

BW LPG LIMITED
(Incorporated in Bermuda)
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

Report on the financial statements

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

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers LLP'.

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

BW LPG LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
Revenue	3	773,335	747,362
Voyage expenses	4	<u>(146,843)</u>	<u>(208,192)</u>
TCE income [^]		626,492	539,170
Other operating income	3	2,016	1,867
Charter hire expenses	4	(79,609)	(98,099)
Other operating expenses	4	<u>(118,639)</u>	<u>(102,893)</u>
Operating profit before depreciation, amortisation and impairment (EBITDA)		430,260	340,045
Amortisation charge	8	(4,910)	(4,910)
Depreciation charge	9	<u>(79,806)</u>	<u>(66,127)</u>
Operating profit (EBIT)		345,544	269,008
Foreign currency exchange loss - net		(192)	(205)
Interest income		143	135
Interest expense		(16,844)	(10,383)
Other finance expense		(1,764)	(2,189)
Finance expense - net		<u>(18,657)</u>	<u>(12,642)</u>
Profit before tax for the financial year		<u>326,887</u>	<u>256,366</u>
Income tax expense	7	(749)	(697)
Profit after tax for the financial year (NPAT)		<u>326,138</u>	<u>255,669</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
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the financial year ended 31 December 2015

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

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

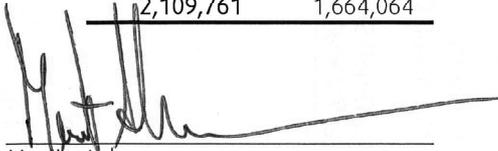
BW LPG LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
As at 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
Charter hire contracts acquired	8	12,471	17,381
Intangible assets		12,471	17,381
Derivative financial instruments	13	601	681
Available-for-sale financial assets	10	31,580	-
Vessels	9	1,662,116	1,282,424
Vessels under construction	9	161,762	153,838
Dry docking	9	39,683	36,173
Furniture and fixtures	9	373	497
Total property, plant and equipment		1,863,934	1,472,932
Total non-current assets		1,908,586	1,490,994
Inventories	11	9,072	15,629
Trade and other receivables	12	98,319	87,177
Derivative financial instruments	13	-	19
Cash and cash equivalents	14	93,784	70,245
Total current assets		201,175	173,070
Total assets		2,109,761	1,664,064
Share capital	15	1,363	1,363
Share premium	15	269,103	269,103
Treasury shares	15	(457)	(22,445)
Contributed surplus	15	685,913	685,913
Other reserves	15	(43,130)	(43,286)
Retained earnings		248,238	180,747
		1,161,030	1,071,395
Non-controlling interests		9,689	9,559
Total shareholder's equity		1,170,719	1,080,954
Borrowings	16	766,937	469,855
Deferred income		248	745
Derivative financial instruments	13	1,207	797
Total non-current liabilities		768,392	471,397
Borrowings	16	120,060	59,579
Deferred income		496	496
Derivative financial instruments	13	5,900	1,709
Current income tax liabilities	7	822	675
Trade and other payables	17	43,372	49,254
Total current liabilities		170,650	111,713
Total liabilities		939,042	583,110
Total equity and liabilities		2,109,761	1,664,064



Andreas Sohmen-Pao
Chairman



Martin Ackermann
Chief Executive Officer

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 2015

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

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

BW LPG LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the financial year ended 31 December 2015

