

BW LPG Limited
Condensed Consolidated Interim Financial Information
Fourth quarter 2013



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HIGHLIGHTS - FOURTH QUARTER 2013

- Time Charter Equivalent (TCE) earnings were USD 101.8 million in Q4 2013, compared with USD 53.0 million in Q4 2012.
- VLGC TCE rates averaged USD 35,600/ day in Q4 2013, compared with USD 20,800 / day in Q4 2012.
- EBITDA of USD 45.8 million in Q4 2013 was better than EBITDA of USD 19.6 million in Q4 2012 with the improvement in TCE earnings.
- Net profit of USD 35.9 million for Q4 2013 as compared to a net loss of USD 35.2 million recorded for Q4 2012, mainly due to strong TCE earnings in Q4 2013, in what is normally the lean period in the market.
- Improved vessel valuations have led to a write-back of impairment charge on the vessels of USD 9.0 million in Q4 2013 whereas an impairment charge of USD 38.4 million was booked in Q4 2012.
- During Q4 2013, BW LPG witnessed a significant shift in trading patterns, with increasing cargoes loaded in the US on quarter by quarter basis.
- On 21 November 2013, BW LPG completed its Initial Public Offering on the Oslo Børs, raising NOK 1,705 million (approximately USD 280 million at exchange rate USD-NOK 6.09) through the issuance of 36.3 million new shares.
- On 24 December 2013, BW LPG advanced the last two deliveries of the newbuild VLGCs ordered at Hyundai Heavy Industries, Korea, at a cost of USD1.1 million each. These VLGCs will now be delivered in August and October 2015, instead of May and August 2016.
- A final dividend of US 15 cents per share, amounting to USD 20.4 million will be recommended at the forthcoming annual general meeting. This financial information does 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 2014.

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SELECTED KEY FINANCIAL INFORMATION

All figures in US\$ millions	Quarter ended 31-Dec-2013	Quarter ended 31-Dec-2012	Year-to-date 31-Dec-2013	Year-to-date 31-Dec-2012
<i>Income Statement</i>				
Operating revenue	153.7	90.0	449.3	377.9
TCE income	101.8	53.0	288.7	223.9
EBITDA	45.8	19.6	136.2	96.4
Net profit/(loss)	35.9	(35.2)	125.7	(20.1)
	As at	As at		
	31-Dec-2013	31-Dec-2012		
<i>Balance Sheet</i>				
Cash & cash equivalents	110.9	22.2		
Total assets	1,631.4	1,119.6		
Total liabilities	656.7	1,115.2		
Basic & diluted EPS (USD per share)	0.26	(35)	0.92	(21)

PERFORMANCE REVIEW: 4th QUARTER 2013

Operating revenues were USD 153.7 million in Q4 2013, compared with USD 90.0 million in Q4 2012. TCE income increased to USD 101.8 million from USD 53.0 million. An increase in TCE income of USD 53.5 million in the VLGC segment, driven by a combination of improving rates and additional voyage days due to increased fleet size was partially offset by a decrease of USD 4.7 million in the LGC segment during the period, resulting from lower utilization, technical offhire and commercial waiting time.

Charter hire expenses have increased to USD 22.7 million in Q4 2013 from USD 12.5 million in Q4 2012. In Q4 2013, operating expenses increased to USD 32.3 million from USD 21.1 million. Both charter hire and operating expenses have risen on account of the increased size of the fleet operated by the Group. Operating expenses also include one-off expenses of USD 5.1 million relating to the take over of newly acquired fleet.

Operating profit before depreciation, amortization and impairment of USD 45.8 million for the quarter was an increase from USD 19.6 million for Q4 2012, resulting from the improvement in TCE income offset by one-off operating costs related to vessel acquisitions completed during Q4 2013.

Net finance expense increased to USD 2.1 million in Q4 2013 from USD 0.98 million in Q4 2012, primarily due to increased borrowings to support fleet growth.

There was a write-back of impairment charge on the vessels of USD 9.0 million in Q4 2013 (Q4 2012: impairment of USD 38.4 million) due to improving fleet valuations, which continue to reflect the improving market environment for VLGCs in particular.

Consequently, the Group reported a net profit of USD 35.9 million in Q4 2013, as compared to a net loss of USD 35.2 million in Q4 2012.

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PERFORMANCE REVIEW: YEAR-TO-DATE DECEMBER 2013

December 2013 YTD operating revenues were USD 449.2 million, compared to December 2012 YTD operating revenues of USD 377.9 million. TCE income increased to USD 288.7 million from USD 223.9 million year on year, driven by improvements in both VLGC and LGC segments.

