

**BW LPG LIMITED**  
*(Incorporated in Bermuda)*  
**AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**  
*FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014*

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

### Management's responsibility for the financial statements

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

### Auditor's responsibility

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

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

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

### Opinion

In our opinion, the accompanying financial statements of the group and company present fairly, in all material respects, the financial position of the Group and company as at 31 December 2014, and its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the International Financial Reporting Standards.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 27 February 2015  
Partner in Charge: Kok Moi Ire

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BW LPG LIMITED  
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
*For the financial year ended 31 December 2014*

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

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

BW LPG LIMITED  
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)  
*For the financial year ended 31 December 2014*

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

BW LPG LIMITED  
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET  
As at 31 December 2014

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

Andreas Sohmen-Pao  
Chairman

Nicholas Murray Gleeson  
Chief Executive Officer

BW LPG LIMITED  
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the financial year ended 31 December 2014

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

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)  
For the financial year ended 31 December 2014

	Note	Attributable to equity holders of the Company						Non-controlling interests US\$'000	Total equity US\$'000
		Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total US\$'000		
Balance at 1 January 2013		10	-	-	67,687	(72,382)	(4,685)	9,105	4,420
Profit for the year		-	-	-	-	124,739	124,739	971	125,710
Total comprehensive income for the financial year		-	-	-	-	124,739	124,739	971	125,710
Share based payment reserve - Value of employee services	16	-	-	-	13	-	13	-	13
Issue of new shares	16	1,353	279,254	685,913	-	-	966,520	-	966,520
Share issue expenses	16	-	(10,267)	-	-	-	(10,267)	-	(10,267)
Distributions to non-controlling interests	24	-	-	-	-	(2,154)	(2,154)	(346)	(2,500)
Capital reserve - Acquisition of subsidiaries	16	-	-	-	(109,167)	-	(109,167)	-	(109,167)
Total transactions with owners, recognised directly in equity		1,353	268,987	685,913	(109,154)	(2,154)	844,945	(346)	844,599
Balance at 31 December 2013		1,363	268,987	685,913	(41,467)	50,203	964,999	9,730	974,729

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 2014*

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

BW LPG LIMITED  
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CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
*For the financial year ended 31 December 2014*

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

NOTES TO THE FINANCIAL STATEMENTS  
*For the financial year ended 31 December 2014*

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

**1. General information**

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

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

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

**2. Group restructuring**

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

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

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

- (b) On 29 August 2013, BW Gas Cyprus Limited (a related party) incorporated BW Cyan Limited, as a wholly-owned subsidiary, in Bermuda. BW Gas Cyprus Limited transferred four vessels and the related assets and liabilities of the four vessels to BW Cyan Limited as part of a capital reorganisation. The Company then entered into a sales and purchase agreement with BW Gas Cyprus Limited to acquire the entire equity interest in BW Cyan Limited for a purchase consideration of US\$67.1 million which was entirely satisfied by an account payable by the Company to BW Gas Cyprus Limited.

NOTES TO THE FINANCIAL STATEMENTS  
*For the financial year ended 31 December 2014*

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2. Group restructuring (continued)

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

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

- i. The financial statements of the Group have been prepared as if the Company had been the holding company of AS Havgas Partners, KS Havgas Partners, PR Bergesen d.y. Shipping DA, BW Cyan Limited, BW Green Transport AS and BW Green Carriers AS since 1 January 2013.
- ii. The assets and liabilities of AS Havgas Partners, KS Havgas Partners, PR Bergesen d.y. Shipping DA, BW Cyan Limited, BW Green Transport AS and BW Green Carriers AS were brought into the Group's books based on their existing carrying values in the consolidated financial statements of BW Gas Cyprus Limited, which was the previous intermediate holding company for these entities. No adjustments were made to the carrying values of those assets and liabilities, as the financial statements of the Group, AS Havgas Partners, KS Havgas Partners, PR Bergesen d.y. Shipping DA, BW Cyan Limited, BW Green Transport AS and BW Green Carriers AS have been prepared using consistent accounting policies as the Group and these entities have been under common control.