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

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

BW LPG LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2015

	2015 US\$'000	2014 US\$'000
Cash flows from operating activities		
Profit before tax for the financial year	326,887	256,366
Adjustments for:		
- amortisation charge	4,910	4,910
- amortisation of deferred income	(496)	(496)
- depreciation charge	79,806	66,127
- derivative loss	2,225	184
- interest income	(143)	(135)
- interest expense	16,844	10,383
- other finance expense	1,666	1,151
- share-based payments	35	103
Operating cash flow before working capital changes	<u>431,734</u>	<u>338,593</u>
Changes in working capital:		
- inventories	6,557	5,090
- trade and other receivables	(11,143)	34,852
- trade and other payables	(6,023)	2,918
Cash generated from operations	<u>421,125</u>	<u>381,453</u>
Taxes paid	(602)	(22)
Net cash provided by operating activities	<u>420,523</u>	<u>381,431</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(467,322)	(181,039)
Investment in available-for-sale financial assets	(34,205)	-
Interest paid (capitalised interest expense)	(3,152)	(2,529)
Interest received	143	135
Net cash used in investing activities	<u>(504,536)</u>	<u>(183,433)</u>
Cash flows from financing activities		
Proceeds from borrowings	650,687	140,000
Payment of financing fees	(4,331)	-
Repayments of bank borrowings	(282,383)	(165,000)
Repayment of finance lease	(9,556)	(55,196)
Interest paid	(14,032)	(9,550)
Dividend paid	(256,476)	(124,026)
Other finance expense paid	(1,525)	(1,173)
Sale/(Purchase) of treasury shares	27,209	(22,445)
Distributions to non-controlling interests	(2,041)	(1,270)
Net cash provided by/(used in) financing activities	<u>107,552</u>	<u>(238,660)</u>
Net increase/(decrease) in cash and cash equivalents	<u>23,539</u>	<u>(40,662)</u>
Cash and cash equivalents at beginning of the financial year	<u>70,245</u>	<u>110,907</u>
Cash and cash equivalents at end of the financial year	<u>93,784</u>	<u>70,245</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

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

1. General information

BW LPG Limited (the "Company") is listed on the Oslo Stock Exchange and incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

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

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

2. Significant accounting policies

(a) Basis of preparation

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

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

The Group has adopted the following relevant new standards and amendments to published standards as at 1 January 2015:

Amendments to IFRS 8 Operating segments

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

Amendments to IFRS 13 Fair value measurement

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

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements

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

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

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

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

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

(2) *Impairment*

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

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

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

(3) *Revenue recognition*

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

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

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

Realisable demurrage income is recognised upon completion of a voyage, assessed at a percentage of the total estimated claims issued to customers. The estimation of this rate is based on the historical actual demurrage recovered over the total estimated claims issued to customers.

(b) Revenue and income recognition

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

(1) *Rendering of services*

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

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

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

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

2. Significant accounting policies (continued)

(b) Revenue and income recognition (continued)

(1) *Rendering of services* (continued)

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

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

(2) *Interest income*

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

(c) Group accounting

(1) *Subsidiaries*

(i) *Consolidation*

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

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

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

2. Significant accounting policies (continued)

(c) Group accounting (continued)

(1) *Subsidiaries* (continued)

(ii) *Acquisitions*

The Group uses the acquisition method of accounting is used 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.

(d) Intangible assets

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

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

(e) Property, plant and equipment

(1) *Measurement*

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

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

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

2. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(2) *Depreciation*

- (i) Depreciation is calculated using a straight-line method to allocate the depreciable amounts of property, plant and equipment, after taking into account the residual values over their estimated useful lives. The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at least annually. The effects of any revision in estimate are accounted for on a prospective basis. The estimated useful lives are as follows:

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

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

(3) *Subsequent expenditure*

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

(4) *Disposal*

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

2. Significant accounting policies (continued)

(f) Impairment of non-financial assets

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

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

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

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

(g) Derivative financial instruments and hedging activities

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

2. Significant accounting policies (continued)

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

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

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

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

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

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

(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 cost plus transaction costs and subsequently carried at fair value.

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

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

2. Significant accounting policies (continued)

(i) Loans and receivables

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

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

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

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

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

(j) Borrowings

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

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

(k) Borrowing costs

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

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

2. Significant accounting policies (continued)

(l) Trade and other payables

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

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

(m) Fair value estimation of financial assets and liabilities

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

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

(n) Leases

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

Operating leases

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

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

Operating leases

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

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

2. Significant accounting policies (continued)

(n) Lease (continue)

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

Finance leases

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

(o) Inventories

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

(p) Provisions for other liabilities and charges

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

(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".

2. Significant accounting policies (continued)

(r) Employee benefits

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

(1) *Employee leave entitlement*

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

(2) *Defined contribution plans*

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

(3) *Share-based compensation*

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

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

(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.

