

BW LPG Limited

Condensed Consolidated
Interim Financial Information
Q4 2014 and FY 2014



BW LPG



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Condensed Consolidated Interim Financial Information
Q4 2014 and FY 2014

HIGHLIGHTS – Q4 2014 and FY 2014

- Time Charter Equivalent (TCE) earnings were US\$138.7 million in Q4 2014 (US\$539.2 million in FY 2014), compared with US\$101.8 million in Q4 2013 (US\$288.7 million in FY 2013).
- VLGC TCE rates averaged US\$44,100/day in Q4 2014 (US\$43,900/day in FY 2014), compared with US\$35,600/day in Q4 2013 (US\$28,900/day in FY 2013).
- LGC TCE rates averaged US\$32,300/day in Q4 2014 (US\$27,100/day in FY 2014), compared with US\$15,000/day in Q4 2013 (US\$20,000/day in FY 2013).
- EBITDA of US\$87.9 million in Q4 2014 (US\$340.0 million in FY 2014) was 91.9% higher than EBITDA of US\$45.8 million in Q4 2013 (US\$136.2 million in FY 2013) due primarily to the improved TCE/day earnings combined with the effect of a larger fleet.
- Net profit after tax was US\$65.0 million in Q4 2014 (US\$255.7 million in FY 2014) compared with US\$35.9 million in Q4 2013 (US\$125.7 million in FY 2013), mainly due to stronger TCE earnings and enlarged fleet.
- The new build vessel from Hyundai Heavy Industries Co., Ltd. (“HHI”), BW Aries, was delivered on 17 November 2014, thereby increasing the fleet size to 31 VLGCs and 5 LGCs owned/operated, plus 7 continuing VLGC newbuilds.
- Pursuant to a share buy-back programme announced 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. These shares are held as treasury shares.
- 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. This Condensed Consolidated Interim 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 2015.
- 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 newbuilding.

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SELECTED KEY FINANCIAL INFORMATION

(Figures in US\$ millions)	(Reviewed) Q4 2014	(Reviewed) Q4 2013	Inc/ (Dec)%	(Audited) FY 2014	(Audited) FY 2013	Inc/ (Dec)%
<i>Income Statement</i>						
Operating revenue	182.3	153.7	18.6	747.4	449.2	66.3
TCE income	138.7	101.8	36.2	539.2	288.7	86.8
EBITDA	87.9	45.8	91.9	340.0	136.2	149.6
Net profit after tax	65.0	35.9	81.1	255.7	125.7	103.4
Basic & diluted EPS (US\$ per share)	0.48	0.26	80.8	1.87	0.92	103.3
<i>Balance Sheet</i>				(Audited) 31 December 2014	(Audited) 31 December 2013	
Cash & cash equivalents				70.2	110.9	
Total assets				1,664.1	1,631.4	
Total liabilities				583.1	656.7	

PERFORMANCE REVIEW: Q4 2014

Operating revenue was US\$182.3 million in Q4 2014 (US\$153.7 million in Q4 2013). TCE income increased to US\$138.7 million from US\$101.8 million, mainly attributable to improved TCE earnings and strong utilisation, especially in the VLGC segment. These factors resulted in an increase in TCE income of US\$30.1 million and US\$6.8 million in the VLGC and LGC segment respectively. The new build vessel, BW Aries, was deployed on a time charter with effect from 28 November 2014. TCE income would have been higher if not for an extended dry docking on one of the Group's vessels resulting in additional TCE downtime of 34 days.

Charter hire expenses increased to US\$24.2 million in Q4 2014 (US\$22.7 million in Q4 2013) as a result of higher rates. Other operating expenses increased to US\$27.1 million (US\$33.8 million in Q4 2013) mainly due to bigger fleet size.

EBITDA was US\$87.9 million in Q4 2014 (US\$45.8 million in Q4 2013) as a result of improved TCE, which was partially offset by the increases in charter hire expenses and other operating expenses.