NOTES TO THE FINANCIAL STATEMENTS  
*For the financial year ended 31 December 2014*

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2. Group restructuring (continued)

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

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

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

For the year ended 31 December 2013, the acquired businesses contributed revenue of US\$66.6 million and net profit US\$17.2 million to the consolidated group. Of these, BW Cyan Limited contributed US\$44.6 million of revenue and US\$10.5 million of net profit.

- iii. The share capital of the Group reflects the share capital of the Company on the respective dates. The retained earnings of the Group in 2013 include the retained earnings of AS Havgas Partners, KS Havgas Partners, PR Bergesen d.y. Shipping DA, BW Cyan Limited, BW Green Transport AS and BW Green Carriers AS; and the resulting differences are presented in capital reserve.
- iv. All significant intra-group transactions and balances have been eliminated on combination.

3. Significant accounting policies

(a) Basis of preparation

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

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

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

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

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

*Amendments to IAS 36 Impairment of assets*

Amendment to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

*Amendments to IAS 39 Financial instruments: Recognition and measurement*

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

*IFRIC 21 Levies*

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

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

3. Significant accounting policies (continued)

(a) Basis of preparation (continued)

*Critical accounting estimates, assumptions and judgements*

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

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

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

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

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

(2) *Impairment*

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

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

3. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements (continued)

(3) *Revenue recognition*

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

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

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

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

(b) Revenue and income recognition

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

(1) *Rendering of services*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
*For the financial year ended 31 December 2014*

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3. Significant accounting policies (continued)

(b) Revenue and income recognition (continued)

(1) *Rendering of services* (continued)

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

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

(2) *Interest income*

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

(c) Group accounting

(1) *Subsidiaries*

(i) *Consolidation*

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

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

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

3. Significant accounting policies (continued)

(c) Group accounting (continued)

(1) *Subsidiaries* (continued)

(ii) *Acquisition of businesses*

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

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

3. Significant accounting policies (continued)

(c) Group accounting (continued)

(1) *Subsidiaries* (continued)

(iii) *Disposals*

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

(2) *Transactions with non-controlling interests*

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

(d) Intangible assets

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

Intangible assets that are subject to amortisation over their estimated remaining useful lives ranging from 40 to 45 months (2013: 52 to 57 months), are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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3. Significant accounting policies (continued)

(e) Property, plant and equipment

(1) *Measurement*

(i) Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (note 3(f)).

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

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

(2) *Depreciation*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
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3. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(3) *Subsequent expenditure*

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

(4) *Disposal*

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

(f) Impairment of non-financial assets

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

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

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

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

(g) Derivative financial instruments and hedging activities

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

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

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3. Significant accounting policies (continued)

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

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

The full fair value of a derivative designated as a hedge is presented as a non-current asset or liability when the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

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

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

(h) Loans and receivables

The Group has only one class of non-derivative financial assets - loans and receivables. They are presented as "trade and other receivables" (note 13) and "cash and cash equivalents" (note 15) on the balance sheet.

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

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

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

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

(i) Borrowings

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

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

NOTES TO THE FINANCIAL STATEMENTS  
*For the financial year ended 31 December 2014*

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3. Significant accounting policies (continued)

(j) Borrowing costs

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

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

(k) Trade and other payables

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

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

(l) Fair value estimation of financial assets and liabilities

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

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

(m) Leases

(1) *When a group company is the lessor:*

*Operating leases*

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

3. Significant accounting policies (continued)

(m) Leases (continued)

(2) *When a group company is the lessee:*

*Operating leases*

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

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

*Finance leases*

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

(n) Inventories

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

(o) Provisions for other liabilities and charges

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

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3. Significant accounting policies (continued)

(p) Foreign currency translation

(1) *Functional and presentation currency*

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

(2) *Transactions and balances*

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

(q) Employee benefits

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

(1) *Employee leave entitlement*

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

(2) *Defined contribution plans*

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

(3) *Share-based compensation*

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

3. Significant accounting policies (continued)

(q) Employee benefits (continued)