Charter-hire expenses have increased to USD 60.8 million from USD 53.3 million in line with increases in fleet charter-in (11 as on 31 December 2013 and 8 as on 31 December 2012). Operating expenses have increased to USD 91.1 million from USD 74.8 million in line with the increase in owned fleet over the period.

Operating profit before depreciation, amortisation and impairment of USD 136.2 million as at 31 December 2013 improved against USD 96.4 million in the comparative period in 2012, driven by the improvements in TCE income offset by one-off operating costs related to vessel acquisitions and a larger fleet size.

Net finance expense increased to USD 5.5 million year to date 2013 from USD 3.4 million in 2012, reflecting financing costs on increased borrowings to support fleet growth.

Vessel values improved due to write-backs against prior vessel impairments of USD 56.3 million (YTD Q4 2012: impairment charge of USD 55.6 million) due to improving fleet valuations, reflective of the positive overall performance of LPG market.

Consequently, the Group reported a net profit of USD 125.7 million for the year ended 31 December 2013, as against a net loss of USD 20.1 million for the year ended 31 December 2012.

BALANCE SHEET

As of 31 December 2013, total assets amounted to USD 1,631.4 million (USD 1,119.6 million as of 31 December 2012) of which USD 1,355.0 million represented the capitalised value of the Group's vessels (including dry docking) and vessels under construction as follows:

- VLGC vessels (including dry docking) – USD 1,123.5 million
- VLGC vessels under construction – USD 65.2 million
- LGC vessels (including dry docking) – USD 166.3 million

Cash and cash equivalents amounted to USD 110.9 million as of 31 December 2013 (USD 22.2 million as of 31 December 2012).

Vessel acquisitions during the year ended 31 December 2013 include the BW Empress, BW Birch, BW Oak, BW Maple, BW Cedar and BW Pine.

Vessel disposals for the year ended 31 December 2013 include the VLGC BW Danuta, the LGC BW Havlys and the MGC BW Hermes.

As of 31 December 2013, the Group had outstanding contracts with Hyundai Heavy Industries Co., Ltd. ("HHI") for the construction of six new VLGCs, and had paid USD 64.8 million in installments on these newbuilds.

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DEVELOPMENTS SUBSEQUENT TO QUARTER END

In connection with the advancement of the 2 newbuild VLGCs with HHI from 2016 into 2015, the Group has obtained options for construction of 2 more newbuild VLGCs, to be delivered in 2016. These options are declarable by 28 February 2014.

MARKET OUTLOOK

Since 31 December 2013, LPG export markets have continued to develop favorably, driven particularly by rapidly expanding exports from the US. The solid growth in LPG export tonne-miles seems set to continue, with visibility of additional export terminal capacity set to come online in the US and commissioning of new petrochemical plants in Asia.

In late November it was announced that sanctions on Iranian exports of certain petrochemical products (including possibly LPG) will be temporarily lifted, which we estimate could see an incremental 3 million tonnes per annum become available for international consumption. This will be subject to the successful conclusion of ongoing negotiations between the US, EU and Iran and is unlikely to manifest until at least the end of 2014.

Following the successful completion of the acquisitions of five owned VLGCs and five charter-in VLGCs from Maersk, the Group is well-positioned to benefit from the resultant increase in requirement for sea-borne transportation of LPG from the US. This will be enhanced by the BW LPG newbuilding program, with six new vessels being delivered from October 2014 through to October 2015. Newbuilding orders continue to grow, and the market will see significant deliveries of new tonnage, in particular in 2015 and 2016. While the growth in demand for tonnage is visible in 2014 and 2015, it is more difficult to project the impact of incremental deliveries on supply / demand balance for tonnage beyond 2015, as the outlook for global export volumes is less clear.



Report on review of condensed consolidated interim financial information to the shareholders of BW LPG Limited and its subsidiaries

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of BW LPG Limited (the "Company") and its subsidiaries (the "Group") as of 31 December 2013 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period from 1 October 2013 to 31 December 2013 that are set out on page 7 to 27. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 11 February 2014