Net finance expense increased to US\$3.2 million in Q4 2014 (US\$2.1 million in Q4 2013), primarily due to increased external borrowings in Q4 2013.

Market values of vessels remained stable as at 31 December 2014 with no indicators of impairment. In Q4 2013, due to improved market values of vessels, there was a write-back of previously recognised impairment charges of US\$9.0 million.

Consequently, the Group reported a net profit after tax of US\$65.0 million in Q4 2014 (US\$35.9 million in Q4 2013).

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PERFORMANCE REVIEW: FY 2014

Operating revenue increased to US\$747.4 million in FY 2014 (US\$449.2 million in FY 2013). TCE income increased to US\$539.2 million in FY 2014 (US\$288.7 million in FY 2013), mainly attributable to improved freight rates, particularly from the VLGC segment, and increased fleet size and utilisation. These factors resulted in an increase in TCE income of US\$246.0 million and US\$4.5 million in the VLGC and LGC segment respectively.

Charter hire expenses increased to US\$98.1 million in FY 2014 (US\$60.8 million in FY 2013) due to additions to and extensions of the charter-in fleet and higher rates. Other operating expenses increased to US\$102.9 million in FY 2014 from US\$92.6 million in FY 2013, in line with increased fleet size operated by the Group.

EBITDA increased to US\$340.0 million in FY 2014 (US\$136.2 million in FY 2013), as a result of improved TCE income partially offset by the increases in charter hire expenses and other operating expenses.

Net finance expense increased to US\$12.6 million in FY 2014 (US\$5.5 million in FY 2013), primarily due to new external borrowings in Q4 2013.

The Group reported a net profit after tax of US\$255.7 million in FY 2014 (US\$125.7 million in FY 2013).

BALANCE SHEET

As at 31 December 2014, total assets amounted to US\$1,664.1 million (US\$1,631.4 million as at 31 December 2013) of which US\$1,472.4 million (31 December 2013: US\$1,355.0 million) represented the carrying value of the Group's vessels (including dry docking) and vessels under construction as follows:

All figures in US\$ millions	As at 31 December 2014		
	VLGC	LGC	Total
Vessels (including dry-dock)	1,161.4	157.2	1,318.6
Vessels under construction	153.8	-	153.8
	<u>1,315.2</u>	<u>157.2</u>	<u>1,472.4</u>

Cash and cash equivalents amounted to US\$70.2 million as at 31 December 2014 (US\$110.9 million as at 31 December 2013). Cash flows from operating activities generated a net cash surplus of US\$130.8 million in Q4 2014 and US\$381.4 million in FY 2014. Together with available cash and cash equivalents brought forward and proceeds of drawdowns from the revolving credit facility in 2014, cash flows from operating activities was principally utilised for instalment payments for newbuilds, interim dividend payments, repayment of bank borrowings and interest payments, prepayment of a finance lease obligation relating to BW Trader; and a share buy-back.

As at 31 December 2014, the Group has committed contracts with Hyundai Heavy Industries Co., Ltd. ("HHI") for the construction of seven VLGCs at a total contracted sum of US\$ 515.6 million and the Group had paid US\$146.8 million in instalment payments on these contracts.

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.

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MARKET OUTLOOK

From the last quarter of 2014, despite the market experiencing a rapid decrease in oil price, the natural gas liquids (NGL) export market continues to grow.

Export projections continue to show growth. Although the rig count is reducing, production efficiencies have improved markedly. The demand side has demonstrated continued strong appetite for LPG on both the retail and industrial consumptions, with new markets developing.

For this time of the year, Q1 2015 has so far been the historic strongest in terms of growth in the chartering market. Supply, demand and infrastructure build-out suggest continued growth in 2015. 2016 sees fleet expansion and the rate of export growth will dictate the overall impact on the chartering market, with longer-term continuing growth expected. Beyond 2016, the supply and demand for shipping tonnage will be subject to incremental newbuild ordering and new demand for LPG.