(3) *Share-based compensation* (continued)

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

(r) Cash and cash equivalents

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

(s) Share capital and treasury shares

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

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

(t) Dividends to Company's shareholders

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

(u) Segment reporting

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

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4. Revenue and other operating income	2014 US\$'000	2013 US\$'000
Revenue from:		
- voyage charter	611,436	353,115
- time charter	135,926	96,133
	<u>747,362</u>	<u>449,248</u>
Other operating income:		
- sundry income	1,371	390
- amortisation of deferred income	496	496
	<u>1,867</u>	<u>886</u>
5. Expenses by nature	2014 US\$'000	2013 US\$'000
Fuel oil consumed (note 12)	173,059	126,141
Port charges	20,742	20,485
Other voyage expenses	14,391	13,890
Voyage expenses	<u>208,192</u>	<u>160,516</u>
Charter hire expenses	98,099	60,835
Manning costs	42,968	40,013
Maintenance and repair expenses	33,970	32,418
Insurance expenses	3,830	3,128
Operating expenses	9,659	11,788
Vessel operating expenses	<u>90,427</u>	<u>87,347</u>
Employee compensation (note 6)	4,013	447
Directors' fees	346	38
Statutory audit	248	204
Non-audit services	28	818
Other operating expenses	7,831	3,746
Non-vessel related operating expenses	<u>12,466</u>	<u>5,253</u>
Total voyage, charter hire and other operating expenses	<u>409,184</u>	<u>313,951</u>

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6.	Employee compensation	2014 US\$'000	2013 US\$'000
	Wages and salaries	3,697	406
	Share-based payments – equity settled	103	13
	Post-employment benefits - contributions to defined contribution plans	213	28
		<u>4,013</u>	<u>447</u>

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

7. Earnings per share

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

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

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

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8. Income tax expense

(a) Income tax expenses

	2014 US\$'000	2013 US\$'000
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
- current income tax	675	-
- under provision in prior year	22	-
	<u>697</u>	<u>-</u>

(b) Movement in current income tax liabilities

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

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

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

9. Intangible assets

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

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

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10. Property, plant and equipment

	<u>Vessels</u> US\$'000	<u>Dry docking</u> US\$'000	Vessels under <u>construction</u> US\$'000	Furniture & fittings 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>

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10. Property, plant and equipment (continued)

	<u>Vessels</u> US\$'000	<u>Dry docking</u> US\$'000	<u>Vessels under construction</u> US\$'000	<u>Furniture &amp; fittings</u> US\$'000	<u>Total</u> US\$'000
<i>Cost</i>					
At 1 January 2013	1,154,360	31,273	-	-	1,185,633
Additions	341,865	22,722	65,241	316	430,144
Exercise of purchase option (note 9)	9,936	-	-	-	9,936
Reclassification from intangible assets (note 9)	3,867	-	-	-	3,867
Disposal	(8,730)	(2,220)	-	-	(10,950)
Disposal of subsidiaries (note 11)	(52,216)	(2,317)	-	-	(54,533)
Write-off on completion of dry docking costs	-	(8,198)	-	-	(8,198)
At 31 December 2013	<u>1,449,082</u>	<u>41,260</u>	<u>65,241</u>	<u>316</u>	<u>1,555,899</u>
<i>Accumulated depreciation and impairment charge</i>					
At 1 January 2013	209,867	13,381	-	-	223,248
Depreciation charge	42,644	10,473	-	-	53,117
Write-back of impairment charge	(56,347)	-	-	-	(56,347)
Disposal - net	(2,199)	(1,842)	-	-	(4,041)
Disposal of subsidiaries (note 11)	(6,173)	(990)	-	-	(7,163)
Write-off on completion of dry docking costs	-	(8,198)	-	-	(8,198)
At 31 December 2013	<u>187,792</u>	<u>12,824</u>	<u>-</u>	<u>-</u>	<u>200,616</u>
<i>Net book value</i>					
At 31 December 2013	<u>1,261,290</u>	<u>28,436</u>	<u>65,241</u>	<u>316</u>	<u>1,355,283</u>