2. Significant accounting policies (continued)

(t) Share capital and treasury shares

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

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

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

(u) Dividends to Company's shareholders

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

(v) Segment reporting

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

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3. Revenue and other operating income

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

4. Expenses by nature

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

5. Employee compensation

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

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6. Earnings per share

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

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

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

7. Income tax expense

(a) Income tax expenses

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

(b) Movement in current income tax liabilities

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

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

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

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8. Intangible assets

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

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

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9. Property, plant and equipment (continued)

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

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

10. Available-for-sale financial assets

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

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11.	Inventories		
		2015 US\$'000	2014 US\$'000
	Fuel oil, at cost	9,072	15,629
12.	Trade and other receivables		
		2015 US\$'000	2014 US\$'000
	Trade receivables – non-related parties	81,838	72,277
	Other receivables – non-related parties	3,310	3,282
	Other receivables – related parties [^]	4,083	-
		<hr/>	<hr/>
	Prepayments	9,088	11,618
		<hr/>	<hr/>
		98,319	87,177

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

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

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

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13. Derivative financial instruments

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

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

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

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

14. Cash and cash equivalents

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

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

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15. Share capital and other reserves

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

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

15. Share capital and other reserves (continued)

(a) Issued and fully paid share capital

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

(b) Share premium

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

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

(c) Capital reserve

As at 31 December 2015, negative capital reserve amounted to US\$36.3 million, which comprises negative reserve arising from the business acquisition of entities under common control using the pooling-of-interest method of accounting of US\$41.5 million and a gain on disposal of treasury shares of US\$5.2 million (note 15 (e)).

Capital reserve is non-distributable.

(d) Share-based payment reserve

Certain employees are entitled to receive common shares in the Company. This award is recognised as an expense in the consolidated profit or loss with a corresponding increase in the share-based payment reserve over the vesting periods. For the year ended 31 December 2015, an expense of US\$35,000 (2014: US\$103,000) was recognised in the consolidated profit or loss with a corresponding increase recognised in the share-based payment reserve.

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15. Share capital and other reserves (continued)

(e) Treasury shares

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

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

16. Borrowings

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

Bank borrowings

On 4 November 2013, the Group entered into a seven-year US\$700 million Senior Secured Term Loan and Revolving Credit Facility ("US\$700 million Facility"), which comprised a term loan facility of US\$500 million and revolving credit facility of US\$200 million to repay a shareholder loan and to provide general corporate and working capital. The term loan is amortised quarterly with a bullet payment at the end of the facility.

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

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

Bank borrowings from the above three facilities as at 31 December 2015 amounted to US\$887 million (31 December 2014: US\$519.9 million), of which US\$837.3 million (2014: US\$519.9 million) are secured by mortgages over certain vessels of the Group (note 9). In addition, the Company has provided corporate guarantees to three groups of lenders for the facilities granted to a subsidiary.

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16. Borrowings (continued)

Carrying amounts and fair values

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

17. Trade and other payables

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

18. Finance lease liabilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

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

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

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

20. Commitments

(a) Capital commitments

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

20. Commitments (continued)

(a) Capital commitments (continued)

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

	2015 US\$'000	2014 US\$'000
Vessels under construction	<u>267,921</u>	<u>368,824</u>

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

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

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

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

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

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

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

21. Financial risk management

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

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

(a) Market risk

(i) Fuel price risk

The Group is exposed to the risk of variations in fuel oil costs, which are affected by the global political and economic environment. In 2015, fuel oil costs comprised 42% (2014: 56%) of the Group's total operating expenses (excluding amortisation, depreciation and charter hire expenses).

(ii) Currency risk

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

(iii) Interest rate risk

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

The Group's bank borrowings are at variable rates. The Group has entered into interest rate swaps to swap floating interest rates to fixed interest rates for certain portions of the bank borrowings (note 16). If the US\$ interest rates increase/decrease by 50 basis points (2014: 50 basis points) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by approximately US\$2.7 million (2014: US\$2.6 million) as a result of higher/lower interest expense on these borrowings; the total comprehensive income will be higher/lower by approximately US\$9.7 million (2014: US\$3.9 million).