The Group's strategic intent remains utilisation maximisation through a cyclical market, with continued long-term market leadership in larger assets and high-quality service delivery to blue-chip charterers. Strong balance sheet and targeted portfolio mix (fixed income and spot) creates a platform for stability in volatile markets and to benefit long-term from continued growth in NGL exports.

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REVIEWED AND AUDITED FINANCIAL REPORTS

The condensed consolidated interim financial information of the Group for Q4 2014, prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting", have been reviewed by our auditors. See page 6.

The consolidated financial statements of the Group for the year ended 31 December 2014, prepared in accordance with International Financial Reporting Standards ("IFRS") have been audited by our auditors.



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 balance sheet of BW LPG Limited (the "Company") and its subsidiaries (the "Group") as at 31 December 2014 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period from 1 October 2014 to 31 December 2014 that are set out on page 7 to 26. 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 blue ink that reads 'PricewaterhouseCoopers LLP'.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 27 February 2015

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(Figures in US\$ thousands)	Note	(Reviewed) Q4 2014	(Reviewed) Q4 2013	(Audited) FY 2014	(Audited) FY 2013
Revenue		182,278	153,705	747,362	449,248
Voyage expenses		(43,564)	(51,931)	(208,192)	(160,516)
TCE income #		138,714	101,774	539,170	288,732
Other operating income		495	514	1,867	886
Charter hire expense		(24,189)	(22,710)	(98,099)	(60,835)
Other operating expenses		(27,117)	(33,815)	(102,893)	(92,600)
Operating profit before depreciation, amortisation and impairment (EBITDA)		87,903	45,763	340,045	136,183
Loss on disposal of property, plant and equipment		-	-	-	(880)
Loss on disposal of subsidiaries		-	-	-	(1,025)
		87,903	45,763	340,045	134,278
Amortisation charge	3	(1,227)	(1,227)	(4,910)	(6,335)
Depreciation charge	4	(18,162)	(15,504)	(66,127)	(53,117)
Write-back of impairment charge	4	-	9,000	-	56,347
Operating profit		68,514	38,032	269,008	131,173
Foreign currency exchange loss - net		(151)	(15)	(205)	(59)
Interest income		29	49	135	52
Interest expense		(2,448)	(2,197)	(10,383)	(5,480)
Derivative (loss)/gain		(357)	184	(949)	184
Other finance expense		(311)	(151)	(1,240)	(160)
Finance expense – net		(3,238)	(2,130)	(12,642)	(5,463)
Profit before tax for the financial quarter/year		65,276	35,902	256,366	125,710
Income tax expense		(275)	-	(697)	-
Profit after tax for the financial quarter/year		65,001	35,902	255,669	125,710

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

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

(Figures in US\$ thousands)	Note	(Reviewed) Q4 2014	(Reviewed) Q4 2013	(Audited) FY 2014	(Audited) FY 2013
Other comprehensive income:					
Items that may be subsequently reclassified to income statement					
Cash flow hedges		(1,713)	-	(1,806)	-
Other comprehensive loss, net of tax		(1,713)	-	(1,806)	-
Total comprehensive income for the financial quarter/year		63,288	35,902	253,863	125,710
Profit attributable to:					
Equity holders of the Company		64,533	35,879	254,570	124,739
Non-controlling interests		468	23	1,099	971
		65,001	35,902	255,669	125,710
Total comprehensive income attributable to:					
Equity holders of the Company		62,820	35,879	252,764	124,739
Non-controlling interests		468	23	1,099	971
		63,288	35,902	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		0.48	0.26	1.87	0.92