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10. Property, plant and equipment (continued)
- (a) The net book value of vessels held under finance leases as at 31 December 2014 amounted to US\$27.2 million (2013: US\$87.7 million).
  - (b) The Group has mortgaged vessels with an aggregate carrying amount of US\$1,058.7 million at 31 December 2014 (31 December 2013: US\$1,132.1 million) as security for bank borrowings amounting to US\$519.9 million (2013: US\$543.8 million) (note 17).
  - (c) For the year ended 31 December 2014, the Group did not recognise any impairment charge or write-back of previously recognised impairment charges, whereas for the year ended 31 December 2013, the Group had recognised a write-back of previously recognised impairment charge of US\$56.3 million, which represents the adjustments of certain vessel values to their recoverable amounts. The recoverable amounts of the vessels were determined based on fair value (based on independent third party valuation reports which made references to comparable transaction prices of similar LPG vessels) less costs to sell.
  - (d) For the year ended 31 December 2014, interest amounting to US\$2.7 million (2013: US\$0.5 million) has been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.1% (2013: 2.0%.) per annum.
  - (e) For the year ended 31 December 2013, the Group disposed of its non-current asset held-for-sale amounting to US\$3.8 million. There was no gain or loss recognised as a result of the disposal.

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11. Disposal of subsidiaries

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

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

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

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

12. Inventories

	2014 US\$'000	2013 US\$'000
Fuel oil	<u>15,629</u>	<u>20,719</u>

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

13 Trade and other receivables

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

<sup>^</sup> Related parties refer to corporations controlled by a shareholder of the Company.

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13. Trade and other receivables (continued)

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

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

14. Derivative financial instruments

	31 December 2014		31 December 2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	700	(2,506)	-	-
Bunker swap	-	-	184	-
	<u>700</u>	<u>(2,506)</u>	<u>184</u>	<u>-</u>

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

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

The notional amounts decrease quarterly from the commencement date.

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

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

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

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15. Cash and cash equivalents

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

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

16. Share capital and other reserves

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

	Number of shares	Ordinary shares US\$'000	Treasury shares US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Other reserves			Total US\$'000
						Capital reserve & others US\$'000	Hedging reserve US\$'000	Share based payment reserve US\$'000	
At 1 January 2013	10,000	10	-	-	-	67,687	-	-	67,697
Share split <sup>(i)</sup>	990,000	-	-	-	-	-	-	-	-
Shares issued <sup>(ii)</sup>	135,276,383	1,353	-	279,254	685,913	-	-	-	966,520
Acquisition of subsidiaries	-	-	-	-	-	(109,167)	-	-	(109,167)
Value of employee services	-	-	-	-	-	-	-	-	-
Shares issue expenses	-	-	-	(10,267)	-	-	-	-	(10,267)
<b>At 31 December 2013</b>	<b>136,276,383</b>	<b>1,363</b>	<b>-</b>	<b>268,987</b>	<b>685,913</b>	<b>(41,480)</b>	<b>-</b>	<b>13</b>	<b>914,796</b>

16. Share capital and other reserves (continued)

(a) Issued and fully paid share capital

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

(b) Share premium

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

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

(c) Capital reserve

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

Capital reserve is non-distributable.

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16. Share capital and other reserves (continued)

(d) Share-based payment reserve

Certain employees are entitled to receive common shares in the Company with value which is equivalent to three months of each awardee's salary. This award is recognised as an expense in the income statement of the Group with a corresponding increase in the share-based payment reserve over the vesting period of one year. For the year ended 31 December 2014, an expense of US\$103,000 (2013: US\$13,000) was recognised in the income statement with a corresponding increase recognised in the share-based payment reserve. Upon issue of 15,072 common shares at end of vesting period, the amount recognised in the share-based payment reserve account was transferred to share premium account.

