Durham University in England, from which he graduated in 1977 with a Degree in Mathematics.



Andreas Beroutsos

Born: 1965
Resident of: USA
Nationality: Greek

Andreas Beroutsos has served on the BW LPG Board since 21 November 2013. He is the Managing Partner of private equity firm One Point Capital Management. Between 2007 and 2017, he also served as the Executive Vice-President, Private Equity & Infrastructure, for la Caisse de depot et placement du Quebec, and as a Partner & Senior Managing Director at Eton Park Capital Management, where he led private investments. Mr Beroutsos spent the first 17 years of his career at McKinsey & Co. in New York, where he was a Director and Senior Partner, serving as Head of the Global Private Equity practice and senior leader of the Financial Institutions Group. In 2013, Mr Beroutsos served on the General Council (Board of Directors) of the Hellenic Financial Stability Fund in Greece, as an independent member. Mr Beroutsos holds BA and MBA degrees from Harvard University, both with high honours.



Carsten Mortensen, born 1966

Born: 1966
Resident of: Denmark
Nationality: Danish

Carsten Mortensen is Chief Executive Officer of BW Group and Board Member of BW Offshore Limited, BW LPG Limited and BW Pacific Limited. He is also Director of DHT Holdings, Inc. Mr Mortensen has over 30 years of shipping experience, of which 11 years were spent at A.P. Møller-Maersk and 17 at D/S Norden. His previous appointments include Chief Executive Officer of D/S Norden from 2005 to 2014 and Managing Director of Maersk Broker (UK) Ltd from 1995 to 1997. Mr Mortensen was a Board Member of the Danish Shipowners Association (DSA) and its Chairman from 2011 to 2014. He served as Board Member of the International Chamber of Shipping (ICS) from 2009 to 2011. From 2012 to 2013, he chaired "Vækstteam" (or Growth Team), an initiative by the Danish Government to create jobs in the Danish Maritime Cluster. Mr Mortensen received his training in shipping at the Maersk Shipping School and further executive qualifications from INSEAD, Wharton and IMD. He holds a Graduate Diploma degree in International Business (HD-U) from Copenhagen Business School. Mr Mortensen was awarded Knight of the Order of Dannebrog in 2013.



Anders Onarheim

Born: 1959
Resident of: Norway
Nationality: Norwegian

Anders Onarheim has served on the BW LPG Board since 21 November 2013. His extensive knowledge in management, business development and capital markets was acquired when he was Managing Director in companies within Carnegie Group for over 16 years. Prior to Carnegie, Mr Onarheim served as the Head of Equities of Enskilda Securities Norway from 1994 to 1996. From 1990 to 1994, he served as an Executive Director in the Investment Banking division of Goldman Sachs in the UK. From 1986 to 1990, he was Vice President for institutional sales in Merrill Lynch in the US and the UK. Mr Onarheim has held numerous board memberships within different investment firms. He holds an MBA from the Washington University in St. Louis, where he graduated in 1986.



Anne Grethe Dalane

Born: 1960
Resident of: Norway
Nationality: Norwegian

Anne Grethe Dalane has served on the BW LPG Board since 21 November 2013. The Chief Financial Officer Downstream at Yara International, she has been with Yara since 2003. Ms Dalane held various executive positions at Norsk Hydro from 1992 to 2003, in the areas of Human Resources, Corporate Strategy and Finance. Her Board experience includes Hafslund, EDB Business Partners and Prosafe. Ms Dalane is a certified financial analyst and holds an MBA from the Norwegian School of Economics.



Martha Kold Bakkevig

Born: 1962
Resident of: Norway
Nationality: Norwegian

Martha Kold Bakkevig has served on the BW LPG Board from 15 August 2017. The Founder and Managing Partner of MKOLD and owner of Kold Invest AS, Ms Bakkevig spent almost 10 years as Chief Executive Officer of DeepWell, an oil service company operating in the North Sea. Her term ended in 2016. Ms Bakkevig has extensive experience in management, strategy and business development, and a broad academic background with a doctor's degree in both technical and business strategical subjects. She holds a Master's degree and PhD from the Norwegian University of Science and Technology (NTNU) and a Doctorate in Economics from BI Norwegian Business School. She is also non-executive director of public listed companies Kongsberg Group, Borregaard, Reach Subsea and Incus Investor.



Executive Management

Experienced, Effective and Diverse Leadership



MARTIN ACKERMANN

Chief Executive Officer

Born: 1977
Resident of: Singapore
Nationality: Danish

Martin Ackermann has over a decade of international management experience within the maritime industry. Before joining BW LPG, Mr Ackermann was Chief Executive Officer of Evergas A/S and Managing Director of Eitzen Gas and B-Gas, where he led the rejuvenation of the former Eitzen Gas fleet.

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



ELAINE ONG

Chief Financial Officer

Born: 1972
Resident of: Singapore
Nationality: Singaporean

Elaine Ong has over 20 years' of experience in all aspects of Finance. She joined BW Group as Vice President, Finance in 2011 and her last held the position with the Group was Senior Vice President, Finance. Before joining BW Group, Ms Ong was the Internal Audit Lead for Kraft Foods Asia Pacific from 2009 to 2011.

Prior to that, Ms Ong was with Teekay Corporation from 1999 to 2009 and held various finance roles both in Vancouver, Canada and in Singapore. Her last position at Teekay was Vice President, Global Financial Projects & Systems and Regional Controller for Asia Pacific. Ms Ong started her post-graduate career with Ernst & Young in Vancouver, Canada from 1993 to 1999 and is a Chartered Accountant with the Institute of Chartered Accountants of British Columbia, Vancouver, Canada. She holds a Bachelor of Commerce degree from the University of British Columbia, Vancouver, Canada.



NIELS RIGAULT

Senior Vice President, Commercial

Born: 1976
Resident of: Singapore
Nationality: Norwegian

Niels Rigault has 15 years of experience in competitive shipbroking and in all areas of maritime LPG. Prior to joining BW LPG, Mr Rigault was Senior Partner and Member of the Project department at Inge Steensland where he was responsible for long-term time charters, newbuildings and secondhand vessel transactions. He joined Inge Steensland as a broker in 2006.

Mr Rigault started his career as a broker at Lorentzen and Stemoco A/S in 2002. He holds a Bachelor in Business Economics from Vrije Universiteit Brussel / Vesalius College and a degree in Marketing from BI Norwegian Business School.



PONTUS BERG

Senior Vice President, Technical and Operations

Born: 1976
Resident of: Singapore
Nationality: Swedish

Pontus Berg has over 20 years' shipping experience, of which his past eight years have been in senior technical managerial positions in Ship Operating and Technical Management companies. Mr Berg has sailed up to the rank of Chief Engineer.

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





Risk Management

BW LPG operates in dynamic markets that pose a wide range of operational, financial, environmental and political risks. Our Enterprise Risk Management (ERM) is based on the principles from ISO 31000:2009 and COSO ERM Framework.

At BW LPG, we recognise the importance of good governance as it ensures business integrity across our operations. Transparent reporting by Executive Management, meticulous reviews by an international Board of Directors and a clear risk management framework are key elements of our Corporate Governance framework. These help us in creating long-term value for all stakeholders.

BW LPG strives to provide competitive risk-adjusted returns to shareholders. Risk management is an integral part of value delivery and is fundamental to our business decision-making process. We have designed our dynamic yet strategic risk management framework to ensure minimal impact of any unfavourable events and market conditions. BW LPG's aims for risk management includes:

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

Strategic and External Risks

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

Regulatory and Compliance Risks

These are risks associated with ethical behaviour, both directly involving employees and through third parties or partners on behalf of the Group; with security of sensitive information; or related to compliance with laws and regulations, including environmental regulations,

sanctions and anti-bribery laws. These risks are managed through regular analysis and mandatory awareness training, compliance reviews, legal due diligence, and internal audit checks.

Commercial and Operational Risks

These are risks related to events occurring during the planning and execution of business operations, involving elements such as cargo loss or damage, counterparties, crew injury, environmental damage, or damage to, or loss of, assets. Appropriate control measures are incorporated in operations and insurance planning to mitigate these risks, with ongoing monitoring during execution to identify and address new emerging risks. Incidents and near misses experienced are reviewed by the appropriate Heads of Departments to ensure that their root causes are comprehensively analysed, with suitable corrective actions determined and implemented. The risk management process for project planning is implemented using a risk register whereby commonly occurring risks are considered, with applicability assessed in terms of impact and probability. This register supports risk identification and follow-up of identified risks in projects and related improvement opportunities.

Financial Risks

The Group's activities expose it to a variety of financial risks. The Group recognises the unpredictability of financial markets and seeks to minimise the potential adverse effects on financial performance of the Group. Where applicable, the Group uses financial instruments such as interest rate swaps, forex forward contracts and bunker swaps to hedge certain financial risk exposures. The Group avoids speculation and risk management tools which may create new exposures as a result of their incompatibility with the risk targeted for mitigation. The financial risk management of the Group is handled by the Executive Management with guidance and input from the Board of Directors. The Group regularly monitors its risk management framework, policy and reviews processes 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 cost, 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 not exposed to significant foreign exchange risk as it has no significant regular transactions denominated in foreign currencies. Where significant foreign exchange risk is identified, risk mitigation through forward contracts is considered to secure the exposure in the Group's functional currency (US\$) at or subsequent to the time at which the transaction is committed.

(b) Credit Risk

Credit risk is diversified over a range of counterparties including several key charterers. The Group performs ongoing credit evaluation of its charterers and has policies in place to ensure that credit is extended only to charterers with appropriate credit histories or financial resources. The Group has policies in place for the control and monitoring of the concentration of credit risk. The Group's credit risk is primarily attributable to trade and other receivables, loan receivable to a joint venture, and cash and cash equivalents. Cash and cash equivalents are mainly deposits and the Group has implemented policies to ensure that cash is only deposited with internationally recognised financial institutions with good credit ratings.

Trade receivables are substantially due from companies with good collection track records with the

Group. Where significant balances are past due or impaired, appropriate provisions are made against these exposures.

(c) Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's borrowings are at variable rates. The Group has entered into interest rate swaps to swap floating interest rates to fixed interest rates for a certain portion of the Group's bank borrowings in order to limit the aggregate exposure over time to fluctuations in interest rates.

(d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains sufficient cash for its daily operations via short-term cash deposits at banks and has access to an unutilised portion of revolving credit facilities offered by financial institutions.

(e) Capital Risk

The Group's objectives when managing capital, are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings. The Group monitors capital based on a target ratio (defined as total debt to total equity and debt). The Group pursues a policy aiming to achieve a leverage 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.



Corporate Governance

This Report describes the Company's Corporate Governance practices with specific reference to the Norwegian Code of Practice for Corporate Governance (English version of the original document "Norsk anbefaling - Eierstyring og selskapsledelse") issued by the Norwegian Corporate Governance Board (the "Code"). The Code was updated as of October 2014. 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 Code. The Code is available at www.nues.no. The Company's Bye-Laws are available on the Company's website.

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. 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 on how the alteration of share capital and purchase or sale of its own shares shall take place. Pursuant to Bermuda law and in accordance with common practice for Bermuda-incorporated companies, the powers of the Board to issue and purchase shares are neither limited to specific purposes nor to a specified period as recommended in the Code. This represents a deviation from Section 3 of the Code.

The 2017 Annual General Meeting of the Company has approved that the Board may grant authorisations for the Company to purchase its own shares. Such authorisations are valid for the period until the next Annual General Meeting.

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

4) Equitable Treatment of Shareholders and Transactions with Close Associates

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

The Board's authority to alter the issued share capital and to purchase its own shares means that the Board, within the scope of the Bermuda Companies Act, is free to decide how the alteration of share capital and purchase

or sale of its own shares shall take place. The Board will monitor the process of alteration of share capital and purchase or sale of its own shares to ensure that the shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

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

Any transaction 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 to a Norwegian business activity, or the Company otherwise

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

6) General Meetings

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

BW LPG encourages all its shareholders to participate in and 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's participation:

- The notice, 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 through electronic means. In this respect, the Company shall:

- 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, as far as 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 who 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 will deviate 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 with regards to any individual matters related to the Chairman.

The Annual Report will be published on the Company's website and PDF download is available online.

7) Nomination Committee

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

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

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

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

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

allow for continuity in the Board and the Nomination Committee.

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

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

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

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

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

The composition of the Board satisfies the above recommendations. The Board consists of seven members, possessing the required expertise, capacity and diversity. All members of the Board are independent of the Executive Management of the Company and exercise proper supervision of the management of the Company and its operations. With the exception of Mr Andreas Sohmen-Pao, Mr Carsten Mortensen and Mr John Barrie Harrison who are not independent of the Company's

largest shareholder, BW Group Limited, all members of the Board are independent of the Company's major shareholders, the management and material business connections of the Company. The composition of the Board is in compliance with Section 8 of the Code.

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

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

9) The Work of the Board

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

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

The Board has approved mandates for and established an Audit Committee, currently consisting of Board members Mr John Barrie Harrison (Chairman of the Audit Committee) and Mr Anders Onarheim, a Remuneration Committee, consisting of Board members Ms Anne Grethe Dalane (Chair of the Remuneration Committee) and Mr Carsten Mortensen 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 Mr Thomas Wamberg. 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 Board's composition is reflected on page 32 of this report. The guidelines for the appointment or re-election of a Board member are provided in the Company's Bye-Laws, which are available on the Company's website.