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CONSOLIDATED BALANCE SHEET

(Audited figures in US\$ thousands)	Note	31 December 2014	31 December 2013
Charter-hire contracts acquired	3	17,381	22,291
Intangible asset		<u>17,381</u>	<u>22,291</u>
Derivative financial instruments	5	681	-
Vessels	4	1,282,424	1,261,290
Vessels under construction	4	153,838	65,241
Dry docking	4	36,173	28,436
Furniture and fixtures	4	497	316
Total property, plant and equipment		<u>1,472,932</u>	<u>1,355,283</u>
Total non-current assets		<u>1,490,994</u>	<u>1,377,574</u>
Inventories		15,629	20,719
Trade and other receivables		87,177	122,029
Derivative financial instruments	5	19	184
Cash and cash equivalents		<u>70,245</u>	<u>110,907</u>
Total current assets		<u>173,070</u>	<u>253,839</u>
Total assets		<u>1,664,064</u>	<u>1,631,413</u>
Share capital	6	1,363	1,363
Share premium		269,103	268,987
Treasury shares	7	(22,445)	-
Contributed surplus		685,913	685,913
Other reserves		(43,286)	(41,467)
Retained earnings		<u>180,747</u>	<u>50,203</u>
		1,071,395	964,999
Non-controlling interests		9,559	9,730
Total shareholders' equity		<u>1,080,954</u>	<u>974,729</u>
Borrowings	8	469,855	503,362
Deferred income		745	1,241
Derivative financial instruments	5	797	-
Total non-current liabilities		<u>471,397</u>	<u>504,603</u>
Borrowings	8	59,579	105,227
Deferred income		496	496
Derivative financial instruments	5	1,709	-
Current income tax liabilities		675	-
Trade and other payables		<u>49,254</u>	<u>46,358</u>
Total current liabilities		<u>111,713</u>	<u>152,081</u>
Total liabilities		<u>583,110</u>	<u>656,684</u>
Total equity and liabilities		<u>1,664,064</u>	<u>1,631,413</u>

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

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Audited figures in US\$ thousands)

	Note	<u>Attributable to equity holders of the Company</u>										
		Share capital	Share premium	Treasury shares	Contributed surplus	Capital reserves	Hedging reserves	Share-based payment reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2014		1,363	268,987	-	685,913	(41,480)	-	13	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		-	-	-	-	-	-	103	-	103	-	103
Issue of new shares		-	116	-	-	-	-	(116)	-	-	-	-
Purchase of treasury shares	7	-	-	(22,445)	-	-	-	-	-	(22,445)	-	(22,445)
Payment to non-controlling interests		-	-	-	-	-	-	-	-	-	(1,270)	(1,270)
Dividend paid		-	-	-	-	-	-	-	(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	(41,480)	(1,806)	-	180,747	1,071,395	9,559	1,080,954

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

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(Audited figures in US\$ thousands)

Attributable to equity holders of the Company

	Share capital	Share premium	Contributed surplus	Capital reserves	Share-based payment reserve	(Accumulated losses)/ Retained earning	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	10	-	-	67,687	-	(72,382)	(4,685)	9,105	4,420
Profit for the year	-	-	-	-	-	124,739	124,739	971	125,710
Total comprehensive income for the year	-	-	-	-	-	124,739	124,739	971	125,710
Payment to non-controlling interests	-	-	-	-	-	(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)
Total transactions with owners, recognised directly in equity	1,353	268,987	685,913	(109,167)	13	(2,154)	844,945	(346)	844,599
Balance at 31 December 2013	1,363	268,987	685,913	(41,480)	13	50,203	964,999	9,730	974,729

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

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CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