(e) Treasury shares

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

17. Borrowings

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

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

- (i) The term loan is amortised quarterly over seven years at US\$12.5 million for the first twelve quarters and US\$15.0 million for the subsequent fifteen quarters with a balloon payment of US\$125.0 million at final maturity at 25 November 2020. It bears a nominal interest rate of US\$ 3-month LIBOR plus a margin of 1.9% per annum.
- (ii) The revolving credit facility is not amortising in nature and any amount drawn can be repaid, and any amount undrawn can be drawn/re-drawn throughout the term of the facility. It bears a nominal interest rate of US\$ 3-month LIBOR or US\$ 6-month LIBOR plus a margin of 1.9% per annum on the drawn amount. Any undrawn amount attracts a commitment fee at 0.76% per annum. The facility will mature on 25 November 2020.
- (iii) The Facility is secured by a mortgage over certain vessels of the Group (see note 10(b)). Further, the Company has provided a corporate guarantee to DNB Asia Ltd for the Facility.

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17. Borrowings (continued)

Carrying amounts and fair values

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

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

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

18. Trade and other payables

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

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

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

<sup>^</sup> Related parties refer to corporations controlled by a shareholder of the Company.

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19. Finance lease liabilities

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

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

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

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

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20. Related party transactions

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

(a) Services

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

(b) Key management's remuneration

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

<sup>^</sup> Related parties refer to corporations controlled by a shareholder of the Company.

<sup>#</sup> Remuneration to key management was incurred from 21 November 2013. Prior to this date, remuneration to key management was incurred by related parties of the Group.

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21. Commitments

(a) Capital commitments

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

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

	2014	2013
Vessels under construction	<u>368,824</u>	<u>371,439</u>

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

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

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

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

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

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

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

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

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

22. Financial risk management

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

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

(a) Market risk

(i) Fuel price risk

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

(ii) Currency risk

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

(b) Credit risk

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

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

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22. Financial risk management (continued)

(c) Interest rate risk

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

The Group's borrowings are at variable rates. The Group has entered into forward-start interest rate swaps to swap floating interest rates to fixed interest rates for 49% - 94% of its loan starting from February 2015 onwards (see note 14). If the US\$ interest rates increase/decrease by 50 basis points (2013: 50 basis points) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by approximately US\$2.6 million (2013: US\$0.6 million) as a result of higher/lower interest expense on these borrowings; the total comprehensive income will be higher/lower by approximately US\$3.9 million (2013: US\$nil).

(d) Liquidity risk

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

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

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

	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000
<b>At 31 December 2013</b>				
Trade and other payables	46,358	-	-	-
Finance lease liabilities	58,636	9,890	-	-
Bank borrowings	60,547	59,333	191,150	287,691
	<b>165,541</b>	<b>69,223</b>	<b>191,150</b>	<b>287,691</b>

22. Financial risk management (continued)

(e) Capital risk

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

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

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

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

(f) Financial instruments by category

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

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

(g) Fair value measurements

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

(h) Offsetting financial assets and financial liabilities

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

23. Segment information

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

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

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

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

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23. Segment information (continued)

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

	VLGC US\$'000	LGC US\$'000	Total US\$'000
2014			
Revenue	678,498	68,864	747,362
Voyage expenses	(188,810)	(19,382)	(208,192)
TCE income	<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 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 includes:			
Additions to:			
- vessels	1,907	-	1,907
- vessels under construction	163,943	-	163,943
- dry docking	13,636	3,986	17,622
	<u>177,486</u>	<u>3,986</u>	<u>181,472</u>
Segment liabilities as at 31 December 2014	<u>556,138</u>	<u>4,225</u>	<u>560,363</u>

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23. Segment information (continued)