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 are 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 on our risk management policies and sustainable operations can be found in the report on pages 36 and 46.

The Company has frequent and relevant management reporting of both operational and financial matters in place 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 on pages 37 and 38 of the risk management report and pages 132 to 133 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 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

There is no obligation to prepare or present Guidelines for Executive Remuneration to the shareholders of a Bermuda incorporated company. As a part of the compliance with the Code, the Board has however established Guidelines for Executive Remuneration and these guidelines have been communicated at the Annual General Meeting. Since it is not a requirement under Bermuda law, the Annual General Meeting has not voted over the guidelines and this represents a deviation from Section 12 of the Code. The guidelines are made available to shareholders on the Company's website. 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 by 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 comprises the CEO, CFO, SVP, Commercial and SVP, Technical and Operations. The remuneration structure for Executive Personnel comprises primarily salaries; bonus; payments to

defined contribution plans; insurance cover; company-provided phones; and other benefits which are minor in nature. These disclosures are viewed to be sufficiently transparent to meet shareholders' information needs.

In 2017, a long-term incentive plan was launched for the Company's Executive Personnel comprising of share options to be awarded over a five year period. 284,000 share options were awarded in 2017. The share options carry a three year vesting period.

Executive Remuneration (US\$'000)

Salary	1,579
Payments to defined contribution plans	13
Bonus*	548
Total remuneration for 2017	2,140

*In 2017, a payment of US\$548,000 was made for variable bonus in relation to 2016's performance. The variable bonus in relation to 2017's performance will be paid in 2018.

The Company did not provide the remuneration of individual Executive Personnel as such disclosure may be prejudicial to its business interests given the highly competitive business environment the Company operates in. This represents a deviation from Section 12 of the Code.

13) Information and Communication

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

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

Public investor presentations are arranged in connection with submission of annual and quarterly results of the

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

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

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

14) Take-overs

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

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

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

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

in a General Meeting in accordance with applicable law.

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

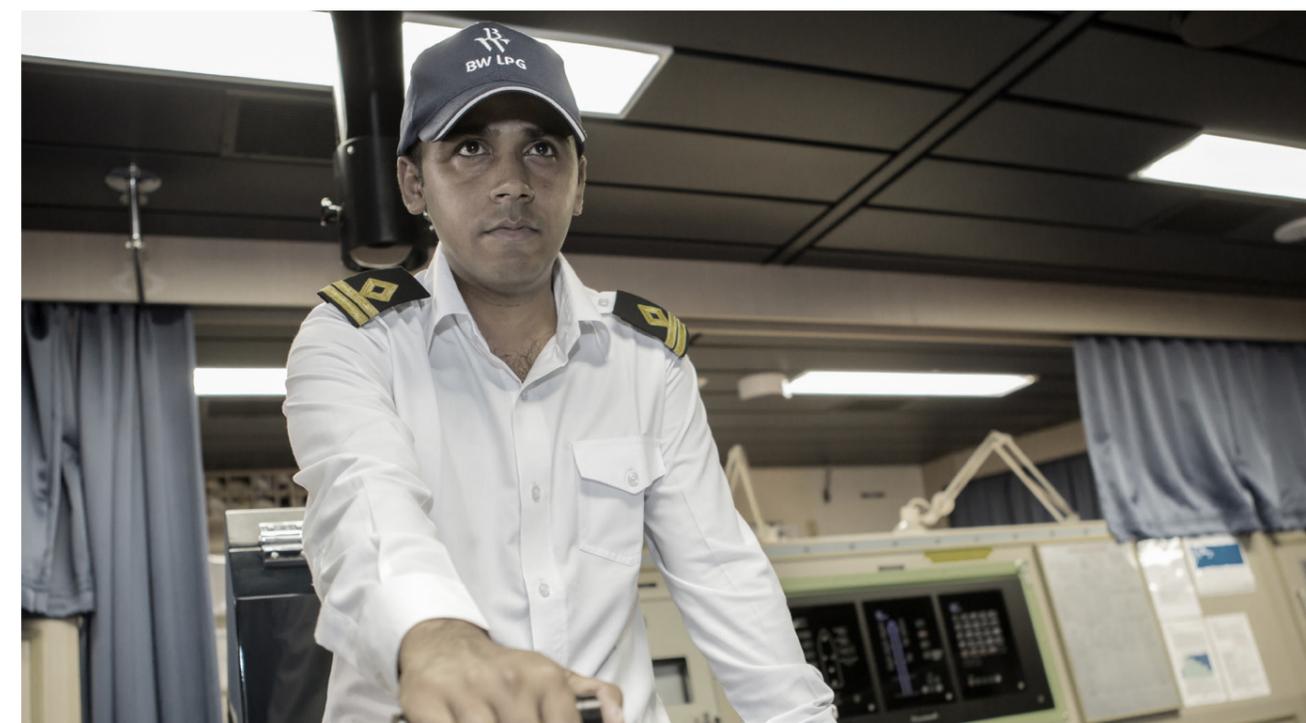
and discussion of the annual accounts and quarterly interim accounts. The auditor also discusses the Key Audit Matters included in the Independent Auditor's Report accompanying the annual accounts with the Audit Committee.

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 relating to its financial reporting process, 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.



Sustainability Report

Contributing to Global Goals



This Report demonstrates the link between our strategy and our commitment to understand the economic, environmental and social impacts caused by our business activities.



Introduction: Contributing to Global Goals

“Our obligation as a global leader in maritime LPG transportation is to responsibly and safely deliver clean energy in an environmentally challenged world.”

Martin Ackermann, CEO BW LPG

Adapting to our changing world requires an understanding that success as a company is defined by more than the bottom line. It is also about creating value for society – making people’s lives better, enabling economies to grow, and protecting the environment for future generations. By embedding sustainability into our business strategy and operations, we will not only create a better company but a better world.

Guided by our Vision, Mission and Values, BW LPG remains committed to sustainability and contributing towards the United Nations’ Sustainable Development Goals (UN SDGs). As a maritime energy transportation company specialising in the safe and efficient carriage of LPG, we believe we are aligned with the following UN SDGs, all of which will be covered in the Sustainability Report.

UN SDGs



BW LPG’s commitments

- A. Strong emphasis on Zero Harm
- B. Manage piracy trends and global security concerns
- C. Well-maintained vessels and offices as safe workplaces
- D. Non-discrimination at the workplace
- E. Female representation at the Board of Directors and Senior Management levels
- F. LPG as a clean energy in an environmentally challenged world
- G. Compliance with Maritime Labour Convention
- H. Competitive remuneration and professional development
- I. Facilitating global trade and emerging markets
- J. LPG as clean energy alternative
- K. Total Voyage Efficiency to reduce carbon emission
- L. Compliance with 2020 IMO Global sulphur cap
- M. Emergency response to Perils of the Sea
- N. Member of the Maritime Anti-Corruption Network (MACN)
- O. Strict Code of Conduct; Whistle blowing and Anti-bribery policies
- P. Compliance with the UK Anti-Bribery Act

Materiality Assessment

Materiality is a critical input into this Sustainability Report as it ensures we provide our stakeholders with the sustainability information most relevant to them and our business. Material topics are those that can reasonably be considered important for reflecting BW LPG’s economic, environmental, and social impacts, or influencing the decisions of stakeholders. Materiality can also be determined by international standards and agreements, broader societal expectations, and by our influence on upstream entities, such as suppliers, or downstream entities, such as customers.

The following are the topics of materiality that BW LPG has prioritised for inclusion in this Sustainability Report, using the materiality principle. The materiality principle identifies material topics based on the following two dimensions, i) the significance of BW LPG’s economic, environmental, and social impacts; and ii) their substantive influence on the assessments and decisions of our stakeholders.

2017 Material Issues

Our material sustainability issues are categorised into the following themes:

 <p>CREW AND COLLEAGUES</p>	 <p>ENVIRONMENTAL RESPONSIBILITY</p>	 <p>ECONOMIC ENHANCEMENT</p>
<p>Material issues:</p> <ul style="list-style-type: none"> ■ Zero Harm ■ Piracy & Global Security ■ Training & Development ■ Workforce Diversity <p>UN SDG Alignment: 3,5,8</p>	<p>Material issues:</p> <ul style="list-style-type: none"> ■ Total Voyage Efficiency ■ Environmental Compliance <p>UN SDG Alignment: 7,13,14</p>	<p>Material issues:</p> <ul style="list-style-type: none"> ■ Anti-Corruption <p>UN SDG Alignment: 3,7,16</p>





Crew and Colleagues



Zero Harm

We believe in Zero Harm to People, Environment, Cargo and Property with a commitment to return safely to our families and friends.

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

TOWARDS ZERO HARM

2017
BW LPG Lost Time Injury Frequency (LTIF)

0.23

2017
BW LPG Total Recordable Case Frequency (TRCF)

1.28

LTIF: Lost Time Injury Frequency target 2017 was 0.4 which corresponded to 3 cases.

TRCF: Total Recordable Case Frequency target 2017 was 1.5 which corresponded to 10 cases.



Improving Safety Standards

Each year, BW LPG improves on its safety performance. This is an ongoing journey towards Zero Harm.

BW LPG (LTIF)
Lost Time Injury Frequency



BW LPG (TRCF)
Total Recordable Case Frequency



BW LPG and BW Fleet Management (BWFM) continue to work systematically to encourage the right behaviours across shore and sea organisations. In 2016, the Zero Harm vision was refined into a strategic roadmap which focuses on three main pillars – Visible Leadership, Learning from Incidents, and Zero Harm Behaviours. Within the Visible Leadership pillar, a key initiative is the newly rolled out BW Life-Saving Rules. These rules now apply to both sea and shore organisations and reflect BW’s core safety principles.



Workforce Diversity

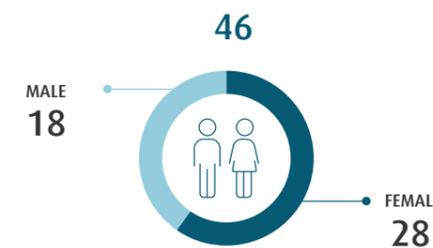
BW LPG is committed to fostering, cultivating and preserving a culture of diversity and inclusion. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and company’s capabilities as well. We embrace and encourage our employees’ differences such as age, ethnicity, family or marital status, socio-economic status,

and other characteristics that make our employees unique. We value diversity as an opportunity to learn and grow.

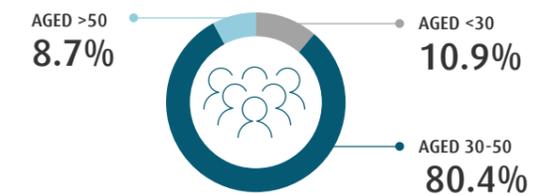
In 2017, we welcomed another female representation on the BW LPG Board of Directors, Ms Martha Kold Bakkevig. She joins Ms Anne Grethe Dalane. Ms Bakkevig is a Norwegian citizen, and resides in Norway.

Who We Are

Total Workforce on Shore



Percentage of Shore Employees



The BW LPG Board of Directors



Percentage of Women in Management Level



Case Study: BW Life-Saving Rules

Management recognises the value of providing clear, simple and consistent communication regarding risks in the workplace. The BW Life-Saving Rules focus on modifying behaviours by raising awareness of activities which are most likely to result in fatalities. They highlight simple actions one can take to protect colleagues and ourselves.

Lars Pedersen, MD BWFM

The purpose of the Life-Saving Rules is to have a set of simple rules which, if followed, reduces the chance of personal accidents. Ivar Wilhelmsen, BWFM Head of HSSEQ, says: "These rules, ranging from good housekeeping to good work practices and safe driving habits, are simple to understand and follow. The rules are binding for everyone, including contractors, and has been formed because of our commitment to return home safe." Whilst the word "Rules" have a normative and slightly punitive meaning, the wording chosen to express each rule is positive. Instead of saying "don't do", we mostly say, "always do". This wording has been chosen in recognition that most of the time our people do the right things. The Life-Saving Rules act as a nudge, a prompt, to continue to do so.

BW
BW Life-Saving Rules

We want you to return home safely to your family and friends
Non-compliance with the BW Life-Saving rules is a disciplinary matter

- 1 GOOD HOUSEKEEPING**
Always maintain good housekeeping
- 2**
Always follow BW's drug and alcohol policy
- 3**
Always work with a valid work permit and/or risk assessment when required
- 4**
Always verify isolation before work begins and follow the Lock Out/Tag Out-procedure
- 5**
Always work with appropriate PPE
- 6**
Always protect yourself and colleagues against a fall when working at height
- 7 SAFE ZONE**
Always position yourself in a safe zone in relation to moving and energized equipment
- 8 STOP WORK**
Always stop work and report when you see an unsafe act or when control actions from the risk assessment are not in place
- 9**
Always use mobile phones and non-intrinsically safe items in designated areas only
- 10**
Always obtain authorization before overriding or disabling safety critical equipment
- 11**
Always wear your seatbelt when in a vehicle. While driving, do not use your mobile phone or exceed speed limits
- 12**
Do not drive under the influence of alcohol and drugs

These Life-Saving Rules set out by the company are binding on all staff and contractors

ZERO HARM

Piracy and Global Security

Political uncertainties, natural disasters, man-made disasters, and piracy are all threats to the safety of our crew. We have an Operational Risk Manual, which provides an overview of the processes and activities that crew will engage in, and provides an assessment on the risks inherent in these processes and activities. Risk assessments will be followed through with control actions to manage and reduce risk. A 2017 review of the Operational Risk Manual identified that Navigation and Security, especially the strengthening of anti-piracy management for vessels trading in West Africa with reference to Bonny, should be a focus for Management.