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in US\$ thousands)	Note	(Reviewed) 3 months ended 31 Dec 2013	3 months ended 31 Dec 2012	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Revenue		153,705	90,024	449,248	377,859
Voyage expenses		<u>(51,931)</u>	<u>(37,064)</u>	<u>(160,516)</u>	<u>(153,941)</u>
TCE income #		101,774	52,960	288,732	223,918
Other operating income		514	224	886	602
Charter hire expense		(22,710)	(12,489)	(60,835)	(53,348)
Other operating expenses		<u>(33,815)</u>	<u>(21,100)</u>	<u>(92,600)</u>	<u>(74,766)</u>
Operating profit before depreciation, amortisation and impairment		45,763	19,595	136,183	96,406
Loss on disposal of property, plant and equipment		-	-	(880)	-
Loss on disposal of subsidiaries	6	-	-	(1,025)	-
		<u>45,763</u>	<u>19,595</u>	<u>134,278</u>	<u>96,406</u>
Amortisation charge	4	(1,227)	(1,774)	(6,335)	(7,095)
Depreciation charge	5	(15,504)	(13,649)	(53,117)	(50,395)
Write-back of impairment charge/(impairment charge) – net	5	9,000	(38,430)	56,347	(55,630)
Operating profit/(loss)		38,032	(34,258)	131,173	(16,714)
Foreign currency exchange (loss)/gain - net		(15)	1	(59)	(21)
Interest income		49	4	52	8
Interest expense		(2,197)	(978)	(5,480)	(3,467)
Derivative gain		184	-	184	-
Other finance (expense)/income		(151)	(6)	(160)	45
Finance expense – net		<u>(2,130)</u>	<u>(979)</u>	<u>(5,463)</u>	<u>(3,435)</u>
Profit/(loss) for the financial period/year		35,902	(35,237)	125,710	(20,149)
Other comprehensive income for the financial period/year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net profit/(loss) and total comprehensive income/(loss) for the financial period/year		35,902	(35,237)	125,710	(20,149)

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

(Unaudited figures in US\$ thousands)	Note	(Reviewed) 3 months ended 31 Dec 2013	3 months ended 31 Dec 2012	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Profit/(loss) attributable to:					
Equity holders of the Company		35,879	(35,544)	124,739	(21,446)
Non-controlling interests		23	307	971	1,297
		<u>35,902</u>	<u>(35,237)</u>	<u>125,710</u>	<u>(20,149)</u>
Earnings/(loss) per share attributable to the equity holders of the Company (expressed in US\$ per share)					
Basic and diluted earnings/(loss) per share		<u>0.26</u>	(35)	<u>0.92</u>	(21)

"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.

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CONSOLIDATED INTERIM BALANCE SHEET

(Unaudited figures in US\$ thousands)	Note	(Reviewed) 31 December 2013 US\$'000	31 December 2012 US\$'000
Charter-hire contracts acquired	4	22,291	42,429
Intangible asset		22,291	42,429
Vessels	5	1,261,290	944,493
Vessels under construction	5	65,241	-
Dry docking	5	28,436	17,892
Others	5	316	-
Total property, plant and equipment		1,355,283	962,385
Total non-current assets		1,377,574	1,004,814
Inventories		20,719	19,432
Trade and other receivables		122,029	73,154
Derivative asset		184	-
Cash and cash equivalents		110,907	22,221
Total current assets		253,839	114,807
Total assets		1,631,413	1,119,621
Share capital	7	1,363	10
Share premium		268,987	-
Contributed surplus		685,913	-
Other reserves		(41,467)	67,687
Retained earnings/(accumulated losses)		50,203	(72,382)
Non-controlling interest		964,999	(4,685)
		9,730	9,105
Total shareholder's equity		974,729	4,420
Borrowings	8	503,362	64,751
Deferred income		1,241	1,737
Total non-current liabilities		504,603	66,488
Borrowings	8	105,227	136,039
Deferred income		496	496
Current income tax liabilities		-	108
Trade and other payables		46,358	912,070
Total current liabilities		152,081	1,048,713
Total liabilities		656,684	1,115,201
Total equity and liabilities		1,631,413	1,119,621

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in US\$ thousands)

	<u>Attributable to equity holders of the Company</u>							Total	Non-controlling interests	Total Equity
	Share capital	Share premium	Contributed surplus	Capital reserves	Share-based payment reserve	Retained earnings/ (accumulated Losses)				
Balance at 1 January 2013	10	-	-	67,687	-	(72,382)	(4,685)	9,105	4,420	
Profit for the financial year	-	-	-	-	-	124,739	124,739	971	125,710	
Distributions to partnerships	3	-	-	-	-	(2,154)	(2,154)	(346)	(2,500)	
Capital reserve - Acquisition of subsidiaries	-	-	-	(109,167)	-	-	(109,167)	-	(109,167)	
Share-based payment reserve - Value of employee services	-	-	-	-	13	-	13	-	13	
Issue of new shares	1,353	279,254	685,913	-	-	-	966,520	-	966,520	
Share issue expenses	-	(10,267)	-	-	-	-	(10,267)	-	(10,267)	
Balance at 31 December 2013	1,363	268,987	685,913	(41,480)	13	50,203	964,999	9,730	974,729	