(Figures in US\$ thousands)	(Reviewed) Q4 2014	(Reviewed) Q4 2013	(Audited) FY 2014	(Audited) FY 2013
Cash flows from operating activities				
Profit before tax for the financial quarter/year	65,276	35,902	256,366	125,710
Adjustments for:				
- amortisation charge	1,227	1,227	4,910	6,335
- amortisation of deferred income	(124)	(124)	(496)	(496)
- depreciation charge	18,162	15,504	66,127	53,117
- write back of impairment charge	-	(9,000)	-	(56,347)
- loss on disposal of property, plant and equipment	-	-	-	880
- loss on disposal of subsidiaries	-	-	-	1,025
- derivative (gain)/loss	(395)	(184)	184	(184)
- interest income	(29)	(50)	(135)	(52)
- interest expense	2,448	2,196	10,383	5,480
- other finance expense	196	151	1,151	160
- share-based payments	16	13	103	13
Operating cash flow before working capital changes	86,777	45,635	338,593	135,641
Changes in working capital:				
- inventories	6,037	(6,008)	5,090	(2,024)
- trade and other receivables	35,185	(27,875)	34,852	(64,838)
- trade and other payables	2,784	85,735	2,918	53,446
Cash generated from operations	130,783	97,487	381,453	122,225
Taxes paid	-	-	(22)	(108)
Net cash provided by operating activities	130,783	97,487	381,431	122,117
Cash flow from investing activities				
Purchases of property, plant and equipment	(76,123)	(294,113)	(181,039)	(429,698)
Disposal of property, plant and equipment	-	3,780	-	6,029
Disposal of subsidiaries, net of cash disposed	-	-	-	(772)
Interest paid (capitalised interest expense)	(918)	-	(2,529)	-
Interest received	30	50	135	52
Net cash used in investing activities	(77,011)	(290,283)	(183,433)	(424,389)

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CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS (CONTINUED)

(Figures in US\$ thousands)	(Reviewed) Q4 2014	(Reviewed) Q4 2013	(Audited) FY 2014	(Audited) FY 2013
Cash flows from financing activities				
Proceeds from borrowings	10,000	700,000	140,000	700,000
Payment of financing fees	-	(7,349)	-	(7,349)
Funding from related party for purchase of property, plant & equipment	-	271,611	-	393,571
Repayment to a related party	-	(816,384)	-	(816,384)
Funding provided to a related party	-	-	-	(12,910)
Repayment received from related party	-	26,776	-	26,776
Repayments of bank borrowings	(27,500)	(150,000)	(165,000)	(150,000)
Repayment of finance lease	(781)	(732)	(55,196)	(7,822)
Distributions to partnerships	-	-	-	(2,154)
Interest paid	(2,103)	(533)	(9,550)	(1,614)
Dividend paid	(14)	-	(124,026)	-
Other finance expense paid	(271)	(151)	(1,173)	(160)
Proceeds from issuance of ordinary shares	-	279,617	-	279,617
Purchase of treasury shares	(22,445)	-	(22,445)	-
Share issue expenses	-	(10,267)	-	(10,267)
Payment to non-controlling interests	(932)	-	(1,270)	(346)
Net cash (used in) / provided by financing activities	(44,046)	292,588	(238,660)	390,958
Net increase/(decrease) in cash and cash equivalents	9,726	99,792	(40,662)	88,686
Cash and cash equivalents at beginning of the financial quarter/year	60,519	11,115	110,907	22,221
Cash and cash equivalents at end of the financial quarter/year	70,245	110,907	70,245	110,907

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 27 February 2015.

2. Significant accounting policies

(a) Basis of preparation

The condensed consolidated interim financial information for the fourth quarter and financial year ended 31 December 2014 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 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

In the preparation of this set of condensed consolidated interim financial information, the same accounting policies have been applied as those used in the preparation of the annual financial statements for the year ended 31 December 2014.

The Group has not early adopted the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant to the Group's annual accounting periods beginning on 1 January 2015 or later periods. The Group does not anticipate the adoption of these changes to have a material impact on the condensed interim financial information.

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 2014.

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3. Intangible assets

(Audited figures in US\$ thousands)	31 December 2014	31 December 2013
<i>Charter hire contracts acquired</i>		
At 1 January	22,291	42,429
Exercise of purchase option [^] (Note 4)	-	(9,936)
Reclass to property, plant and equipment	-	(3,867)
Amortisation charge	(4,910)	(6,335)
At 31 December	<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 its 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 4).