	VLGC US\$'000	LGC US\$'000	Total US\$'000
2013			
Revenue	382,626	66,622	449,248
Voyage expenses	(138,932)	(21,584)	(160,516)
TCE income	<u>243,694</u>	<u>45,038</u>	<u>288,732</u>
Operating EBITDA	117,864	21,874	139,738
Finance expense	(2,918)	(2,729)	(5,647)
Depreciation charge	(40,431)	(12,686)	(53,117)
Amortisation charge	(6,335)	-	(6,335)
Write-back of impairment charge on vessels	51,500	4,847	56,347
Loss on disposal of property, plant and equipment	-	(880)	(880)
	<u>119,680</u>	<u>10,426</u>	<u>130,106</u>
Unallocated items			(4,396)
Profit for the financial year			<u>125,710</u>
Segment assets as at 31 December 2013	<u>1,320,095</u>	<u>173,453</u>	<u>1,493,548</u>
Segment assets includes:			
Additions to:			
- vessels	355,668	-	355,668
- vessels under construction	65,241	-	65,241
- dry docking	13,995	8,727	22,722
	<u>434,904</u>	<u>8,727</u>	<u>443,631</u>
Segment liabilities as at 31 December 2013	<u>637,858</u>	<u>2,649</u>	<u>640,507</u>

Reportable segments' assets

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

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

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23. Segment information (continued)

Reportable segments' liabilities

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

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

24. Distributions to non-controlling interests

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

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

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25. Dividend paid

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

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

26. Subsequent events

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

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27. Listing of companies in the Group

Name of companies		Principal activities	Country of incorporation	Equity holding 2014 %	Equity holding 2013 %
<i>(i) Subsidiaries held by the Company</i>					
BW LPG Holding Limited	(a)	Investment holding	Bermuda	100	100
<i>(ii) Subsidiaries held by the BW LPG Holding Limited</i>					
BW Gas LPG Limited		Shipowning	Bermuda	100	100
BW Gas LPG Chartering Limited		Chartering	Bermuda	100	100
BW Austria Limited		Shipowning	Bermuda	100	100
BW Borg Limited		Shipowning	Bermuda	100	100
BW Lord Limited		Shipowning	Bermuda	100	100
BW Prince Limited		Shipowning	Bermuda	100	100
BW Princess Limited		Shipowning	Bermuda	100	100
LPG Transport Service Ltd.		Shipowning	Bermuda	100	100
BW Liberty Limited		Shipowning	Bermuda	100	100
BW Loyalty Limited		Shipowning	Bermuda	100	100
KS Havgas Partners	(b)	Shipowning	Norway	78	78
PR Bergesen d.y. Shipping DA	(b)	Shipowning	Norway	86	86
AS Havgas Partners	(b)	Investment holding	Norway	100	100
BW Green Transport AS	(b)	Chartering	Norway	100	100
BW Green Carriers AS	(b)	Chartering	Norway	100	100
BW LPG Partners Pte Ltd	(a)	Shipowning	Singapore	100	100
BW LPG Partners AS	(a)	Investment holding	Norway	100	100
BW LPG AS	(a)	Management	Norway	100	100
BW LPG Pte Ltd	(a)	Management	Singapore	100	100
BW Cyan Limited	(a,b)	Shipowning	Bermuda	100	100

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

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

28. New or revised accounting standards and interpretations

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

IFRS 9, 'Financial instruments'

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

IFRS 15 'Revenue from contract with customers'

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

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

BW LPG LIMITED  
PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME  
*For the financial year ended 31 December 2014*

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

<sup>^</sup> "TCE income" denotes "time charter equivalent income" which represents revenue from time charters.

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

BW LPG LIMITED  
PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET  
*As at 31 December 2014*

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

*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 2014*

	Note	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserve US\$'000	Retained earnings US\$'000	Total 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	10	-	-	-	103	-	103
Issue of new shares	10	-	116	-	(116)	-	-
Dividend paid	11	-	-	-	-	(124,026)	(124,026)
Total transactions with owners, recognised directly in equity		-	116	-	(13)	(124,026)	(123,923)
Balance at 31 December 2014		1,363	269,103	685,913	-	5,778	962,157

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

BW LPG LIMITED  
PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY (continued)  
*For the financial year ended 31 December 2014*

	Note	Share capital US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share-based payment reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2013		10	-	-	-	3,933	3,943
Profit for the financial year		-	-	-	-	1,128	1,128
Total comprehensive income for the year		-	-	-	-	1,128	1,128
Share-based payment reserve - Value of employee services	10	-	-	-	13	-	13
Issue of new shares	10	1,353	279,254	685,913	-	-	966,520
Share issue expenses	10	-	(10,267)	-	-	-	(10,267)
Total transactions with owners, recognised directly in equity		1,353	268,987	685,913	13	-	956,266
Balance at 31 December 2013		1,363	268,987	685,913	13	5,061	961,337