Our counter-piracy strategy is guided by the principle of defence – that we have measures in place to deter attacks and safeguard the well-being of all on board. BW's fleet security team follows a set of rigorous operational procedures, and relies on many intelligence resources to evaluate the risk of sea routes, and provide guidance on the most strategic route of travel.

We are pleased to report that in 2017 BW LPG did not experience any hijacking attempts, largely due to our anti-piracy management efforts.





Training and Development

BW LPG believes in the importance of investing in the learning and development of employees to achieve overall excellence and business goals. We recognise that the continued success of BW LPG is dependent on our employees' ability to provide the necessary skills and confidence levels in the team. BW LPG offers learning and development trainings to all employees related to improving knowledge and working performance. This learning may be in the form of on-the-job-training, one-on-one trainings, company workshops, sponsorship to external workshops, coaching, mentoring, or self-paced learning.

We also attempt to promote from within. Internal promotion considers the combination of the requirements of an individual's role, and the historic

performance and capabilities of the individual. When opportunities for promotion arise as the result of departure of more senior employees, internal candidates will be considered for promotion to the role prior to recruiting externally.

For crew at sea, we also offer competitive salaries and provide timely payment and sign-offs. Crew can look forward to a safe workplace where everyone is treated with respect and dignity, and has long-term professional development. BW has comprehensive crew welfare and training policies which is MLC 2006 compliant. Programmes and resources include good provisions and catering, health awareness programs, VSAT broadband internet and free email.

Protecting Crew and Colleagues

Case Study: Be Well @ Sea



A pilot program was launched in 2017 to ensure that our crew can "be well" at sea. Called "BW Wellness Program", it is a holistic approach to encourage a healthier lifestyle for seafarers. The health of our team is a priority, bearing in mind the unique work environment for our sea staff where a vessel is home and office for many months. At the same time, it makes good business sense to have a healthy workforce, as the cost of dealing with illness is high in a maritime environment.

The philosophy behind the BW Wellness Program is to create a continuous and sustainable organisation change, instead of single events, that holistically supports the



wellbeing of seafarers. Being well means being well physically (where your body is cared for to achieve optimum performance), mentally (educating oneself and challenging the mind to learn more), and socially (to connect well with others).

Health data such as age, weight and blood pressure will be keyed into the platform, and the platform provides every individual with opportunities for improvement. Participants in the pilot program access the platform using their personal mobile devices, or on shared computers onboard. Ten vessels' crew have been issued wearable devices to track challenges as part of a test group.



Environmental Responsibility

Fulfilling Our Environmental Responsibility

At BW LPG, we address major issues by combining global strategies with everyday actions that collectively add up to make a big difference. We recognise the environmental challenges facing society and are committed to being part of the solution. To do so, we focus on two issues most material to BW LPG and our stakeholders: total voyage efficiency and environmental compliance.



Total Voyage Efficiency

Caring for the environment goes beyond compliance with regulations; it is a fundamental approach in how we conduct business, where we act for the future. A significant part of our operations is directed towards achieving fuel efficiency and reducing emissions. We have invested in initiatives to manage the environmental impact of our operations while providing competitive energy solutions for our customers.

Smart Voyage Planning

Planning for a journey involving thousands of kilometres of open seas and the vagaries of weather is both an art and a science. Speed calculators are used to monitor the consumption of fuels to maintain the speed of the vessel versus warranties. A close eye on global weather patterns must be kept and communicated between shore and office to ensure the optimal route to avoid strong winds and waves, or unsafe weather conditions, to protect our crew and cargo. Like a car on a long highway, a vessel may also be placed on autopilot – the Company has guidelines in place to optimise autopilot to reduce rudder deflections, and hence fuel consumption. Lastly, close management of bunkers using mass flow meters and other forms of improved instrumentation (versus manual tank dipping and calculation), will ensure that BW LPG takes the right amount of fuel for every journey.

The "Small Things"

In addition to Smart Voyage Planning, many other efforts are implemented to ensure that our fleet of vessels are operated efficiently. Hydrodynamic improvements – propeller polish and hull inspections, trim optimisation, propeller boss cap fins and mewis duct, use of auxiliary engines and specific fuel oil consumption; all make up the many considerations the team managing our vessels think about in their daily work.

Communication is key to efficient operations. Ship managers, charterers, port agents, brokers and vessels are all kept closely aligned both during pre-fixture commitments and during the post fixture voyage execution.

Environmental Compliance

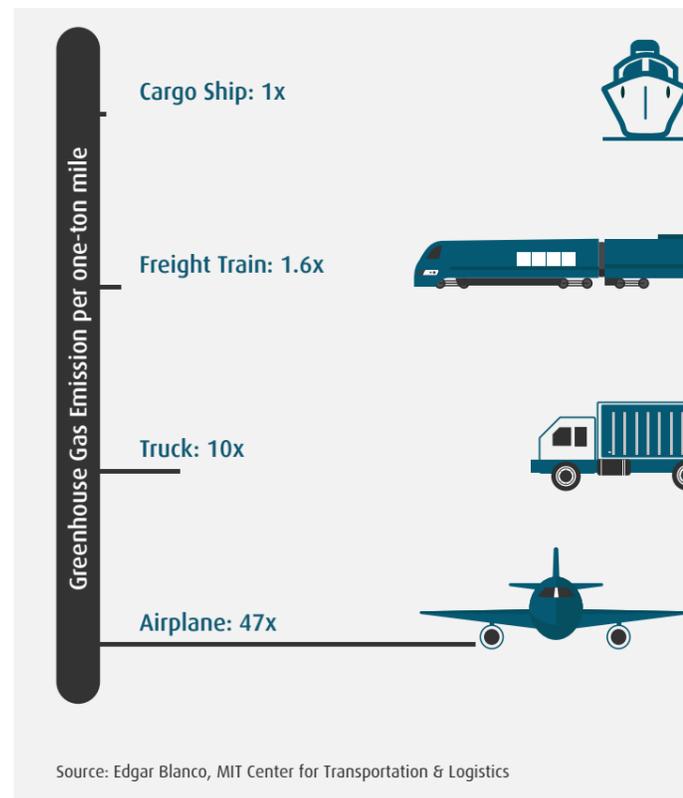
We monitor our CO₂ emissions and remain well prepared for the upcoming European Union's CO₂ Monitoring Reporting and Verification (MRV) regulation and International Maritime Organisation's CO₂ Data Collection System (DCS). BW LPG is a member of Workgroup 5 for environmentally friendly shipping (WG5).

WG5 consists of five shipping companies, BW, Klaveness, Wilhelmsen, Grieg Star and Solvang Shipping Group. WG5's purpose is to contribute towards the Norwegian Shipowners Association's environmental vision of "Zero harmful emissions to air and sea." We meet regularly to benchmark our environmental efforts and performance.

BW LPG is committed to playing its part in reducing sulphur oxide emissions for a cleaner and better world

We are facing the biggest environmental challenge our generation has ever seen. The earth is warming up as a result of high greenhouse gas emissions from human activities. The burning of fossil fuels (such as coal, oil, gas) for power is one of the key contributors.

Shipping has played a contributing role in this. Whilst shipping has the lowest emissions per ton-mile compared to other modes of transportation, it does have the highest frequency of activity, transporting 90% of world trade. Shipping today consumes 6.7% of the world's oil (DNV GL). The main source of fuel for ships is heavy fuel oil (HFO), which is one of the dirtiest but cheapest forms of energy. Pollutants poured out by ships into the air are black carbon, sulphur and nitrogen oxides which not only contribute to global warming but also pose a threat to human health. It is estimated that 4-8% of global sulphur oxide emissions come from ships (Eining 2007).



In a landmark decision for the sake of both the environment and human health, IMO has set 1 January 2020 as the implementation date for a significant reduction in the sulphur content of the fuel oil used by ships. The new global limit is 0.50% m/m (mass by mass). This will significantly reduce the amount of sulphur oxide emanating from ships and should have major health and environmental benefits for the world, particularly for populations living close to ports and coasts. On 9 February 2018, IMO has further agreed to move forward with a prohibition on the carriage of fuel oil for use on board ships, when that fuel oil is not compliant with the new low sulphur limit which comes into force from 2020. There will, however, be an exception for ships fitted with an approved "equivalent arrangement" to meet the sulphur limit – such as an exhaust gas cleaning system (EGCS), otherwise known as the "scrubber".

BLACK CARBON, OR SOOT, IS RESPONSIBLE FOR AN ESTIMATED 20% OF GLOBAL WARMING



Source: WLPGA

BW LPG supports the use of LPG as fuel for a cleaner world

These new regulations put pressure on traditional marine fuels and opens the discussion on alternative sources of fuel to be used for sea-going vessels. BW LPG supports IMO's suggested regulation through developments on LPG as marine fuel and through active participation in the Trident Alliance. We believe this restriction on the carrying of high sulphur fuel oil is long overdue. It will contribute to a cleaner maritime industry and create a level playing field for all. Regulations, however, only work if they are properly enforced, hence our participation in the Trident Alliance which pushes for strong regulation and robust enforcement.

We believe that the use of LPG as a marine fuel provides a very strong alternative for the marine bunker industry. Here are the reasons:

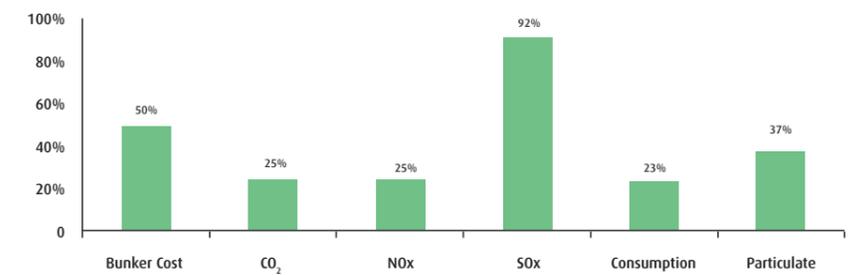
LPG emissions are significantly lower compared to other marine fuel sources

LPG is a very clean fuel to store and handle. LPG is stored under pressure and any leak will disperse without creating an environmental mess

LPG IS CLEAN BURNING FUEL

AND IT'S USE PRODUCED VIRTUALLY NO PARTICULATE MATTER, OR SOOT

Reduction per item when using propane as bunker fuel, relative to using MGO as bunker fuel



Note: Assuming 2020 MGO & propane prices of US\$600/ton and US\$350/ton, respectively

LPG burns cleanly in the engine resulting in less maintenance and longer engine life

Dual fuel engine is now available as a retrofit solution

The supply and forecast of LPG globally for the next few years is very good

There is an existing highly developed LPG distribution network already in place to support a marine fuel business

LPG has a higher calorific value allowing a longer range between refill and bunkering



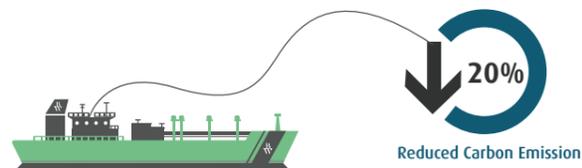
Case Study: A Lower Carbon Footprint on Water

Since the introduction of BW's energy management project in 2011, BW's carbon emissions were reduced by 20%, thanks to strategies focused on our vessels and voyage planning.

Working towards a Lower Carbon Footprint

Our Results

2011 - 2017 caring for the environment goes beyond compliance with regulations; it is a fundamental approach in how we conduct business, where we act for the future. Since the introduction of our BW energy management program, we have reduced our carbon emissions by 20%.



US\$ 7 million
Bunkers saved by slow steaming amounted to 22,400MT or approximately US\$7 million in 2017



1,483 MT
Bunkers saved on optimised routes versus shortest routes



28 Vessels
Weather-routed across the Pacific Ocean between Panama Canal and Far Eastern Ports

Total Voyage Efficiency



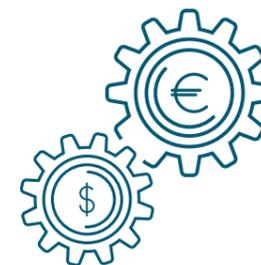
SMART WEATHER ROUTING

Planning for a journey involving thousands of kilometres of open seas and the vagaries of weather is both an art and science. Everything from speed calculators, metrological data and experience are tapped.



THE "SMALL THINGS"

Hydrodynamic improvements - propeller polish, hull inspections, trim optimisation, propeller boss cap fins, mewis duct, use of auxiliary engines, specific fuel oil consumption - these make up the many considerations we think about.