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(Unaudited figures in US\$ thousands)

	<u>Attributable to equity holders of the Company</u>									
	Share capital	Share premium	Contributed surplus	Capital Reserves	Share-based Payment reserve	Accumulated Losses	Total	Non-controlling interests	Total Equity	
Balance at 1 January 2012	10	-	-	67,687	-	(45,515)	22,182	8,784	30,966	
(Loss)/profit for the financial year	-	-	-	-	-	(21,446)	(21,446)	1,297	(20,149)	
Distributions to partnerships	3	-	-	-	-	(5,421)	(5,421)	(976)	(6,397)	
Balance at 31 December 2012	10	-	-	67,687	-	(72,382)	(4,685)	9,105	4,420	

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CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(Unaudited figures in US\$ thousands)	(Reviewed) 3 months ended 31 Dec 2013	3 months ended 31 Dec 2012
Cash flows from operating activities		
Profit/(loss) for the financial period	35,902	(35,237)
Adjustments for:		
- amortisation charge	1,227	1,774
- amortisation of deferred income	(124)	(124)
- depreciation charge	15,504	13,649
- (write back of impairment charge)/impairment charge - net	(9,000)	38,430
- foreign exchange currency loss on long-term tax liability	-	1
- Derivative gain	(184)	-
- interest income	(50)	(4)
- interest expense	2,196	978
- other finance expense	151	6
Operating cash flow before working capital changes	<u>45,622</u>	<u>19,473</u>
Changes in working capital:		
- inventories	(6,008)	(3,702)
- trade and other receivables	(27,875)	1,270
- trade and other payables	85,735	(18,568)
Cash generated from operations	<u>97,474</u>	<u>(1,527)</u>
Taxes paid	-	-
Net cash provided by operating activities	<u>97,474</u>	<u>(1,527)</u>
Cash flow from investing activities		
Purchases of property, plant and equipment	(294,113)	(59,256)
Disposal of property, plant and equipment	3,780	-
Interest received	50	4
Net cash used in investing activities	<u>(290,283)</u>	<u>(59,252)</u>
Cash flows from financing activities		
Funding from related party for purchase of property, plant and equipment	271,611	58,635
Repayment to related party	(816,371)	-
Proceeds from borrowings (net of financing fees)	692,651	-
Funding provided to fellow subsidiary	-	(6,482)
Repayment received from fellow subsidiary	26,776	-
Repayments of borrowings	(150,000)	-
Repayment of finance lease	(732)	(687)
Distributions to partnerships	-	(5,421)
Interest paid	(533)	(404)
Other finance expense paid	(151)	(6)
Proceeds from issuance of ordinary shares	279,617	-
Share issue expenses	(10,267)	-
Payment to non-controlling interests	-	(976)
Net cash provided by financing activities	<u>292,601</u>	<u>44,659</u>
Net increase/(decrease) in cash and cash equivalents	99,792	(16,120)
Cash and cash equivalents at beginning of the financial period	<u>11,115</u>	<u>38,341</u>
Cash and cash equivalents at end of the financial period	<u>110,907</u>	<u>22,221</u>

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CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS (CONTINUED)

(Unaudited figures in US\$ thousands)	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Cash flows from operating activities		
Profit/(loss) for the financial period	125,710	(20,149)
Adjustments for:		
- amortisation charge	6,335	7,095
- amortisation of deferred income	(496)	(496)
- depreciation charge	53,117	50,395
- (write back of impairment charge)/impairment charge - net	(56,347)	55,630
- loss on disposal of property, plant and equipment	880	-
- loss on disposal of subsidiaries	1,025	-
- foreign exchange currency loss on long-term tax liability	-	8
- Derivative gain	(184)	-
- interest income	(52)	(8)
- interest expense	5,480	3,467
- other finance expense/(income)	160	(45)
Operating cash flow before working capital changes	<u>135,628</u>	<u>95,897</u>
Changes in working capital:		
- inventories	(2,024)	(5,801)
- trade and other receivables	(64,838)	(19,550)
- trade and other payables	53,446	(26,915)
Cash generated from operations	<u>122,212</u>	<u>43,631</u>
Taxes paid	(108)	(101)
Net cash provided by operating activities	<u>122,104</u>	<u>43,530</u>
Cash flow from investing activities		
Purchases of property, plant and equipment	(429,698)	(200,659)
Disposal of property, plant and equipment	6,029	-
Disposal of subsidiaries, net of cash disposed	(772)	-
Interest received	52	8
Net cash used in investing activities	<u>(424,389)</u>	<u>(200,651)</u>
Cash flows from financing activities		
Funding from related party for purchase of property, plant and equipment	393,571	67,385
Repayment to related party	(816,371)	-
Proceeds from borrowings (net of financing fees)	692,651	126,500
Funding provided to fellow subsidiary	(12,910)	(13,863)
Repayment received from fellow subsidiary	26,776	-
Repayments of borrowings	(150,000)	-
Repayment of finance lease	(7,822)	(7,361)
Distributions to partnerships	(2,154)	(5,421)
Interest paid	(1,614)	(1,750)
Other finance (expense paid)/income received	(160)	45
Proceeds from issuance of ordinary shares	279,617	-
Share issue expenses	(10,267)	-
Payment to non-controlling interests	(346)	(976)
Net cash provided by financing activities	<u>390,971</u>	<u>164,559</u>
Net increase in cash and cash equivalents	<u>88,686</u>	<u>7,438</u>
Cash and cash equivalents at beginning of the financial year	<u>22,221</u>	<u>14,783</u>
Cash and cash equivalents at end of the financial year	<u>110,907</u>	<u>22,221</u>