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

BW LPG LIMITED  
PARENT COMPANY FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS  
*For the financial year ended 31 December 2014*

	2014 US\$'000	2013 US\$'000
<b>Cash flows from operating activities</b>		
Profit for the financial year	124,743	1,128
Adjustments for:		
- depreciation charge	-	820
- write-back of impairment charge	-	(326)
- loss on disposal of property, plant and equipment	-	1,109
- share-based payment	103	13
- interest income	(6)	(48)
- dividend income	(127,570)	(2,508)
- interest expense	-	199
Operating cash flow before working capital changes	<u>(2,730)</u>	387
Changes in working capital:		
- other receivables	(9,428)	(18,088)
- trade and other payables	<u>(4,394)</u>	4,844
<b>Net cash used in operating activities</b>	<u>(16,552)</u>	<u>(12,857)</u>
<b>Cash flow from investing activities</b>		
Acquisition of a subsidiary	-	(10)
Disposal of property, plant and equipment	-	6,029
Disposal of subsidiaries	-	35,555
Dividend received	127,570	2,508
Interest received	6	48
<b>Net cash provided by investing activities</b>	<u>127,576</u>	<u>44,130</u>
<b>Cash flows from financing activities</b>		
Repayment of payables to related parties	-	(287,401)
Proceeds from issuance of ordinary shares	-	279,617
Share issue expenses	-	(10,267)
Dividend paid	(124,026)	-
<b>Net cash used in financing activities</b>	<u>(124,026)</u>	<u>(18,051)</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<u>(13,002)</u>	13,222
Cash and cash equivalents at beginning of the financial year	13,222	-
<b>Cash and cash equivalents at end of the financial year</b>	<u>220</u>	<u>13,222</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") was listed on the Oslo Stock Exchange on 21 November 2013 and is incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

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

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

2. Significant accounting policies

(a) Basis of preparation

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

*New standards, amendments to published standards and interpretations*

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

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

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

*Amendments to IAS 39 Financial instruments: Recognition and measurement*

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

*IFRIC 21 Levies*

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

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

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

*Critical accounting estimates, assumptions and judgements*

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

(b) Revenue and income recognition

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

(1) *Dividend income*

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

(2) *Interest income*

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

(3) *Revenue from time charter*

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

(c) Property, plant and equipment

(1) *Measurement*

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

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

(iii) Additions in amounts less than US\$10,000 are expensed to the income statement.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(2) *Depreciation*

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

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

(3) *Subsequent expenditure*

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

(4) *Disposal*

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

(d) Interest in a subsidiary

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

2. Significant accounting policies (continued)

(e) Impairment of non-financial assets

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

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

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

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

(f) Loans and receivables

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

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

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

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

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

2. Significant accounting policies (continued)

(g) Trade and other payables

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

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

(h) Fair value estimation of financial assets and liabilities

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

(i) Provisions for other liabilities and charges

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

(j) Foreign currency translation

(1) *Functional currency*

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

(2) *Transactions and balances*

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

2. Significant accounting policies (continued)

(k) Cash and cash equivalents

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

(l) Share capital

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

(m) Dividends to Company's shareholders

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

BW LPG LIMITED  
PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS  
*For the financial year ended 31 December 2014*

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

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

5. Income tax

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

6. Property, plant and equipment

	<u>Vessels</u>	<u>Dry docking</u>	<u>Total</u>
	US\$'000	US\$'000	US\$'000
<i>Cost</i>			
At 1 January 2013	8,730	2,221	10,951
Disposals	(8,730)	(2,221)	(10,951)
At 31 December 2013	-	-	-
<i>Accumulated depreciation and impairment charge</i>			
At 1 January 2013	2,134	1,185	3,319
Depreciation charge	163	657	820
Write-back of impairment charge	(326)	-	(326)
Disposals	(1,971)	(1,842)	(3,813)
At 31 December 2013	-	-	-
<i>Net book value</i>			
At 31 December 2013	-	-	-