Economic Enhancement

Fuelling Economic Performance

Economic performance is defined as our most material aspect because, like most companies, our economic success ensures our long-term viability and enables the execution of our sustainability strategies. Our primary role in society is to deliver clean energy to where it is needed, safely, efficiently and reliably. We have a solid track record in producing strong financial results even against a difficult market, maintaining a solid balance sheet, sustaining high credit ratings and distributing dividends.

Our business contributes to sustainability by delivering clean energy in an environmentally challenged world. 50 million tonnes of new LPG are expected to be added to global production over the next 10 years. This reflects the fundamentally positive picture for LPG as a global fuel and for LPG shipping. We report on the financial performance of BW LPG in other sections of this Annual Report.



Anti-Corruption

BW LPG is committed to being the world's leading provider of maritime energy transportation services. To that end, we strive to achieve superior financial results and we adhere to safe operating standards while simultaneously adopting high ethical principles. Our anti-bribery policy guides our interactions with suppliers, customers, members of the industry and other stakeholders at all levels of the organisation.

BW LPG is also a member of the Maritime Anti-Corruption Network (MACN), a global business network working towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large. MACN and its members promote good corporate practice in the maritime industry for tackling bribes, facilitation payments and other forms of corruption. MACN collaborates with key stakeholders, including governments and international organizations, such as the United Nations Development Programme (UNDP), to identify and mitigate the root causes of corruption in the maritime industry.





BW LPG

BW LPG LIMITED AND ITS SUBSIDIARIES
(Incorporated in Bermuda)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED**

Our Opinion

In our opinion, the accompanying consolidated financial statements of BW LPG Limited ("the Company") and its subsidiaries ("the Group") and the financial statements of the Company present fairly, in all material respects, the financial position of the Group and Company as at 31 December 2017, and of their financial performance, changes in equity and cash flows for the financial year then ended in accordance with the International Financial Reporting Standards ("IFRSs").

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet of the Group as at 31 December 2017;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

The Company's financial statements comprise:

- the balance sheet as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), the Singapore Accounting and Corporate Regulatory Authority's Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code"), together with the ethical requirements that are relevant to our audit of financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements, the ACRA Code and the IESBA Code.

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED (continued)**

Key Audit Matters

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

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><i>Impairment of vessels</i></p> <p><i>Refer to note 2(a)(2) and 9 in the Group financial statements.</i></p> <p>We had focused our audit on the carrying value of the vessels because they are the main income-producing assets of the Group and the LPG vessel valuations and charter rates continue to be low in 2017.</p> <p>As of 31 December 2017, the carrying value of the vessels of the Group amounted to US\$2,135.4 million.</p> <p>Management had considered the existence of impairment indicators as of 31 December 2017 and performed an impairment test to ensure that the vessels were not carried at values in excess of their recoverable amounts as of 31 December 2017.</p> <p>In performing the impairment test, management had determined each vessel as one cash-generating-unit and estimated the recoverable amount of most of its vessels based on valuations provided by independent vessel brokers. Several independent vessel brokers' valuations were obtained for each vessel. The spread of values given by the brokers was no higher than US\$3.0 million per vessel.</p> <p>Management had assessed that the brokers had the required competency and capability to perform the valuations. Management had also considered the appropriateness of the valuation methodologies and assumptions used by the brokers.</p> <p>Aside from an impairment charge recognised arising from reclassification of vessels to assets held-for-sale of US\$4.6 million, no further impairment charge was recognised as at 31 December 2017.</p>	<p>We had reviewed management's impairment test and performed audit procedures to satisfy ourselves that the carrying value of the vessels as of 31 December 2017 were not in excess of their recoverable amounts.</p> <p>We had focused on the VLGC segment as this segment made up 96% of the total vessel carrying value as at balance sheet date. Audit procedures we had undertaken comprise:</p> <ul style="list-style-type: none"> • Evaluating the independence, competency, capability and objectivity of brokers who provided the valuations of the vessels; • Assessing the valuation methodologies and assumptions of the independent brokers and assessed that they were appropriate for the purpose of the impairment test; • Recomputed the impairment charge of US\$4.6 million recognised on vessels reclassified to assets held-for-sale by agreeing the recoverable amount to the contracted sales price; • Performed a sensitivity analysis of the impairment charge by comparing the carrying values of the vessels against the range of independent vessel brokers' valuations. We found that the carrying amounts of the vessels do not exceed the higher range of the valuations; and • Reviewed the disclosures in the financial statements against the requirements of IFRS. <p>No significant exception was noted from our work.</p>

We have determined that there are no key audit matters to communicate in our report arising from the audit of the separate financial statements of the Company.

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED (continued)**

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report, which we obtained prior to the date of this auditor's report, and excludes the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED (continued)**

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED (continued)

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kok Moi Lre.

The logo for PricewaterhouseCoopers LLP, featuring the company name in a blue, cursive script.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 February 2018

**BW LPG LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2017

	Note	2017 US\$'000	2016 US\$'000
Revenue	3	491,752	506,466
Voyage expenses	4	<u>(156,318)</u>	<u>(99,811)</u>
TCE income[^]		335,434	406,655
Other operating income	3	5,607	1,776
Charter hire expenses	4	<u>(68,712)</u>	<u>(69,454)</u>
Other operating expenses	4	<u>(146,815)</u>	<u>(128,836)</u>
Operating profit before depreciation, amortisation and impairment (EBITDA)		125,514	210,141
Amortisation charge	8	(4,911)	(4,910)
Depreciation charge	9	<u>(122,428)</u>	<u>(94,566)</u>
		(1,825)	110,665
Loss on disposal of other property, plant and equipment		-	(312)
Gain on disposal of vessels		9,826	4,874
Gain on disposal of assets held-for-sale		577	-
Impairment charge on vessels that were reclassified to assets held-for-sale	9	<u>(4,552)</u>	<u>(10,747)</u>
Impairment charge on vessels	9	-	(133,400)
Gain on disposal of available-for-sale financial assets		-	3,197
Impairment loss on available-for-sale financial assets		-	(31,461)
Share of loss of a joint venture		<u>(548)</u>	-
Negative goodwill arising from acquisition of a subsidiary	25	-	110,538
Operating profit (EBIT)		3,478	53,354
Foreign currency exchange gain - net		288	680
Interest income		889	188
Interest expense		<u>(46,981)</u>	<u>(27,572)</u>
Other finance expense		<u>(1,926)</u>	<u>(2,785)</u>
Finance expense - net		(47,730)	(29,489)
(Loss)/Profit before tax for the financial year		(44,252)	23,865
Income tax expense	7	<u>(544)</u>	<u>(233)</u>
(Loss)/Profit after tax for the financial year (NPAT)		<u>(44,796)</u>	<u>23,632</u>

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

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

BW LPG LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the financial year ended 31 December 2017

	Note	2017 US\$'000	2016 US\$'000
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Available-for-sale financial assets			
- fair value losses, net		-	(25,639)
- reclassification to profit or loss		-	28,264
Cash flow hedges			
- fair value (loss)/gain		(500)	1,916
- reclassification to profit or loss		4,169	4,488
Share of other comprehensive income of a joint venture		24	-
Other comprehensive income, net of tax		3,693	9,029
Total comprehensive (loss)/income for the financial year		(41,103)	32,661
(Loss)/Profit attributable to:			
Equity holders of the Company		(42,688)	24,279
Non-controlling interests		(2,108)	(647)
		(44,796)	23,632
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(38,995)	33,308
Non-controlling interests		(2,108)	(647)
		(41,103)	32,661
(Loss)/Earnings per share attributable to the equity holders of the Company:			
(expressed in US\$ per share)			
Basic/Diluted (loss)/earnings per share	6	(0.30)	0.18

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

**BW LPG LIMITED
AND ITS SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET
As at 31 December 2017**

	Note	2017 US\$'000	2016 US\$'000
Charter hire contracts acquired	8	2,650	7,561
Intangible assets		2,650	7,561
Derivative financial instruments	14	5,259	7,695
Loan receivable from a joint venture	10	34,700	-
Investment in a joint venture	10	915	-
Total other non-current assets		40,874	7,695
Vessels	9	2,085,429	2,278,309
Vessels under construction	9	-	74,061
Dry docking	9	50,007	60,350
Furniture and fixtures	9	334	274
Total property, plant and equipment		2,135,770	2,412,994
Total non-current assets		2,179,294	2,428,250
Inventories	12	19,424	12,687
Trade and other receivables	13	94,139	67,577
Derivative financial instruments	14	1,303	539
Loan receivable from a joint venture	10	1,500	-
Assets held-for-sale	11	103,098	4,245
Cash and cash equivalents	15	56,548	80,563
Total current assets		276,012	165,611
Total assets		2,455,306	2,593,861
Share capital	16	1,419	1,419
Share premium	16	289,812	289,812
Treasury shares	16	(1,565)	(457)
Contributed surplus	16	685,913	685,913
Other reserves	16	(30,261)	(33,980)
Retained earnings		124,938	167,626
		1,070,256	1,110,333
Non-controlling interests		3,292	7,043
Total shareholders' equity		1,073,548	1,117,376
Borrowings	17	1,076,212	979,590
Derivative financial instruments	14	117	389
Total non-current liabilities		1,076,329	979,979
Borrowings	17	264,924	431,245
Deferred income		-	248
Derivative financial instruments	14	558	5,306
Current income tax liabilities	7	582	188
Trade and other payables	18	39,365	59,519
Total current liabilities		305,429	496,506
Total liabilities		1,381,758	1,476,485
Total equity and liabilities		2,455,306	2,593,861

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

BW LPG LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2017

	Note	Attributable to equity holders of the Company						Non-controlling interests US\$'000	Total equity US\$'000	
		Share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Contributed surplus US\$'000	Other reserves US\$'000	Retained earnings US\$'000			Total US\$'000
Balance at 1 January 2017		1,419	289,812	(457)	685,913	(33,980)	167,626	1,110,333	7,043	1,117,376
Loss for the financial year		-	-	-	-	-	(42,688)	(42,688)	(2,108)	(44,796)
Other comprehensive income for the financial year		-	-	-	-	3,693	-	3,693	-	3,693
Total comprehensive income/(loss) for the financial year		-	-	-	-	3,693	(42,688)	(38,995)	(2,108)	(41,103)
Share-based payment reserve - Value of employee services		-	-	-	-	47	-	47	-	47
Reissue of treasury shares		-	-	21	-	(21)	-	-	-	-
Purchases of treasury shares	16	-	-	(1,129)	-	-	-	(1,129)	-	(1,129)
Distributions to non-controlling interests	23	-	-	-	-	-	-	-	(1,643)	(1,643)
Total transactions with owners, recognised directly in equity		-	-	(1,108)	-	26	-	(1,082)	(1,643)	(2,725)
Balance at 31 December 2017		1,419	289,812	(1,565)	685,913	(30,261)	124,938	1,070,256	3,292	1,073,548

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

BW LPG LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the financial year ended 31 December 2017

	Note	Attributable to equity holders of the Company						Non-controlling interests US\$'000	Total equity US\$'000	
		Share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Contributed surplus US\$'000	Other reserves US\$'000	Retained earnings US\$'000			Total US\$'000
Balance at 1 January 2016		1,363	269,103	(457)	685,913	(43,130)	248,238	1,161,030	9,689	1,170,719
Profit/(Loss) for the financial year		-	-	-	-	-	24,279	24,279	(647)	23,632
Other comprehensive income for the financial year		-	-	-	-	9,029	-	9,029	-	9,029
Total comprehensive income/(loss) for the financial year		-	-	-	-	9,029	24,279	33,308	(647)	32,661
Share-based payment reserve - Value of employee services		-	-	-	-	121	-	121	-	121
Distributions to non-controlling interests	23	-	-	-	-	-	-	-	(1,999)	(1,999)
Dividend paid	24	-	-	-	-	-	(104,891)	(104,891)	-	(104,891)
Issue of new common shares	16	56	20,714	-	-	-	-	20,770	-	20,770
Share issue expenses	16	-	(5)	-	-	-	-	(5)	-	(5)
Total transactions with owners, recognised directly in equity		56	20,709	-	-	121	(104,891)	(84,005)	(1,999)	(86,004)
Balance at 31 December 2016		1,419	289,812	(457)	685,913	(33,980)	167,626	1,110,333	7,043	1,117,376

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

**BW LPG LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2017

	2017 US\$'000	2016 US\$'000
Cash flows from operating activities		
(Loss)/Profit before tax for the financial year	(44,252)	23,865
Adjustments for:		
- negative goodwill arising from acquisition of a subsidiary	-	(110,538)
- amortisation charge	4,911	4,910
- amortisation of deferred income	(248)	(496)
- depreciation charge	122,428	94,566
- derivative loss/(gain)	321	(2,641)
- gain on disposal of vessels	(9,826)	(4,874)
- gain on disposal on available-for-sale financial assets	-	(3,197)
- loss on disposal of other property, plant and equipment	-	312
- gain on disposal of assets held-for-sale	(577)	-
- impairment charge on vessels that were reclassified to assets held-for-sale	4,552	10,747
- impairment charge on vessels	-	133,400
- impairment loss on available-for-sale financial assets	-	31,461
- interest income	(889)	(188)
- interest expense	46,981	27,572
- other finance expense	1,747	2,658
- share-based payments	47	121
- unrealised currency translation gain	-	(239)
- share of loss of a joint venture	548	-
Operating cash flow before working capital changes	125,743	207,439
Changes in working capital:		
- inventories	(6,737)	(3,615)
- trade and other receivables	(26,537)	36,537
- trade and other payables	(19,947)	2,219
Cash generated from operations	72,522	242,580
Tax paid	(238)	(867)
Net cash provided by operating activities	72,284	241,713
Cash flows from investing activities		
Purchases of property, plant and equipment	(89,226)	(229,878)
Proceeds from sale of vessels	111,177	43,186
Proceeds from sale of assets held-for-sale	40,460	-
Loan to a joint venture	(36,200)	-
Acquisition of a subsidiary, net of cash acquired	-	(15,041)
Investment in available-for-sale financial assets	-	(27,919)
Investment in a joint venture	(2,000)	-
Interest paid (capitalised interest expense)	(56)	(3,232)
Interest received	864	188
Net cash provided by/(used in) investing activities	25,019	(232,696)