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

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

1. General information

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

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

This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 11 February 2014.

This condensed consolidated interim financial information has been reviewed, but not audited. See Page 6 for the auditor's review report.

2. Significant accounting policies

(a) Basis of preparation

(1) The condensed consolidated interim financial information for the three-month period from 1 October 2013 to 31 December 2013 has been prepared pursuant to the Restructuring as described in the annual financial statements of the Group for the year ended 31 December 2012.

(2) This condensed consolidated interim financial information for the three-month period from 1 October 2013 to 31 December 2013 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Critical accounting estimates and assumptions

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012 except for the estimation of demurrage income. The Group revised its estimation of realisable demurrage income in the fourth quarter of 2013 to better align with industry practice. As a result of the change, profit for the financial period/year ended 31 December 2013 was increased by USD 9.4 million. This will not recur in subsequent periods.

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3. Distributions to partnerships

(Unaudited figures in US\$ thousands)	31 December 2013		31 December 2012	
	Equity holders	Non- controlling interests	Equity holders	Non- controlling interests
Distributions to partnerships				
- KS Havgas Partners	-	-	1,250	450
- PR Bergesen d.y. Shipping DA	2,154	346	3,274	526
- AS Havgas Partners	-	-	897	-
	<u>2,154</u>	<u>346</u>	<u>5,421</u>	<u>976</u>

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

4. Intangible assets

(Unaudited figures in US\$ thousands)	31 December 2013	31 December 2012
<i>Charter-hire contracts acquired</i>		
At 1 January	42,429	49,524
Exercise of purchase option (Note 5)	(13,803)	-
Amortisation charge	(6,335)	(7,095)
At 31 December	<u>22,291</u>	<u>42,429</u>

In 2013, the Group exercised an option to purchase a vessel which had previously been chartered-in by the Group, at the end of the charter-in period. The Group had acquired the charter-hire contract and purchase option in the prior year. The purchase option is transferred as part of the acquisition cost of the vessel (Note 5).

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5. **Property, plant and equipment**

(Unaudited figures in US\$ thousands)

	<u>Vessels</u>	<u>Dry docking</u>	<u>Vessels under construction</u>	<u>Others</u>	<u>Total</u>
<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 4)	13,803	-	-	-	13,803
Disposal	(8,730)	(2,220)	-	-	(10,950)
Disposal of subsidiary (Note 6)	(52,216)	(2,317)	-	-	(54,533)
Write-off on completion of drydocking	-	(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	(2,199)	(1,842)	-	-	(4,041)
Disposal of subsidiary (Note 6)	(6,173)	(990)	-	-	(7,163)
Write-off on completion of drydocking	-	(8,198)	-	-	(8,198)
At 31 December 2013	<u>187,792</u>	<u>12,824</u>	<u>-</u>	<u>-</u>	<u>200,616</u>
Net book value					
At 31 December 2013	<u>1,261,290</u>	<u>28,436</u>	<u>65,241</u>	<u>316</u>	<u>1,355,283</u>
<i>Cost</i>					
At 1 January 2012	966,359	20,700	-	-	987,059
Additions	188,001	12,658	-	-	200,659
Write-off on completion of drydocking	-	(2,085)	-	-	(2,085)
At 31 December 2012	<u>1,154,360</u>	<u>31,273</u>	<u>-</u>	<u>-</u>	<u>1,185,633</u>
<i>Accumulated depreciation and impairment charge</i>					
At 1 January 2012	114,742	4,566	-	-	119,308
Depreciation charge	39,495	10,900	-	-	50,395
Impairment charge	58,030	-	-	-	58,030
Write-back of impairment charge	(2,400)	-	-	-	(2,400)
Write-off on completion of drydocking	-	(2,085)	-	-	(2,085)
At 31 December 2012	<u>209,867</u>	<u>13,381</u>	<u>-</u>	<u>-</u>	<u>223,248</u>
Net book value					
At 31 December 2012	<u>944,493</u>	<u>17,892</u>	<u>-</u>	<u>-</u>	<u>962,385</u>