NOTES TO THE FINANCIAL STATEMENTS  
*For the financial year ended 31 December 2014*

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6. Property, plant and equipment (continued)

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

7. Interest in a subsidiary

	2014 US\$'000	2013 US\$'000
<i>Equity investments at cost</i>		
At beginning of financial year	10	35,555
Additions	685,900	10
Disposal	-	(35,555)
At end of financial year	<u>685,910</u>	<u>10</u>
Receivables from a subsidiary	<u>276,201</u>	<u>934,582</u>
	<u>962,111</u>	<u>934,592</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 is a long-term source of capital and financing to the subsidiary. Accordingly, they are deemed to represent an addition to the Company's net investment in the subsidiary.

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

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

BW LPG LIMITED  
PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS  
*For the financial year ended 31 December 2014*

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8. Other receivables	2014 US\$'000	2013 US\$'000
Other receivables – related parties <sup>^</sup>	55	18,029
Other receivables – non-related parties	165	429
	<hr/>	<hr/>
	220	18,458
Prepayments	184	37
	<hr/>	<hr/>
	404	18,495

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

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

<sup>^</sup> Related parties refer to corporations controlled by a shareholder of the Company.

9. Cash and cash equivalents

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

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

BW LPG LIMITED  
PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS  
*For the financial year ended 31 December 2014*

10. Share capital and other reserves

	Number of shares	Ordinary shares US\$'000	Share premium US\$'000	Contributed surplus US\$'000	Share- based payment reserve US\$'000	Total US\$'000
At 1 January 2014	136,276,383	1,363	268,987	685,913	13	956,276
Shares issued <sup>(iii)</sup>	15,072	-	116	-	(116)	-
Value of employee services	-	-	-	-	103	103
Shares issue expenses	-	-	-	-	-	-
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>

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

10. Share capital and other reserves (Continued)

(a) Issued and fully paid share capital

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

(b) Share premium

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

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

(c) Share-based payment reserve

Certain employees are entitled to receive shares with value which is equivalent to three months of each awardee's salary. This award is recognised as an expense in the income statement of the Company with a corresponding increase in the share-based payment reserve over the vesting period of one year. For the year ended 31 December 2014, an expense of US\$103,000 (2013: US\$13,000) was recognised in the income statement with a corresponding increase recognised in the share-based payment reserve. Upon issue of 15,072 common shares at end of vesting period, the amount recognised in the share-based payment reserve account was transferred to share premium account.

BW LPG LIMITED  
PARENT COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS  
*For the financial year ended 31 December 2014*

11. Dividend paid

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

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

12. Trade and other payables

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

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

13. Related party transactions

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

(a) Services

	2014 US\$'000	2013 US\$'000
Interest expenses paid to a related party <sup>^</sup>	-	165
Support service fees charged by a shareholder	-	93
Support service fees charged by related parties <sup>^</sup>	-	382
Support service fees charged by subsidiaries	1,213	-
Ship management fees charged by related parties <sup>^</sup>	-	515
Sales proceeds from disposal of vessels to related parties <sup>^</sup>	-	6,029
	<u>1,213</u>	<u>6,999</u>
	As at December	As at December
	2014	2013
Receivable from a subsidiary	276,201	934,582
Other receivables from related parties <sup>^</sup>	<u>55</u>	<u>18,029</u>

<sup>^</sup> Related parties refer to corporations controlled by a shareholder of the Company.

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13. Related party transactions (continued)

(b) Key management's remuneration

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

14. Financial risk management

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

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

(a) Market risk – Currency risk

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

(b) Credit risk

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

(c) Liquidity risk

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

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14. Financial risk management (continued)

(c) Liquidity risk (continued)

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

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

(d) Capital risk

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

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

(e) Financial instruments by category

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

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

15. Subsequent event

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

16. New or revised accounting standards and interpretations

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

IFRS 9, 'Financial instruments'

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