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

**BW LPG LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the financial year ended 31 December 2017

	Note	2017 US\$'000	2016 US\$'000
Cash flows from financing activities			
Proceeds from bank borrowings		519,700	488,054
Payment of financing fees		(2,789)	(6,044)
Repayments of bank borrowings		(584,120)	(369,711)
Interest paid		(44,185)	(25,090)
Dividend paid		-	(104,891)
Other finance expense paid		(1,866)	(2,552)
Share issue expenses		-	(5)
Redemption of floating rate notes		(1,847)	-
Purchases of floating rate notes		(3,439)	-
Purchases of treasury shares		(1,129)	-
Distributions to non-controlling interests		(1,643)	(1,999)
Net cash used in financing activities		(121,318)	(22,238)
Net decrease in cash and cash equivalents		(24,015)	(13,221)
Cash and cash equivalents at beginning of the financial year	15	80,563	93,784
Cash and cash equivalents at end of the financial year	15	56,548	80,563

Reconciliation of liabilities arising from financing activities

	Borrowings US\$'000	Interest rate swaps* US\$'000
At 1 January 2017	1,410,835	(2,123)
Cash changes:		
Proceeds from bank borrowings	519,700	-
Principal and interest payments	(626,754)	(4,396)
Purchases/Redemption of floating rate notes	(5,286)	-
	(112,340)	(4,396)
Non-cash changes:		
Interest expense	42,812	4,169
Changes in interest rate swaps	(227)	227
Interest capitalised	56	-
Changes in fair value of interest rate swaps	-	(3,669)
	42,641	727
At 31 December 2017	1,341,136	(5,792)

* Interest rate swaps are hedged against bank borrowings.

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

**BW LPG LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

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

1. General information

BW LPG Limited (the "Company") is listed on the Oslo Stock Exchange and incorporated and domiciled in Bermuda. The address of its registered office is Suite 412, 22 Church Street, HM 1189, Hamilton HM EX, Bermuda.

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

These consolidated financial statements were authorised for issue by the Board of Directors of BW LPG Limited on 28 February 2018.

2. Significant accounting policies

(a) Basis of preparation

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

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

The Group has adopted the following relevant new standards and amendments to published standards as at 1 January 2017:

Amendments to IAS 7 Statement of cash flows

Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative. It sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the consolidated statement of cash flows to the financial statements.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements

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

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

The estimated useful lives of two LGC vessels were revised as at 1 April 2017. The change in these estimates will increase depreciation expense of the two LGC vessels from 1 April 2017 onwards. The effect of the change had increased depreciation expense by approximately US\$9.0 million for FY 2017.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

(2) *Impairment*

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

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

See note 9(d) for further disclosures.

(3) *Revenue recognition*

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

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

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

The Group revised its accounting policy for the timing of recognition of demurrage income from upon completion of a voyage to percentage of completion basis, consistent with the basis of recognising voyage freight revenue.

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

2. Significant accounting policies (continued)

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

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

(2) *Interest income*

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

2. Significant accounting policies (continued)

(c) Group accounting

(1) *Subsidiaries*

(i) *Consolidation*

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

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

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

2. Significant accounting policies (continued)

(c) Group accounting (continued)

(1) *Subsidiaries* (continued)

(ii) *Acquisitions*

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) *Disposals*

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

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

2. Significant accounting policies (continued)

(c) Group accounting (continued)

(2) *Transactions with non-controlling interests*

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

(3) *Joint venture*

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

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

(i) *Acquisitions*

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

2. Significant accounting policies (continued)

(c) Group accounting (continued)

(3) *Joint venture* (continued)

(ii) *Equity method of accounting*

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

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

(iii) *Disposals*

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

2. Significant accounting policies (continued)

(d) Intangible assets

Intangible assets are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated remaining useful lives ranging from 4 to 9 months (2016: 16 to 21 months).

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

(e) Property, plant and equipment

(1) *Measurement*

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

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

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

2. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(2) *Depreciation*

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

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

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

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

(3) *Subsequent expenditure*

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

(4) *Disposal*

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

2. Significant accounting policies (continued)

(f) Impairment of non-financial assets

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

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

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

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

(g) Derivative financial instruments and hedging activities

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

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

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

2. Significant accounting policies (continued)

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

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

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

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

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

(h) Available-for-sale financial assets

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

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

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

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

2. Significant accounting policies (continued)

(i) Loans and receivables

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

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

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

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

(j) Borrowings

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

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

2. Significant accounting policies (continued)

(k) Borrowing costs

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

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

(l) Trade and other payables

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

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

(m) Fair value estimation of financial assets and liabilities

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

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

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

2. Significant accounting policies (continued)

(n) Leases

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

Operating leases

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

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

Operating leases

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

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

Finance leases

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

(o) Inventories

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

2. Significant accounting policies (continued)

(p) Provisions for other liabilities and charges

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

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

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

(q) Foreign currency translation

(1) *Functional and presentation currency*

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

(2) *Transactions and balances*

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

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

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

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

2. Significant accounting policies (continued)

(q) Foreign currency translation (continued)

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

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

(r) Employee benefits

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

(1) *Employee leave entitlement*

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

(2) *Defined contribution plans*

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

(3) *Share-based compensation*

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

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

2. Significant accounting policies (continued)

(s) Cash and cash equivalents

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

(t) Share capital and treasury shares

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

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

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

(u) Dividend to Company's shareholders

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

(v) Segment reporting

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

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

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

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3. Revenue and other operating income

	2017 US\$'000	2016 US\$'000
Revenue from:		
- voyage charter	330,078	326,027
- time charter	161,674	180,439
	<u>491,752</u>	<u>506,466</u>
Other operating income:		
- sundry income	5,329	717
- dividend income	-	548
- rental income	30	15
- amortisation of deferred income	248	496
	<u>5,607</u>	<u>1,776</u>

4. Expenses by nature

	2017 US\$'000	2016 US\$'000
Fuel oil consumed	103,892	62,892
Port charges	43,630	25,510
Other voyage expenses	8,796	11,409
Voyage expenses	<u>156,318</u>	<u>99,811</u>
Charter hire expenses	68,712	69,454
Manning costs	70,783	57,702
Maintenance and repair expenses	39,442	34,674
Insurance expenses	5,702	4,750
Other vessel operating expenses	14,597	14,865
Vessel operating expenses	<u>130,524</u>	<u>111,991</u>
Employee compensation (note 5)	6,092	6,225
Directors' fees	497	497
Audit fees	370	405
Other operating expenses	9,332	9,718
Non-vessel related operating expenses	<u>16,291</u>	<u>16,845</u>
Total voyage, charter hire and other operating expenses	<u>371,845</u>	<u>298,101</u>

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5. Employee compensation

	2017 US\$'000	2016 US\$'000
Wages and salaries	5,757	5,810
Share-based payments - equity settled	47	121
Post-employment benefits - contributions to defined contribution plans	288	294
	6,092	6,225

6. (Loss)/Earnings per share

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

	2017	2016
Net (loss)/profit attributable to equity holders of the Company (US\$'000)	(42,688)	24,279
Weighted average number of common shares outstanding ('000)	141,777	136,577
Basic/Diluted (loss)/earnings per share (US\$ per share)	(0.30)	0.18

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

7. Income tax expense

(a) Income tax expense

	2017 US\$'000	2016 US\$'000
Tax expense attributable to profit is made up of:		
- profit for the financial year:		
- current income tax	544	233
	544	233

(b) Movement in current income tax liabilities

	2017 US\$'000	2016 US\$'000
At beginning of the financial year	188	822
Income tax expense	544	233
Income tax paid	(238)	(867)
Currency translation differences	88	-
At end of the financial year	582	188

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7. Income tax expense (continued)

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

	2017 US\$'000	2016 US\$'000
(Loss)/Profit before tax	<u>(44,252)</u>	<u>23,865</u>
Tax calculated at a tax rate of 0% (2016: 0%)	-	-
Effects of different tax rates in other countries	<u>544</u>	<u>233</u>
Income tax expense	<u>544</u>	<u>233</u>

8. Intangible assets

	2017 US\$'000	2016 US\$'000
<i>Charter hire contracts acquired</i>		
At beginning of the financial year	7,561	12,471
Amortisation charge	<u>(4,911)</u>	<u>(4,910)</u>
At end of the financial year	<u>2,650</u>	<u>7,561</u>

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9. Property, plant and equipment

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

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9. Property, plant and equipment (continued)

	<u>Vessels</u> US\$'000	<u>Dry docking</u> US\$'000	<u>Vessels under construction</u> US\$'000	<u>Furniture and fixtures</u> US\$'000	<u>Total</u> US\$'000
<i>Cost</i>					
At 1 January 2016	1,967,321	68,521	161,762	620	2,198,224
Additions	2,585	17,886	212,368	305	233,144
Acquisition of a subsidiary (note 25)	583,247	14,251	-	-	597,498
Disposals	(55,175)	(1,566)	-	(620)	(57,361)
Transfer on delivery of vessels	291,069	9,000	(300,069)	-	-
Reclassified to assets held-for- sale (note 11)	(65,688)	(3,045)	-	-	(68,733)
Write off on completion of dry docking costs	-	(13,391)	-	-	(13,391)
At 31 December 2016	<u>2,723,359</u>	<u>91,656</u>	<u>74,061</u>	<u>305</u>	<u>2,889,381</u>
<i>Accumulated depreciation and impairment charge</i>					
At 1 January 2016	305,205	28,838	-	247	334,290
Depreciation charge	75,659	18,815	-	92	94,566
Impairment charge on vessels	133,400	-	-	-	133,400
Impairment charge on a vessel that was reclassified to assets held-for-sale	10,747	-	-	-	10,747
Reclassified to assets held-for- sale (note 11)	(61,629)	(2,859)	-	-	(64,488)
Disposals	(18,332)	(97)	-	(308)	(18,737)
Write off on completion of dry docking costs	-	(13,391)	-	-	(13,391)
At 31 December 2016	<u>445,050</u>	<u>31,306</u>	<u>-</u>	<u>31</u>	<u>476,387</u>
<i>Net book value</i>					
At 31 December 2016	<u>2,278,309</u>	<u>60,350</u>	<u>74,061</u>	<u>274</u>	<u>2,412,994</u>

- (a) Vessels with an aggregate carrying amount of US\$1,893.4 million as at 31 December 2017 (2016: US\$2,051.0 million) were secured on borrowings amounting to US\$1,190.9 million (2016: US\$1,286.1 million) (note 17).
- (b) For the year ended 31 December 2017, interest amounting to US\$0.1 million (2016: US\$3.3 million) has been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.5% (2016: 2.2%) per annum.
- (c) In the year ended 31 December 2017, the Group recognised an impairment charge of US\$4.6 million (2016: US\$10.7 million) on vessels that were reclassified as assets held-for-sale.

9. Property, plant and equipment (continued)

- (d) In the year ended 31 December 2017, no impairment charge was recognised for the other vessels in the fleet. In 2016, the Group recognised an impairment charge of US\$133.4 million to write down the carrying amount of certain vessels in the VLGC and LGC segments to their recoverable amounts. The assessment of the recoverable amounts of the vessels was based on the higher of fair value less cost to sell and value-in-use calculation, with each vessel being regarded as one cash generating unit. The recoverable amount of vessels is estimated predominantly based on independent third party valuation reports, which made reference to comparable transaction prices of similar vessels. These are regarded as Level 2 fair values under the fair value hierarchy of IFRS 13 Fair value measurement that is also applicable for financial assets/liabilities. The spread of values given by the third party valuers was no higher than US\$3.0 million per vessel. The Group has assessed that the brokers had the required competency and capability to perform the valuations. The Group had also considered the appropriateness of the valuation methodologies and assumptions used by the brokers.

10. Joint venture

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

As part of the establishment of the joint venture, the Group agreed to sell two VLGC vessels to the joint venture for a total consideration of US\$69.2 million under a deferred payment agreement. One vessel was delivered in October 2017 and the other in January 2018.

The deferred payment amount of US\$36.2 million for the sale of the vessel that was delivered in October 2017 is presented within "loan receivable from a joint venture" in the consolidated balance sheet.