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5. Property, plant and equipment (continued)

- (a) The Group has mortgaged vessels with an aggregate carrying amount of USD 1,132.1 million at 31 December 2013 (2012: USD nil) as security for bank borrowings amounting to USD 543.8 million (2012: USD nil).
- (b) In 2012, the Group mortgaged vessels with an aggregate carrying amount of USD 712.0 million as security for bank borrowings of the Group's previous ultimate holding corporation amounting to USD 1,243.0 million.
- (c) For the year ended 31 December 2013, the Group recognised a net write-back of impairment charge of USD 56.3 million (31 December 2012: recognised a net impairment charge of USD 55.6 million), which represents the adjustment on certain vessel values to their recoverable amounts. For the three-month period ended 31 December 2013, the Group recognised a net write-back of impairment charge of USD 9.0 million (31 December 2012: recognised a net impairment charge of USD 38.4 million). The recoverable amounts of the vessels were mainly determined based on fair value (based on independent third party valuation reports which made reference to comparable transaction prices of similar LPG vessels) less costs to sell.
- (d) For the year ended 31 December 2013, interest amounting to USD 0.5 million (31 December 2012: USD nil) has been capitalised in vessels under construction. The interest rate used to determine the amount of borrowing costs eligible for capitalisation was 2.0% (2012: nil) per annum.
- (e) In the fourth quarter of 2013, the Group disposed of its non-current asset held-for-sale amounting to USD 3.8 million. There was no gain or loss recognised as a result of the disposal.

6. 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 USD 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:

(Unaudited figures in US\$ thousands)	<u>The Group</u>
<u>Share of carrying amounts of assets and liabilities disposed</u>	
Cash and cash equivalents	792
Inventories	737
Trade and other receivables	2,097
Property, plant and equipment (note 5)	47,370
Total assets	<u>50,996</u>
Trade and other payables	49,951
Total liabilities	<u>49,951</u>
Net assets disposed	1,045
Loss on disposal	(1,025)
Cash proceeds from disposal	20
Less: Cash and cash equivalents disposed	(792)
Net cash outflow on disposal	<u>(772)</u>

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7. Share Capital

The Company's share capital comprises 136,276,383 (2012: 10,000) fully paid ordinary shares with a par value of USD 0.01 (2012: USD 1.00) per share, amounting to a total of USD 1,362,764 (2012: USD 10,000).

On 28 October 2013, the Company split every one ordinary share of USD 1 each into 100 ordinary shares of USD 0.01 each.

On 28 October 2013, the Company transferred the net amount due to related parties of the Company to BW Gas Limited amounting to USD 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 USD 0.01 each as settlement for USD 1.0 million of amount due to BW Gas Limited. The remainder of the Intercompany Balance of USD 685.9 million would be accounted for as a capital contribution presented within capital reserve.

On 21 November 2013, the Company issued 36,276,383 ordinary shares at NOK47 per share, raising USD 280 million (calculated at exchange rate USDNOK 6.09) in connection with its initial public offering ("IPO") on the Oslo Stock Exchange ("Oslo Børs").

The earnings per share calculations for the financial periods as presented in this financial information has been adjusted to reflect the effect of the changes in share capital above.

A portion of the cost of the IPO amounting to USD 10.3 million has been net off against the share premium account as it relates to the issuance of new ordinary shares.

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8. **Borrowings**

(Unaudited figures in US\$ thousands)	31 December 2013	31 December 2012
Non-current	503,362	64,751
Current	105,227	136,039
	<u>608,589</u>	<u>200,790</u>

Movement in borrowings are analysed as follows:

(Unaudited figures in US\$ thousands)

Twelve-month period ended 31 December 2013

Opening amount as at 1 January 2013	200,790
Proceeds from borrowings (net of financing fees)	692,651
Effective interest charged	3,866
Repayment of borrowings	(288,718)
Closing amount as at 31 December 2013	<u>608,589</u>

Twelve-month period ended 31 December 2012

Opening amount as at 1 January 2012	79,933
Proceeds from borrowings	126,500
Effective interest charged	1,718
Repayment of borrowings	(7,361)
Closing amount as at 31 December 2012	<u>200,790</u>

Bank borrowings of the Group as at 31 December 2013 amounting to USD 543.8 million (2012: USD nil) are secured by mortgages over the Group's vessels (Note 5).