4. Property, plant and equipment

(Audited figures in US\$ thousands)

	Vessels	Dry docking	Vessels under construction	Furniture and fixtures	Total
<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 drydocking 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 drydocking 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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4. Property, plant and equipment (continued)

(Audited figures in US\$ thousands)

	Vessels	Dry d	Vessels under construction	Furniture and fixtures	Total
<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 3)	9,936	-	-	-	9,936
Reclass from intangible assets (Note 3)	3,867	-	-	-	3,867
Disposal	(8,730)	(2,220)	-	-	(10,950)
Disposal of subsidiaries	(52,216)	(2,317)	-	-	(54,533)
Write-off on completion of drydocking 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	(2,199)	(1,842)	-	-	(4,041)
Disposal of subsidiaries	(6,173)	(990)	-	-	(7,163)
Write-off on completion of drydocking 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>

- (a) The Group had mortgaged certain 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 8).
- (b) 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 reference to comparable transaction prices of similar LPG vessels) less costs to sell.
- (c) 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.

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5. Derivative financial instruments

(Audited figures in US\$ thousands)	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 2.2% 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.

6. Share capital

The Company operates an equity-settled, share-based compensation plan. Pursuant to the plan, 15,072 common shares were issued to certain employees upon the end of the vesting period on 21 November 2014. As such, the Company's number of issued common shares increased to 136,291,455.

As at 31 December 2014, the Company's share capital comprises 136,291,455 (December 2013: 136,276,383) fully paid common shares with a par value of US\$0.01 per share, amounting to a total of US\$1,362,764 (December 2013: US\$1,362,764).

7. 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.

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8. Borrowings

(Audited figures in US\$ thousands)	31 December 2014	31 December 2013
Non-current		
Finance lease liabilities	-	9,556
Bank borrowings	469,855	493,806
	<u>469,855</u>	<u>503,362</u>
Current		
Finance lease liabilities	9,556	55,195
Interest payable	1,072	1,081
Bank borrowings	48,951	48,951
	<u>59,579</u>	<u>105,227</u>
Total borrowings	<u>529,434</u>	<u>608,589</u>

Movements in borrowings are analysed as follows:

YTD 2014

Balance as at 1 January 2014	608,589
Proceeds from bank borrowings	140,000
Interest expense	10,383
Interest capitalised	2,737
Less: Interest paid	(12,079)
Less: Principal repayments	(220,196)
Balance as at 31 December 2014	<u>529,434</u>

YTD 2013

Balance as at 1 January 2013	200,790
Proceeds from borrowings	692,651
Interest expense	5,480
Less: Interest paid	(1,614)
Less: Principal repayments	(288,718)
Balance as at 31 December 2013	<u>608,589</u>

Bank borrowings of the Group as at 31 December 2014 of US\$519.9 million (December 2013: US\$543.8 million) are secured by mortgages over certain vessels of the Group (Note 4). In addition, the Company has provided a corporate guarantee to DNB Asia Ltd for the facilities granted to a subsidiary from a group of lenders.

Finance lease liabilities of the Group as at 31 December 2014 of US\$9.6 million (31 December 2013: US\$64.8 million) are secured by the rights to one (2013: two) leased vessel, 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 Group and related parties during the financial period at terms agreed between the parties:

(a) Sale and purchase of services

(Figures in US\$ thousands)	(Reviewed) Q4 2014	(Reviewed) Q4 2013	(Audited) FY 2014	(Audited) FY 2013
Interest expenses paid to related parties*	-	476	-	2,679
Support service fees charged by a shareholder	-	176	-	1,137
Support service fees charged by related parties*	1,449	127	5,744	780
Commercial fees charged by related parties*	-	1,870	-	5,597
Ship management fees charged by related parties*	1,823	2,573	7,264	10,276
Derivative (loss) reimbursed to/gain recovered from a shareholder for a financial instrument entered on behalf of the Group	(357)	184	(949)	184
Sale proceeds from disposal of vessels to related parties*	-	-	-	6,029

(Audited figures in US\$ thousands)	31 December 2014	31 December 2013
Trade and other payables - Related parties*	(954)	(5,858)
Other receivables - Related parties*	-	16,656

* "Related parties" refers to corporations controlled by one of the Company's shareholders.