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

	2017 US\$'000
Loan receivable – non-current	34,700
Loan receivable – current	1,500
	<u>36,200</u>

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11. Assets held-for-sale

	2017 US\$'000	2016 US\$'000
At beginning of the financial year	4,245	-
Reclassified from property, plant and equipment (note 9)	138,175	4,245
Disposal	(39,322)	-
At end of the financial year	<u>103,098</u>	<u>4,245</u>

As at 31 December 2017, assets held-for-sale comprised one VLGC vessel that was agreed to be sold to the joint venture and two VLGC vessels the sale of which, to non-related parties, is highly probable within twelve months from the balance sheet date. As at 31 December 2016, one of the LGC vessels was contracted to be sold for recycling in January 2017.

As at 31 December 2017, two vessels with a carrying amount of US\$70.1 million (31 December 2016: US\$nil) were secured on borrowings (note 17).

12. Inventories

	2017 US\$'000	2016 US\$'000
Fuel oil, at cost	<u>19,424</u>	<u>12,687</u>

13. Trade and other receivables

	2017 US\$'000	2016 US\$'000
Trade receivables – non-related parties	73,354	51,799
Other receivables – non-related parties	8,734	2,692
Other receivables – related parties [^]	5,099	5,789
	<u>87,187</u>	<u>60,280</u>
Prepayments	6,952	7,297
	<u>94,139</u>	<u>67,577</u>

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

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

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

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14. Derivative financial instruments

	2017		2016	
	Assets US\$'000	Liabilities US\$'000	Assets US\$'000	Liabilities US\$'000
Interest rate swaps	6,467	(675)	7,695	(5,572)
Bunker swaps	80	-	539	-
Forward foreign exchange contracts	15	-	-	(123)
	<u>6,562</u>	<u>(675)</u>	<u>8,234</u>	<u>(5,695)</u>

As at 31 December 2017, the Group had interest rate swaps with total notional principal amounting to US\$690.6 million (31 December 2016: US\$626.5 million).

Interest rate swaps were transacted to hedge interest rate risk on bank borrowings. After taking into account the effects of these contracts, for part of the bank borrowings, the Group would effectively pay fixed interest rates ranging from 1.3% per annum to 2.4% per annum and would receive a variable rate equal to either US\$ three-month LIBOR or US\$ six-month LIBOR. Hedge accounting was adopted for these contracts.

Bunker swaps were transacted to hedge bunker price risks. The Group did not adopt hedge accounting for these contracts. Fair value gains/losses of bunkers swaps had been presented within 'voyage expenses' in the consolidated statement of comprehensive income.

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

15. Cash and cash equivalents

	2017 US\$'000	2016 US\$'000
Cash at bank and on hand	56,548	52,989
Short-term bank deposits	-	27,574
	<u>56,548</u>	<u>80,563</u>

Please refer to note 25 for the effects of the acquisition of a subsidiary in 2016 on the cash flows of the Group.

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16. Share capital and other reserves

	Number of common shares	Share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Contributed surplus US\$'000	Other reserves				Total US\$'000
						Capital reserve US\$'000	Hedging reserve US\$'000	Share-based payment reserve US\$'000	Currency translation reserve US\$'000	
At 1 January 2017	141,938,998	1,419	289,812	(457)	685,913	(36,259)	2,123	156	-	942,707
Value of employee services	-	-	-	-	-	-	-	47	-	47
Reissue of treasury shares	-	-	-	21	-	-	-	(21)	-	-
Purchases of treasury shares	-	-	-	(1,129)	-	-	-	-	-	(1,129)
Cash flow hedges										
- fair value loss recognised in other comprehensive income	-	-	-	-	-	-	(500)	-	-	(500)
- reclassification to profit or loss	-	-	-	-	-	-	4,169	-	-	4,169
Share of other comprehensive income of a joint venture	-	-	-	-	-	-	-	-	24	24
At 31 December 2017	141,938,998	1,419	289,812	(1,565)	685,913	(36,259)	5,792	182	24	945,318

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16. Share capital and other reserves (continued)

	Number of common shares	Share capital US\$'000	Share premium US\$'000	Treasury shares US\$'000	Contributed surplus US\$'000	Other reserves				Total US\$'000
						Capital reserve US\$'000	Fair value reserve US\$'000	Hedging reserve US\$'000	Share-based payment reserve US\$'000	
At 1 January 2016	136,291,455	1,363	269,103	(457)	685,913	(36,259)	(2,625)	(4,281)	35	912,792
Value of employee services	-	-	-	-	-	-	-	-	121	121
Issue of new common shares ^{(a)(i)}	5,647,543	56	20,714	-	-	-	-	-	-	20,770
Share issue expenses	-	-	(5)	-	-	-	-	-	-	(5)
Available-for-sale financial assets										
- fair value loss recognised in other comprehensive income	-	-	-	-	-	-	(25,639)	-	-	(25,639)
- reclassification to profit or loss	-	-	-	-	-	-	28,264	-	-	28,264
Cash flow hedges										
- fair value gain recognised in other comprehensive income	-	-	-	-	-	-	-	1,916	-	1,916
- reclassification to profit or loss	-	-	-	-	-	-	-	4,488	-	4,488
At 31 December 2016	141,938,998	1,419	289,812	(457)	685,913	(36,259)	-	2,123	156	942,707

16. Share capital and other reserves (continued)

(a) Issued and fully paid share capital

- (i) In 2017, no common shares were issued. In 2016, the Company issued 5,647,543 new common shares amounting to US\$20.8 million (NOK177.7 million) as part of the consideration for the acquisition of Aurora LPG (note 25), thereby increasing the outstanding common shares in issue to 141,938,998 common shares.
- (ii) The Company operates two equity-settled, share-based compensation plans. For the 2015 Long-Term Incentive Plan ("LTIP 2015"), upon the end of the vesting period on 31 December 2017, common shares of 2,197 (2016: 2,199) will be issued to certain employees. For the 2017 Long-Term Incentive Plan ("LTIP 2017"), upon end of the vesting periods between February 2020 and February 2024, common shares of 1,420,000 (2016: nil) may be issued to certain employees.
- (iii) All issued common shares are fully paid with a par value of US\$0.01 (2016: US\$0.01) per share.
- (iv) Fully paid common shares carry one vote per share and carry a right to dividend as and when declared by the Company.

(b) Share premium

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

(c) Capital reserve

As at 31 December 2017 and 31 December 2016, negative capital reserve amounted to US\$36.3 million, which comprises negative reserve arising from the business acquisition of entities under common control using the pooling-of-interest method of accounting of US\$41.5 million and a gain on disposal of treasury shares of US\$5.2 million (note 16(e)).

(d) Share-based payment reserve

Certain employees are entitled to receive common shares in the Company. This award is recognised as an expense in the consolidated profit or loss with a corresponding increase in the share-based payment reserve over the vesting periods. For the year ended 31 December 2017, an expense of US\$47,000 (2016: US\$121,000) was recognised in the consolidated profit or loss with a corresponding increase recognised in the share-based payment reserve.

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16. Share capital and other reserves (continued)

(e) Treasury shares

	Number of shares		Amount	
	2017 '000	2016 '000	2017 US\$'000	2016 US\$'000
Balance as at 1 January	69	69	457	457
Reissue of treasury shares	(3)	-	(21)	-
Purchases of treasury shares	284	-	1,129	-
Balance as at 31 December	<u>350</u>	<u>69</u>	<u>1,565</u>	<u>457</u>

Pursuant to the Company's Long-term Management Share Option Plan and share buy-back programme announced on 21 April 2017 and 1 June 2017, respectively, a total of 284,000 shares were purchased at an average price of US\$4.0 (NOK33.55) per share for an aggregate consideration of US\$1.1 million (NOK9.5 million).

17. Borrowings

	2017 US\$'000	2016 US\$'000
Non-current		
Bank borrowings	<u>1,076,212</u>	<u>979,590</u>
Current		
Interest payable	5,025	4,869
Bank borrowings	259,899	421,393
Floating rate notes	-	4,983
	<u>264,924</u>	<u>431,245</u>
Total borrowings	<u>1,341,136</u>	<u>1,410,835</u>

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

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

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

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

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17. Borrowings (continued)

In 2016, the Group acquired Aurora LPG. As at 31 December 2016, Aurora LPG had amounts due under two facilities totalling US\$350.0 million. These two facilities were secured to mortgage over eight vessels of Aurora LPG. Both facilities were amortised quarterly with a bullet payment at the end of the facilities. The amounts due under these two facilities were fully repaid in 2017.

Pursuant to the acquisition of Aurora LPG in 2016, the Group has also assumed the floating rate notes issued by Aurora LPG. As at 31 December 2016, these notes amounted to US\$5.0 million. They were unsecured and were fully redeemed upon maturity in August 2017.

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

As at 31 December 2017, bank borrowings from the above facilities amounting to US\$1,190.9 million (2016: US\$1,286.1 million) are secured by mortgages over certain vessels of the Group (note 9 and 11).

The Group's borrowings are subject to covenants compliance. For the financial year ended 31 December 2017, the Group is in compliance with all externally imposed capital requirements. For the financial year ended 31 December 2016, the Group had complied with these covenants except for bank borrowings and floating rate notes of Aurora LPG amounting to US\$332.3 million and US\$5.0 million, respectively. As a result of the breaches of the covenants relating to the borrowings of Aurora LPG, the banks and the notes holders were contractually entitled to request for immediate repayment of these borrowings. Accordingly, Aurora LPG's borrowings were presented as current liability on the balance sheet as at 31 December 2016.

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

18. Trade and other payables

	2017 US\$'000	2016 US\$'000
Trade payables – non-related parties	4,871	28,519
Other payables – non-related parties	170	288
Other payables – related parties [^]	-	186
Charter hire received in advance	1,907	2,519
Other accrued operating expenses	32,417	28,007
	<u>39,365</u>	<u>59,519</u>

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

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

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

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19. Related party transactions

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

(a) <u>Services</u>	2017 US\$'000	2016 US\$'000
Corporate service fees charged by related parties [^]	2,825	4,370
Ship management fees charged by related parties [^]	7,164	8,688
	<u> </u>	<u> </u>

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

(b) <u>Key management's remuneration</u>	2017 US\$'000	2016 US\$'000
Salaries and other short-term employee benefits	2,127	1,780
Post-employment benefits - contributions to defined contribution plans and share-based payment	31	137
Directors' fees	497	497
	<u>2,655</u>	<u>2,414</u>

(c) <u>Others</u>	2017 US\$'000	2016 US\$'000
Interest income from a joint venture	383	-
Sale of a vessel to a joint venture	36,200	-
	<u> </u>	<u> </u>

20. Commitments

(a) Capital commitments

As of 31 December 2017, the Group had no shipbuilding contracts for the construction of newbuilds (31 December 2016: the Group had two shipping contracts with a total cost of US\$138.2 million). Capital commitments for shipbuilding contracts not recognised at the balance sheet date were as follows:

	2017 US\$'000	2016 US\$'000
Vessels under construction	-	68,704
	<u> </u>	<u> </u>

20. Commitments (continued)

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

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

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

	2017 US\$'000	2016 US\$'000
Not later than one year	50,527	96,846
Later than one year but not later than five years	24,765	69,670
	<u>75,292</u>	<u>166,516</u>

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

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

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

	2017 US\$'000	2016 US\$'000
Not later than one year	59,543	67,528
Later than one year and not later than five years	227,948	180,708
Later than five years	150,356	192,147
	<u>437,847</u>	<u>440,383</u>

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

21. Financial risk management

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

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

(a) Market risk

(i) Fuel price risk

The Group is exposed to the risk of variations in fuel oil costs, which are affected by the global political and economic environment. In 2017, fuel oil costs comprised 34% (2016: 28%) of the Group's total operating expenses (excluding amortisation, depreciation and charter hire expenses).

(ii) Currency risk

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

(iii) Interest rate risk

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

The Group's bank borrowings are at variable rates. The Group has entered into interest rate swaps to swap floating interest rates to fixed interest rates for certain portions of the bank borrowings (note 17). If the US\$ interest rates increase/decrease by 50 basis points (2016: 50 basis points) with all other variables including tax rate being held constant, loss after tax will be higher/lower by approximately US\$5.3 million (2016: profit after tax will be lower/higher by approximately US\$2.7 million) as a result of higher/lower interest expense on these borrowings; the other comprehensive income will be higher/lower by approximately US\$10.8 million (2016: US\$8.0 million).

(b) Credit risk

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

21. Financial risk management (continued)

(b) Credit risk (continued)

The Group's credit risk is primarily attributable to trade and other receivables, loan receivable to a joint venture and cash and cash equivalents. Bank deposits are not impaired and are mainly deposits with banks with credit-ratings assigned by international credit-rating agencies. Trade receivables are neither past due nor impaired and are substantially from companies with a good collection track record with the Group. Loan receivable to a joint venture is not past due nor impaired. There is no significant balance as at the balance sheet date that is past due or impaired as substantial portions of the trade and other receivables represent accrued revenue for voyage charters-in-progress at the balance sheet date and unbilled demurrage receivables. The maximum exposure is represented by the carrying value of each financial asset on the consolidated balance sheet.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains sufficient cash for its daily operations via short-term cash deposit at banks and has access to unutilised portion of revolving facilities offered by financial institutions.