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

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

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9. **Related party transactions**

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

(a) Sale and purchase of services

(Unaudited figures in US\$ thousands)	3 months ended 31 Dec 2013	3 months ended 31 Dec 2012	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Interest expenses paid to related parties	476	574	2,679	1,717
Support service fees charged by a shareholder	176	327	1,137	920
Support service fees charged by related parties	127	229	398	584
Commercial fees charged by related parties	1,870	1,135	5,597	4,771
Ship management fees charged by related parties	2,573	2,644	10,276	9,176
Derivative gain for financial instrument entered into with a shareholder	184	-	184	-

(Unaudited figures in US\$ thousands)	As of 31 December 2013	As of 31 December 2012
Borrowings payable to immediate holding corporation	-	(128,217)
Other payables		
- Immediate holding corporation	-	(669,591)
- Fellow subsidiaries	-	(200,062)
- Related parties*	(5,858)	-
Other receivables		
- Fellow subsidiaries	-	13,866
- Related party*	16,657	-

* Related parties refer to corporations controlled by one of the Group's shareholders.

(b) Key management's remuneration

(Unaudited figures in US\$ thousands)	As of 31 December 2013	As of 31 December 2012
Salaries and other short term employee benefits	1,187	-
Post-employment benefits – contributions to Central Provident Fund	34	-
Directors' fees	38	-
	<u>1,259</u>	-

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10. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the condensed interim financial information are as follows:

(Unaudited figures in US\$ thousands)	31 December 2013	31 December 2012
Purchase of vessels	-	33,030
Vessels under construction	<u>371,439</u>	-
	<u>371,439</u>	<u>33,030</u>

The Group has entered into shipbuilding contracts for the construction of six very large LPG carriers for USD 436.2 million. The construction is to be paid in five instalments up to the scheduled delivery dates ranging from 31 October 2014 to 30 October 2015. As at 31 December 2013, the Group had paid USD 64.8 million and these are capitalised and included in "vessels under construction" cost.

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

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

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

(Unaudited figures in US\$ thousands)	31 December 2013	31 December 2012
Not later than one year	44,727	62,722
Later than one year but not later than five years	<u>12,567</u>	46,994
	<u>57,294</u>	<u>109,716</u>

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10. **Commitments** (continued)

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

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

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

(Unaudited figures in US\$ thousands)	31 December 2013	31 December 2012
Not later than one year	77,608	42,821
Later than one year and not later than five years	214,355	118,439
Later than five years	200,927	55,036
	492,890	216,296

11. **Financial risk management**

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

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

(a) Market risk

(i) Fuel price risk

The Group is exposed to the risk of variations in fuel oil costs, which are affected by the global political and economic environment. This risk is managed by pricing the contracts with fuel oil adjustment clauses where possible in contracts of affreightments. In fixed price contracts of affreightments, the Group managed the risk by entering into forward fuel contracts, backed by an international recognised financial institution. For short term voyage contracts, the Group takes the current fuel costs into account when assessing contract pricing and therefore does not deem it necessary to take additional specific coverage.

(ii) Currency risk

The Group's business operations are not exposed to significant foreign exchange risk as it has no significant regular transactions denominated in foreign currencies. The Group's IPO during the year was denominated in Norwegian Kroner (NOK) and the risk of currency fluctuation was managed by converting the NOK into USD at close to the exchange rates used for the IPO allocation. All the IPO proceeds raised have been converted to reporting currency (USD) or used to meet NOK-denominated expenses.

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11. **Financial risk management** (continued)

(b) Credit risk

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

The Group's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents. Both balances as at the balance sheet date are neither past due nor impaired. The maximum exposure is represented by the carrying value of each financial asset on the combined balance sheet.

(c) Interest rate risk

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

The Group's borrowings are at variable rates. If the USD interest rates increase/decrease by 50 basis points (2012: 50 basis points) with all other variables including tax rate being held constant, the profit after tax will be lower/ higher by approximately USD 0.6 million (2012: USD 0.8 million) as a result of higher/lower interest expense on these borrowings.

(d) Liquidity risk

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

(e) Financial instruments by category

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

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

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12. Segment information

Operating segments are determined based on the reports submitted to the Chief Operating Decision Makers (CODM) for strategic decision-making support. The CODM comprises the Chief Executive Officer and Chief Financial Officer of the Group. Management considers the LPG business to be organised into two main business segments:

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

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

Management assesses the performance of the operating segments based on operating profit before depreciation, impairment, amortisation, disposals of property, plant and equipment and disposal of subsidiaries ("Operating EBITDA"). This measurement basis excludes the effects of loss on disposal of property, plant and equipment, impairment charges and 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 aggregate investment portfolio rather than by segments. Unallocated items include general expenses that are not attributable to any segments.