(b) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

21. Financial risk management (continued)

(b) Credit risk (continued)

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

(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 2015				
Trade and other payables	43,372	-	-	-
Bank borrowings	134,191	92,222	375,437	372,850
	<u>177,563</u>	<u>92,222</u>	<u>375,437</u>	<u>372,850</u>
	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 2014				
Trade and other payables	49,254	-	-	-
Finance lease liabilities	9,890	-	-	-
Bank borrowings	59,733	58,274	194,867	263,201
	<u>118,877</u>	<u>58,274</u>	<u>194,867</u>	<u>263,201</u>

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

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

The Group's leverage ratio at 31 December 2015 is 43% (2014: 33%).

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

(e) Financial instruments by category

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

21. Financial risk management (continued)

(f) Fair value measurements

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

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

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

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

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

(g) Offsetting financial assets and financial liabilities

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

22. Segment information

The Group has two main operating segments:

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

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

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

22. Segment information (continued)

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

	VLGC US\$'000	LGC US\$'000	Total US\$'000
2015			
Revenue	694,664	78,671	773,335
Voyage expenses	(138,598)	(8,245)	(146,843)
TCE income	<u>556,066</u>	<u>70,426</u>	<u>626,492</u>
EBITDA	390,801	52,203	443,004
Finance expense	(182)	(1)	(183)
Depreciation charge	(65,613)	(14,069)	(79,682)
Amortisation charge	(4,910)	-	(4,910)
	<u>320,096</u>	<u>38,133</u>	<u>358,229</u>
Unallocated items			(31,342)
Profit before tax for the financial year			<u>326,887</u>
Segment assets as at 31 December 2015	<u>1,816,302</u>	<u>150,642</u>	<u>1,966,944</u>
Segment assets include:			
Additions to:			
- vessels	76,688	-	76,688
- vessels under construction	386,237	-	386,237
- dry docking	4,498	3,385	7,883
	<u>467,423</u>	<u>3,385</u>	<u>470,808</u>
Segment liabilities as at 31 December 2015	<u>898,617</u>	<u>3,615</u>	<u>902,232</u>
	VLGC US\$'000	LGC US\$'000	Total US\$'000
2014			
Revenue	678,498	68,864	747,362
Voyage expenses	(188,810)	(19,382)	(208,192)
TCE income	<u>489,688</u>	<u>49,482</u>	<u>539,170</u>
EBITDA	320,240	32,003	352,243
Finance expense	(839)	(9)	(848)
Depreciation charge	(52,816)	(13,188)	(66,004)
Amortisation charge	(4,910)	-	(4,910)
	<u>261,675</u>	<u>18,806</u>	<u>280,481</u>
Unallocated items			(24,115)
Profit before tax for the financial year			<u>256,366</u>
Segment assets as at 31 December 2014	<u>1,414,689</u>	<u>162,007</u>	<u>1,576,696</u>
Segment assets include:			
Additions to:			
- vessels	1,907	-	1,907
- vessels under construction	163,943	-	163,943
- dry docking	13,636	3,986	17,622
	<u>179,486</u>	<u>3,986</u>	<u>183,472</u>
Segment liabilities as at 31 December 2014	<u>556,138</u>	<u>4,225</u>	<u>560,363</u>

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

22. Segment information (continued)

Reportable segments' assets

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

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

Reportable segments' liabilities

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

23. Distributions to non-controlling interests

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

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

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

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

25. Subsequent events

- (a) On 27 January 2016, the Group had reached an agreement with the lenders of the existing US\$700 million Facility to increase the revolving credit facility by US\$100 million to US\$800 million at the existing terms without additional vessels being pledged as collateral.
- (b) A final cash dividend for FY 2015 will be recommended at the Company's forthcoming annual general meeting (note 24).