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

	Less than <u>1 year</u> US\$'000	Between 1 <u>and 2 years</u> US\$'000	Between 2 <u>and 5 years</u> US\$'000	<u>Over 5 years</u> US\$'000
At 31 December 2017				
Trade and other payables	39,365	-	-	-
Bank borrowings	387,570	391,569	213,490	561,355
	426,935	391,569	213,490	561,355
	Less than <u>1 year</u> US\$'000	Between 1 <u>and 2 years</u> US\$'000	Between 2 <u>and 5 years</u> US\$'000	<u>Over 5 years</u> US\$'000
At 31 December 2016				
Trade and other payables	59,519	-	-	-
Bank borrowings	455,896	235,507	470,418	418,933
	515,415	235,507	470,418	418,933

21. Financial risk management (continued)

(d) Capital risk

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

The Group monitors capital based on a 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 2017 is 56% (2016: 56%).

The Group is in compliance with all other externally imposed capital requirements for the financial year ended 31 December 2017. Breaches in covenants for the financial year ended 31 December 2016 is disclosed in note 17.

(e) Financial instruments by category

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

	2017 US\$'000	2016 US\$'000
Loans and receivables	179,935	140,843
Financial derivative instruments assets - net	5,887	2,539
Financial liabilities at amortised cost	<u>1,378,594</u>	<u>1,467,835</u>

(f) Fair value measurements

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

21. Financial risk management (continued)

(f) Fair value measurements (continued)

	Level 1 US\$'000	Level 2 US\$'000	Total US\$'000
2017			
<i>Assets</i>			
Derivative financial instruments	-	6,562	6,562
Total assets	-	6,562	6,562
<i>Liabilities</i>			
Derivative financial instruments	-	675	675
Total liabilities	-	675	675
2016			
<i>Assets</i>			
Derivative financial instruments	-	8,234	8,234
Total assets	-	8,234	8,234
<i>Liabilities</i>			
Derivative financial instruments	-	5,695	5,695
Total liabilities	-	5,695	5,695

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

(g) Offsetting financial assets and financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

22. Segment information

The Group has two main operating segments:

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

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

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

	VLGC US\$'000	LGC US\$'000	Total US\$'000
2017			
Revenue	470,986	20,766	491,752
Voyage expenses	(154,032)	(2,286)	(156,318)
TCE income	316,954	18,480	335,434
EBITDA	135,512	5,168	140,680
Gain on disposal of vessels	9,826	-	9,826
Gain on disposal of assets held-for-sale	577	-	577
Finance expense - net	(41,596)	(2)	(41,598)
Depreciation charge	(105,590)	(16,780)	(122,370)
Amortisation charge	(4,911)	-	(4,911)
Impairment charge on vessels that were reclassified to assets held-for-sale	(4,552)	-	(4,552)
Interest income from a joint venture	383	-	383
Share of loss of a joint venture	(548)	-	(548)
	(10,899)	(11,614)	(22,513)
Unallocated items			(21,739)
Loss before tax for the financial year			(44,252)
Segment assets as at 31 December 2017	2,330,527	45,649	2,376,176
Segment assets include:			
Additions to:			
- vessels	2,205	-	2,205
- vessels under construction	68,451	-	68,451
- dry docking	18,462	46	18,508
Segment liabilities as at 31 December 2017	1,349,198	308	1,349,506

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

22. Segment information (continued)

	VLGC US\$'000	LGC US\$'000	Total US\$'000
2016			
Revenue	459,766	46,700	506,466
Voyage expenses	(95,902)	(3,909)	(99,811)
TCE income	363,864	42,791	406,655
EBITDA	200,357	25,645	226,002
Gain on disposal of a vessel	4,874	-	4,874
Finance expense - net	(27,446)	102	(27,344)
Depreciation charge	(82,016)	(12,458)	(94,474)
Amortisation charge	(4,910)	-	(4,910)
Impairment charge on a vessel that was reclassified to assets held-for-sale	-	(10,747)	(10,747)
Impairment charge on vessels	(105,770)	(27,630)	(133,400)
	(14,911)	(25,088)	(39,999)
Unallocated items:			
- negative goodwill arising from acquisition of a subsidiary			110,538
- others			(46,674)
Profit before tax for the financial year			23,865
Segment assets as at 31 December 2016	2,393,897	95,114	2,489,011
Segment assets include:			
Additions to:			
- vessels	585,832	-	585,832
- vessels under construction	212,368	-	212,368
- dry docking	30,552	1,585	32,137
Segment liabilities as at 31 December 2016	1,437,655	2,133	1,439,788

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, loan receivable from a joint venture, and intangible assets that can be directly attributable to each segment.

	2017 US\$'000	2016 US\$'000
Segment assets	2,376,176	2,489,011
Unallocated items:		
Cash and cash equivalents	56,548	80,563
Derivative financial instruments	6,562	8,234
Other receivables	15,686	15,779
Property, plant and equipment	334	274
Total assets	2,455,306	2,593,861

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

22. Segment information (continued)

Reportable segments' liabilities

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

	2017 US\$'000	2016 US\$'000
Segment liabilities	1,349,506	1,439,788
Unallocated items:		
Derivative financial instruments	675	5,695
Other payables	30,995	30,814
Current income tax liabilities	582	188
Total liabilities	1,381,758	1,476,485

Geographical information

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

23. Distributions to non-controlling interests

	2017 US\$'000	2016 US\$'000
Distributions to non-controlling interests in		
- KS Havgas Partners	-	1,238
- PR Bergesen d.y. Shipping DA	1,643	761
	1,643	1,999

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.

24. Dividend paid

	2017 US\$'000	2016 US\$'000
Interim dividend in respect of H1 2017 of US\$ nil per share (2016: H1 2016 of US\$0.09 per share)	-	12,260
Final dividend in respect of FY 2016 of US\$ nil per share (2016: In respect of FY 2015 of US\$0.68 per share)	-	92,631
	-	104,891

No final dividend for FY 2017 will be recommended at the Company's forthcoming annual general meeting (2016: no final dividend was recommended).

25. Business combinations

In 2016, the Group obtained control of Aurora LPG Holding ASA ("Aurora LPG") listed on the Oslo Axess at the closing of a voluntary unconditional tender offer for all the shares in Aurora LPG. The Company implemented a compulsory acquisition of all remaining shares in Aurora LPG which resulted in the Company owning 100% equity interest in Aurora LPG.

The principal activity of Aurora LPG is that of vessel owning and chartering. The acquisition aims to increase its market share and to reduce costs through economies of scale.

Details of the consideration paid, the assets acquired and liabilities assumed, the effects on the cash flows of the Group, determined provisionally at the acquisition date, were as follows:

	2016 US\$'000
(a) Purchase consideration	
Cash paid	17,686
Previously held interest	19,105
Consideration in common shares in the Company (note 16(a)(i))	20,770
Total consideration transferred for the business	<u>57,561</u>
(b) Effect on cash flows of the Group	
Cash paid (as above)	17,686
Add: transaction costs	1,386
Less: cash and cash equivalents in subsidiary acquired	(4,031)
Cash outflow on acquisition	<u>15,041</u>
(c) Identifiable assets acquired and liabilities assumed	At fair value US\$'000
Cash and cash equivalents	4,031
Property, plant and equipment (note 9)	597,498
Trade and other receivables	5,796
Total assets	<u>607,325</u>
Borrowings	(424,017)
Trade and other payables	(15,209)
Total liabilities	<u>(439,226)</u>
Identifiable net assets acquired	168,099
Less: negative goodwill (note 25(e))	(110,538)
Consideration transferred for the business	<u>57,561</u>

25. Business combinations (continued)

(d) Acquisition-related costs

Acquisition-related costs of US\$1.4 million are included in "other operating expenses" in the consolidated statement of comprehensive income and in investing cash flows in the consolidated statement of cash flows.

(e) Negative goodwill

The negative goodwill of US\$110.5 million arising from the acquisition is mainly attributable to the share price of Aurora LPG being traded at a discount to the fair value of their net assets at acquisition date which comprise mainly of vessels and bank borrowings.

(f) Revenue and profit contribution

The acquired business contributed revenue of US\$4.5 million and net loss of US\$0.1 million to the Group from the period from 5 December 2016 to 31 December 2016.

26. Subsequent events

(a) One VLGC vessel was delivered to the joint venture, BW Global United LPG India Private Limited in January 2018.

(b) In February 2018, the Group signed a five-year Senior Secured Term Loan of US\$150 million with a syndication of five banks to replace the existing unsecured US\$150 million Revolving Credit Facility due on 31 March 2018. The all-in cost for this financing is LIBOR plus 1.7% per annum.

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For the financial year ended 31 December 2017

27. Listing of companies in the Group

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Equity holding 2017</u>	<u>Equity holding 2016</u>
<i>(i) Subsidiary held by the Company</i>				
BW LPG Holding Limited	Investment holding	Bermuda	100%	100%
<i>(ii) Significant subsidiaries held by BW LPG Holding Limited</i>				
BW Gas LPG Limited	Shipowning	Bermuda	100%	100%
BW Gas LPG Chartering Limited	Chartering	Bermuda	100%	100%
BW Austria Limited	Dormant	Bermuda	100%	100%
BW VLGC Limited	Shipowning	Bermuda	100%	100%
BW Lord Limited	Shipowning	Bermuda	100%	100%
BW Prince Limited	Dormant	Bermuda	100%	100%
BW Princess Limited	Shipowning	Bermuda	100%	100%
LPG Transport Service Ltd.	Dormant	Bermuda	100%	100%
BW Liberty Limited	Dormant	Bermuda	100%	100%
BW Loyalty Limited	Shipowning	Bermuda	100%	100%
KS Havgas Partners	Shipowning	Norway	78%	78%
PR Bergesen d.y. Shipping DA	Shipowning	Norway	86%	86%
AS Havgas Partners	Investment holding	Norway	100%	100%
BW Green Transport AS	Chartering	Norway	100%	100%
BW Green Carriers AS	Chartering	Norway	100%	100%
BW LPG Partners Pte Ltd	Shipowning	Singapore	100%	100%
BW LPG Partners AS	Investment holding	Norway	100%	100%
BW LPG AS	Management	Norway	100%	100%
BW LPG Pte Ltd	Management	Singapore	100%	100%
BW Cyan Limited	Shipowning	Bermuda	100%	100%
BW Summit Limited	Shipowning	Bermuda	100%	100%
BW Constellation I Limited	Shipowning	Bermuda	100%	100%
BW Constellation II Limited	Shipowning	Bermuda	100%	100%
BW LPG Investments Limited (formerly known as BW Constellation III Limited)	Investment holding	Bermuda	100%	100%
BW VLEC Limited (formerly known as BW Constellation IV Limited)	Dormant	Bermuda	100%	100%
BW Okpo Limited	Shipowning	Bermuda	100%	100%
BW Seoul Limited	Shipowning	Bermuda	100%	100%

BW LPG LIMITED
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

27. Listing of companies in the Group (continued)

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Equity holding 2017</u>	<u>Equity holding 2016</u>
<i>(ii) Significant subsidiaries held by BW LPG Holding Limited (continued)</i>				
BW LPG LLC	Management	United States	100%	100%
Aurora LPG Holding AS	Management Investment	Norway	100%	100%
Aurora Shipping Holding AS	holding	Norway	100%	100%
Aurora Shipping I AS	Dormant	Norway	100%	100%
Aurora Shipping II AS	Shipowning	Norway	100%	100%
Aurora Shipping III AS	Dormant	Norway	100%	100%
Aurora Shipping IV AS	Dormant	Norway	100%	100%
Aurora Shipping V AS	Dormant	Norway	100%	100%
Aurora Shipping VI AS	Dormant	Norway	100%	100%
Aurora Shipping VII AS	Dormant	Norway	100%	100%
Aurora Shipping VIII AS	Dormant	Norway	100%	100%
Aurora Shipping IX AS	Dormant	Norway	100%	100%
<i>(iii) Joint venture held by BW LPG Holding Limited</i>				
BW Global United LPG India Private Limited	(a) Shipowning	India	50%	-

(a) A company incorporated during the financial year

28. New or revised accounting standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning on or after 1 January 2018, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for the following set out below:

IFRS 9 'Financial instruments'

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. 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 are no changes to classification and measurement except for liabilities designated at fair value through profit or loss whereby the changes in own credit risks are recognised in other comprehensive income.

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 uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

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

The Group does not expect significant impact on the adoption of IFRS 9.

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

IFRS 15 'Revenue from contract with customers'

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

The Group expects that the adoption of IFRS 15 may result in a change in the method of recognising revenue from voyage charters, whereby the Company's method of determining proportional performance will change from discharge-to-discharge to load-to-discharge. This will result in no revenue being recognised from the point of discharge of the prior voyage to the point of loading of the current voyage and all revenue being recognised from the point of loading of the current voyage to the point of discharge of the current voyage. The Group will apply IFRS 15 on a modified retrospective basis from 1 January 2018. In accordance with the transitional provision of IFRS 15, the impact of the change in revenue recognition in relation to voyage charters in-progress at 1 January 2018 will be adjusted against retained earnings of the Group at 1 January 2018.

Previously, pre-voyage expenses incurred are expensed to the profit or loss as they do not qualify for recognition as an asset under any IFRS. Under IFRS 15, these costs are directly related to the Group's contracts with customers and are expected to be recovered, they will be capitalised as "contract fulfilment costs".