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12. **Segment information** (continued)

The reconciliation of the reports reviewed by the CODM based on Operating EBITDA to the basis as disclosed in this condensed consolidated interim financial information is as follows:

Three-months ended 31 December 2013 (Unaudited figures in US\$ thousands)	VLGC	LGC	Total
Revenue	141,227	12,478	153,705
Operating EBITDA	48,708	345	49,053
Finance expense	(1,798)	(516)	(2,314)
Depreciation charge	(12,369)	(3,135)	(15,504)
Amortisation charge	(1,227)	-	(1,227)
Write-back of impairment charge on vessels - net	9,000	-	9,000
	<u>42,314</u>	<u>(3,306)</u>	<u>39,008</u>
Unallocated items			(3,106)
Profit before income tax			<u>35,902</u>
	VLGC	LGC	Total
Year ended 31 December 2013 (Unaudited figures in US\$ thousands)			
Revenue	382,626	66,622	449,248
Operating EBITDA	117,864	21,874	139,738
Finance expense	(2,918)	(2,729)	(5,647)
Depreciation charge	(40,431)	(12,686)	(53,117)
Amortisation charge	(6,335)	-	(6,335)
Write-back of impairment charge on vessels - net	51,500	4,847	56,347
Loss on disposal of property, plant and equipment	-	(880)	(880)
	<u>119,680</u>	<u>10,426</u>	<u>130,106</u>
Unallocated items			(4,396)
Profit before income tax			<u>125,710</u>
Segment assets as of 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
Segment liabilities as of 31 December 2013	<u>637,858</u>	<u>2,649</u>	<u>640,507</u>

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12. Segment information (continued)

	VLGC	LGC	Total
Three-months ended 31 December 2012 (Unaudited figures in US\$ thousands)			
Revenue	71,596	18,428	90,024
Operating EBITDA	12,960	7,253	20,213
Finance expense	(402)	(577)	(979)
Depreciation charge	(9,459)	(4,190)	(13,649)
Amortisation charge	(1,774)	-	(1,774)
Impairment charge	(36,960)	(1,470)	(38,430)
	<u>(35,635)</u>	<u>1,016</u>	<u>(34,619)</u>
Unallocated items			(618)
Loss before income tax			<u>(35,237)</u>
Year ended 31 December 2012 (Unaudited figures in US\$ thousands)			
Revenue	321,021	56,838	377,859
Operating EBITDA	74,699	23,628	98,327
Finance expense	(1,708)	(1,727)	(3,435)
Depreciation charge	(36,842)	(13,553)	(50,395)
Amortisation charge	(7,095)	-	(7,095)
Impairment charge	(54,960)	(670)	(55,630)
	<u>(25,906)</u>	<u>7,678</u>	<u>(18,228)</u>
Unallocated items			(1,921)
Loss before income tax			<u>(20,149)</u>
Segment assets as of 31 December 2012	<u>891,127</u>	<u>178,818</u>	<u>1,069,945</u>
Segment assets includes: Additions to:			
- vessels	54,965	133,036	188,001
- dry docking	8,161	4,497	12,658
	<u>63,126</u>	<u>137,533</u>	<u>200,659</u>
Segment liabilities as of 31 December 2012	<u>700,042</u>	<u>130,177</u>	<u>830,219</u>

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12. **Segment information** (continued)

Reportable segments' assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the condensed consolidated interim financial information. 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.

	<u>The Group</u>	
	31 December 2013	31 December 2012
(Unaudited figures in US\$ thousands)		
Segment assets	1,493,548	1,069,945
Unallocated items:		
Cash and cash equivalents	110,907	22,221
Derivative asset	184	-
Other receivables	26,458	27,455
Property, plant and equipment	316	-
Total assets	<u>1,631,413</u>	<u>1,119,621</u>

Reportable segments' liabilities

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

	<u>The Group</u>	
	31 December 2013	31 December 2012
(Unaudited figures in US\$ thousands)		
Segment liabilities	640,507	830,219
Unallocated items:		
Other payables	16,177	284,874
Current tax liabilities	-	108
Total liabilities	<u>656,684</u>	<u>1,115,201</u>

Geographical information

Non-current assets comprise mainly vessels, and together with the related dry dockings 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.

13. **Dividends**

A final dividend of US 15 cents per share, amounting to USD 20.4 million will be recommended at the forthcoming annual general meeting. This financial information does 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 2014.