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

26. Listing of companies in the Group

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

27. New or revised accounting standards and interpretations

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

IFRS 9 'Financial instruments'

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

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

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

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

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

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

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

IFRS 15 'Revenue from contract with customers'

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

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

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

IFRS 16 'Leases'

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

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

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

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

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

BW LPG LIMITED
PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME
As at 31 December 2015

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

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

BW LPG LIMITED
PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET
As at 31 December 2015

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

Andreas Sohmen-Pao
Chairman

Martin Ackermann
Chief Executive Officer

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 2015

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

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

BW LPG LIMITED
PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY (continued)
For the financial year ended 31 December 2015

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

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

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STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2015

	2015 US\$'000	2014 US\$'000
Cash flows from operating activities		
Profit for the financial year	250,569	124,743
Adjustments for:		
- share-based payment	35	103
- interest income	-	(6)
- dividend income	(252,850)	(127,570)
Operating cash flow before working capital changes	<u>(2,246)</u>	<u>(2,730)</u>
Changes in working capital:		
- other receivables	157	18,091
- trade and other payables	(105)	(4,394)
Net cash (used in)/ provided by operating activities	<u>(2,194)</u>	<u>10,967</u>
Cash flow from investing activities		
Dividend received	252,850	127,570
Interest received	-	6
Proceeds from/(Payment to) a subsidiary	5,612	(27,519)
Net cash provided by investing activities	<u>258,462</u>	<u>100,057</u>
Cash flows from financing activities		
Dividend paid	(256,476)	(124,026)
Net cash used in financing activities	<u>(256,476)</u>	<u>(124,026)</u>
Net decrease in cash and cash equivalents	(208)	(13,002)
Cash and cash equivalents at beginning of the financial year	220	13,222
Cash and cash equivalents at end of the financial year	<u>12</u>	<u>220</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 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

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

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

2. Significant accounting policies

(a) Basis of preparation

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

New standards, amendments to published standards and interpretations

The Company has adopted the following relevant new standards and amendments to published standards as at 1 January 2015:

Amendments to IFRS 13 Fair value measurement

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

Critical accounting estimates, assumptions and judgements

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

2. Significant accounting policies (continued)

(b) Revenue and income recognition

(1) *Dividend income*

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

(2) *Interest income*

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

(c) Interest in a subsidiary

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

(d) Impairment of non-financial assets

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

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

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

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.

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

(f) Trade and other payables

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

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

(g) Fair value estimation of financial assets and liabilities

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

(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.

2. Significant accounting policies (continued)

(i) Foreign currency translation

(1) *Functional currency*

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

(2) *Transactions and balances*

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

(j) Cash and cash equivalents

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

(k) Share capital

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

(l) Dividends to Company's shareholders

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

BW LPG LIMITED
PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

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

4. Income tax

No provision for tax has been made for the year ended 31 December 2015 and 2014 as the Company does not have any income that is subject to income tax based on the tax legislation applicable to the Company.

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

5. Interest in a subsidiary

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

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

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

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 2015</u>	<u>Equity holding 2014</u>
BW LPG Holding Limited	Investment holding	Bermuda	100%	100%

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For the financial year ended 31 December 2015

6. Other receivables

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

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

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

8. Share capital and other reserves (continued)

(a) Issued and fully paid share capital

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

(b) Share premium

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

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

(c) Share-based payment reserve

Certain employees are entitled to receive common shares in the Company. This award is recognised as an expense in the income statement of the Company with a corresponding increase in the share-based payment reserve over the vesting period. For the year ended 31 December 2015, an expense of US\$35,000 (2014: US\$103,000) was recognised in the income statement with a corresponding increase recognised in the share-based payment reserve.

9. Trade and other payables

	2015 US\$'000	2014 US\$'000
Trade payables – non-related parties	18	144
Other accrued operating expenses	455	434
	<u>473</u>	<u>578</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) <u>Services</u>	2015 US\$'000	2014 US\$'000
Support service fees charged by subsidiaries	<u>2,533</u>	<u>1,213</u>
(b) <u>Key management's remuneration</u>	2015 US\$'000	2014 US\$'000
Share-based payments - equity settled	-	103
Directors' fees	<u>428</u>	<u>346</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.

11. Financial risk management (continued)

(c) Liquidity risk

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

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than <u>1 year</u> US\$'000
At 31 December 2015	
Trade and other payables	<u>473</u>

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

(d) Capital risk

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

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

(e) Financial instruments by category

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

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

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

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

13. Subsequent event

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

14. New or revised accounting standards and interpretations

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

IFRS 9 'Financial instruments'

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

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

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

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

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

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

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

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