Summary of provisional financial impact

The line items on the Group's consolidated financial statements that may be adjusted with significant impact arising from the adoption of IFRS 15 as described above are summarised below:

	As at 31 December 2017 reported under IAS 18 US\$'000	(Provisional) As at 1 January 2018 reported under IFRS 15 US\$'000
Trade and other receivables	62,284	62,284
Contract assets – accrued revenue	31,855	19,733
Contract fulfilment costs	-	4,552
Trade and other payables	39,365	39,450
Retained profits	126,883	119,400

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

IFRS 16 'Leases'

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

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

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

The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted. The Group expects to recognise its operating lease commitments (note 20(c)) and a corresponding right-of-use asset on its balance sheet on the adoption of IFRS 16.

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



BW LPG

PARENT COMPANY FINANCIAL STATEMENTS

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PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2017

	Note	2017 US\$'000	2016 US\$'000
Dividend from a subsidiary		9,000	111,315
Other operating expenses	3	<u>(3,180)</u>	<u>(3,790)</u>
		5,820	107,525
Other finance (expense)/income		<u>(10)</u>	<u>51</u>
Profit before tax for the financial year		5,810	107,576
Income tax expense	4	-	-
Profit after tax and total comprehensive income for the financial year		<u>5,810</u>	<u>107,576</u>

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

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PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET
As at 31 December 2017

	Note	2017 US\$'000	2016 US\$'000
Interest in a subsidiary	5	985,738	980,418
Total non-current assets		985,738	980,418
Other receivables	6	170	170
Cash and cash equivalents	7	10	10
Total current assets		180	180
Total assets		985,918	980,598
Share capital	8	1,419	1,419
Share premium	8	289,812	289,812
Contributed surplus	8	685,913	685,913
Share-based payment reserve	8	182	156
Retained earnings		8,366	2,556
Total shareholder's equity		985,692	979,856
Trade and other payables	9	226	742
Total liabilities		226	742
Total equity and liabilities		985,918	980,598

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

BW LPG LIMITED
PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2017

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

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

BW LPG LIMITED
PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY (continued)
For the financial year ended 31 December 2017

	Note	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserve US\$'000	(Accumulated losses)/Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2016		1,363	269,103	685,913	35	(129)	956,285
Profit for the financial year		-	-	-	-	107,576	107,576
Total comprehensive income for the financial year		-	-	-	-	107,576	107,576
Share-based payment reserve - Value of employee services	8	-	-	-	121	-	121
Issue of new common shares	8	56	20,714	-	-	-	20,770
Share issue expenses		-	(5)	-	-	-	(5)
Dividend paid	12	-	-	-	-	(104,891)	(104,891)
Total transactions with owners, recognised directly in equity		56	20,709	-	121	(104,891)	(84,005)
Balance at 31 December 2016		1,419	289,812	685,913	156	2,556	979,856

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

BW LPG LIMITED
PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2017

	Note	2017 US\$'000	2016 US\$'000
Cash flows from operating activities			
Profit before tax for the financial year		5,810	107,576
Adjustments for:			
- share-based payment		26	121
- dividend income		(9,000)	(111,315)
Operating cash flow before working capital changes		<u>(3,164)</u>	<u>(3,618)</u>
Changes in working capital:			
- other receivables		-	77
- trade and other payables		(516)	269
Net cash used in operating activities		<u>(3,680)</u>	<u>(3,272)</u>
Cash flow from investing activities			
Dividend received		9,000	111,315
Payment to a subsidiary		(5,320)	(23,919)
Net cash provided by investing activities		<u>3,680</u>	<u>87,396</u>
Cash flows from financing activities			
Issue of new common shares		-	20,770
Share issue expenses		-	(5)
Dividend paid		-	(104,891)
Net cash used in financing activities		<u>-</u>	<u>(84,126)</u>
Net decrease in cash and cash equivalents		-	(2)
Cash and cash equivalents at beginning of the financial year	7	<u>10</u>	<u>12</u>
Cash and cash equivalents at end of the financial year	7	<u>10</u>	<u>10</u>

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

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

1. General information

BW LPG Limited (the "Company") is listed on the Oslo Stock Exchange and incorporated and domiciled in Bermuda. The address of its registered office is Suite 412, 22 Church Street, HM 1189, Hamilton HM EX, Bermuda.

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

These financial statements were authorised for issue by the Board of Directors of BW LPG Limited on 28 February 2018.

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 2017:

Amendments to IAS 7 Statement of cash flows

Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative. It sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The adoption of IAS 7 Statement of cash flows did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

Critical accounting estimates, assumptions and judgements

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

2. Significant accounting policies (continued)

(b) Revenue and income recognition

Dividend income

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

(c) Interest in a subsidiary

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

(d) Impairment of non-financial assets

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

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

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

2. Significant accounting policies (continued)

(e) Loans and receivables

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

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

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

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

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

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

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

2. Significant accounting policies (continued)

(f) Trade and other payables

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

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

(g) Fair value estimation of financial assets and liabilities

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

(h) Provisions for other liabilities and charges

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

(i) Foreign currency translation

(1) *Functional currency*

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

(2) *Transactions and balances*

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

(j) Cash and cash equivalents

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

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2. Significant accounting policies (continued)

(k) Share capital

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

(l) Dividend to Company's shareholders

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

3. Expenses by nature

	2017 US\$'000	2016 US\$'000
Directors' fees	497	497
Share-based payments – equity settled	47	121
Support service fees charged by subsidiaries	1,771	1,341
Other expenses	865	1,831
Total other operating expenses	3,180	3,790

4. Income tax

No provision for tax has been made for the year ended 31 December 2017 and 2016 as the Company does not have any income that is subject to income tax based on the tax legislation applicable to the Company.

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

5. Interest in a subsidiary

	2017 US\$'000	2016 US\$'000
Equity investments at cost	685,910	685,910
Receivables from a subsidiary	299,828	294,508
	985,738	980,418

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

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

<u>Name of company</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Equity holding 2017</u>	<u>Equity holding 2016</u>
BW LPG Holding Limited	Investment holding	Bermuda	100%	100%

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6. Other receivables	2017 US\$'000	2016 US\$'000
Other receivables – related parties [^]	7	7
Other receivables – non-related parties	163	163
	<u>170</u>	<u>170</u>

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

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

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

7. Cash and cash equivalents

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

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

8. Share capital and other reserves

(a) Issued and fully paid share capital

- (i) The Company's share capital comprises 141,938,998 (2016: 141,938,998) common shares fully paid with a par value of US\$0.01 (2016: US\$0.01) per share.
- (ii) In 2017, no common shares were issued. In 2016, the Company issued 5,647,543 new common shares amounting to US\$20.8 million (NOK177.7 million) as part of the consideration for the acquisition of Aurora LPG, thereby increasing the outstanding common shares in issue to 141,938,998 common shares as at 31 December 2016.
- (iii) The Company operates two equity-settled, share-based compensation plans. For the 2015 Long-Term Incentive Plan ("LTIP 2015"), upon the end of the vesting period on 31 December 2017, common shares of 2,197 (2016: 2,199) will be issued to certain employees. For the 2017 Long-Term Incentive Plan ("LTIP 2017"), upon end of the vesting periods between February 2020 and February 2024, common shares of 1,420,000 (2016: nil) may be issued to certain employees.
- (iv) Fully paid common shares carry one vote per share and carry a right to dividend as and when declared by the Company.

(b) Share premium

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

8. Share capital and other reserves (continued)

(c) Share-based payment reserve

Certain employees are entitled to receive common shares in the Company. This award is recognised as an expense in the income statement of the Company with a corresponding increase in the share-based payment reserve over the vesting period. For the year ended 31 December 2017, an expense of US\$47,000 (2016: US\$121,000) was recognised in the income statement with a corresponding increase recognised in the share-based payment reserve.

9. Trade and other payables

	2017 US\$'000	2016 US\$'000
Trade payables – non-related parties	26	92
Other accrued operating expenses	200	650
	<u>226</u>	<u>742</u>

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

10. Related party transactions

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

(a) Services

	2017 US\$'000	2016 US\$'000
Corporate service fees charged by subsidiaries	<u>1,771</u>	<u>1,341</u>

(b) Key management's remuneration

	2017 US\$'000	2016 US\$'000
Directors' fees	<u>497</u>	<u>497</u>

11. Financial risk management

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

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

(a) Market risk – Currency risk

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

(b) Credit risk

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

(c) Liquidity risk

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

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. 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
At 31 December 2017	
Trade and other payables	<u>226</u>
	Less than <u>1 year</u> US\$'000
At 31 December 2016	
Trade and other payables	<u>742</u>

11. Financial risk management (continued)

(d) Capital risk

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

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

(e) Financial instruments by category

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

	2017 US\$'000	2016 US\$'000
Loans and receivables	170	170
Financial liabilities at amortised cost	226	742

12. Dividend paid

	2017 US\$'000	2016 US\$'000
Interim dividend in respect of H1 2017 of US\$ nil per share (2016: H1 2016 of US\$0.09 per share)	-	12,260
Final dividend in respect of FY 2016 of US\$ nil per share (2016: In respect of FY 2015 of US\$0.68 per share)	-	92,631
	-	104,891

No final dividend for FY 2017 will be recommended at the Company's forthcoming annual general meeting (2016: no final dividend was recommended).

13. New or revised accounting standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2018, 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 for the following set out below:

IFRS 9 'Financial instruments'

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. 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 are no changes to classification and measurement except for liabilities designated at fair value through profit or loss whereby the changes in own credit risks are recognised in other comprehensive income.

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 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 annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Company does not expect significant 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.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2017 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties facing the Group and the Company.

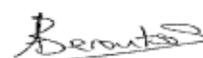
28 February 2018



Andreas Sohmen-Pao
Chairman



John B Harrison
Vice Chairman



Andreas Beroutsos
Director



Anders Onarheim
Director



Anne Grethe Dalane
Director



Carsten Mortensen
Director



Martha Kold Bakkevig
Director

Fleet List



Owned VLGCs (100% Ownership)

Name	Year	Shipyard	Name	Year	Shipyard
BW Mindoro	2017	DSME	BW Austria	2009	DSME
BW Balder	2016	Hyundai H.I.	BW Odin	2009	Hyundai H.I.
BW Brage	2016	Hyundai H.I.	BW Loyalty	2008	DSME
BW Freyja	2016	Hyundai H.I.	BW Lord	2008	DSME
BW Frigg	2016	Hyundai H.I.	BW Oak	2008	Hyundai H.I.
BW Magellan	2016	DSME	BW Princess	2008	Hyundai H.I.
BW Malacca	2016	DSME	BW Thor	2008	Hyundai H.I.
BW Njord	2016	Hyundai H.I.	BW Tyr	2008	Hyundai H.I.
BW Tucana	2016	Hyundai H.I.	BW Birch	2007	Hyundai H.I.
BW Var	2016	Hyundai H.I.	BW Cedar	2007	Hyundai H.I.
BW Volans	2016	Hyundai H.I.	BW Elm	2007	Hyundai H.I.
BW Carina	2015	Hyundai H.I.	BW Liberty	2007	DSME
BW Gemini	2015	Hyundai H.I.	BW Prince	2007	Hyundai H.I.
BW Leo	2015	Hyundai H.I.	BW Confidence	2006	Mitsubishi H.I.
BW Libra	2015	Hyundai H.I.	BW Trader	2006	DSME
BW Orion	2015	Hyundai H.I.	BW Empress	2005	Mitsubishi H.I.
BW Aries	2014	Hyundai H.I.	BW Denise	2001	Stocznia Gdynia
BW Pine	2011	Kawasaki S.C.	Berge Summit	1990	Mitsubishi H.I.
BW Sakura	2010	Mitsubishi H.I.			

Total 37 vessels (3,064,259 CBM and Average Age - 7 years)

VLGCs in BW Global United LPG India Private Limited

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

Total 2 vessel (166,852 CBM and Age - 16 years)

Chartered VLGCs

Name	Year	Shipyard	Charter type
Oriental King	2017	Hyundai H.I.	Time-charter
BW Messina	2017	DSME	Time-charter
BW Kyoto	2010	Mitsubishi H.I.	Time-charter
Yuricosmos	2010	Mitsubishi H.I.	Time-charter
BW Tokyo	2009	Mitsubishi H.I.	Time-charter
Berge Nantong	2006	Hyundai H.I.	Time-charter
Berge Ningbo	2006	Hyundai H.I.	Time-charter
Maharshi Vishwamitra	2001	Kawasaki H.I.	Time-charter

Total 8 vessels (659,224 CBM and Average Age - 8 years)

Owned LGCs

Name	Year	Shipyard	Ownership (%)
BW Nantes	2003	Kawasaki S.C.	100%
BW Nice	2003	Kawasaki S.C.	100%
BW Havis	1993	Kvaerner-Govan	78%
BW Helios	1992	Kvaerner-Govan	100%

Total 4 vessels (232,073 CBM and Average Age - 19 years)

Newbuild VLGCs

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

Total 2 vessels (168,000 CBM)

[As at 31 January 2018]

Glossary

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

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



BW LPG

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