(b) Key management's remuneration

(Figures in US\$ thousands)	(Reviewed) Q4 2014	(Reviewed) Q4 2013	(Audited) FY 2014	(Audited) FY 2013
Salaries and other short term employee benefits [#]	354	96	1,286	96
Post-employment benefits – contributions to defined contribution plans [#]	12	3	41	3
Share-based payment	16	13	103	13
Directors' fees	86	38	346	38
	<u>468</u>	<u>150</u>	<u>1,776</u>	<u>150</u>

[#] Prior to November 2013, remuneration to key management was incurred by related parties of the Group.

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10. 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 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:

(Audited figures in US\$ thousands)	31 December 2014	31 December 2013
Vessels under construction	368,824	371,439

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

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

The Group leases 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:

(Audited figures in US\$ thousands)	31 December 2014	31 December 2013
Not later than one year	130,556	51,181
Later than one year but not later than five years	120,583	12,740
	251,139	63,921

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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:

(Audited figures in US\$ thousands)	31 December 2014	31 December 2013
Not later than one year	93,602	74,249
Later than one year but not later than five years	289,386	235,113
Later than five years	208,413	229,751
	591,401	539,113

11. Financial risk management

The Group's activities expose it to a variety of financial risks; market risks (including fuel price risk, currency risk and interest rate 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 condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2014. There have been no major changes in any risk management policies, processes and persons managing this since the year end.

(a) Market risk - interest rate risk

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

The Group's bank borrowings are at variable rates with interest rate swaps taken up where deemed fit to mitigate interest risk exposure. If USD 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 in December 2014 will be lower/higher by approximately US\$2.6 million (December 2013: US\$0.6 million) as a result of higher/lower interest expense on these borrowings. As at 31 December 2014, the Group had entered into 16 interest rate swaps to effectively pay interest at fixed rates and receive interest at variable rates from February 2015 onwards for certain portion of the bank borrowings (Note 5).

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11. Financial risk management (Continued)

(b) Financial instruments by category

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

(Audited figures in US\$ thousands)	31 December 2014	31 December 2013
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>

(c) Fair value measurements

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

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices) (Level2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Group's financial derivative instruments, measured at fair value are within Level 2 of the fair value hierarchy (Note 5). The fair value of financial derivative instruments that are not traded in an active market is determined by using valuation techniques. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves.

12. 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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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:

	VLGC	LGC	Total
Q4 2014			
(Reviewed figures in US\$ thousands)			
Revenue	164,126	18,152	182,278
Voyage expenses	(40,292)	(3,272)	(43,564)
TCE income	<u>123,834</u>	<u>14,880</u>	<u>138,714</u>
EBITDA	80,036	9,830	89,866
Finance expense	(160)	(3)	(163)
Depreciation charge	(14,534)	(3,597)	(18,131)
Amortisation charge	(1,227)	-	(1,227)
	<u>64,115</u>	<u>6,230</u>	<u>70,345</u>
Unallocated items			(5,069)
Profit before income tax			<u>65,276</u>
FY 2014			
(Audited figures in US\$ thousands)			
Revenue	678,498	68,864	747,362
Voyage expenses	(188,810)	(19,382)	(208,192)
TCE income	<u>489,688</u>	<u>49,482</u>	<u>539,170</u>
EBITDA	320,240	32,003	352,243
Finance expense	(839)	(9)	(848)
Depreciation charge	(52,816)	(13,188)	(66,004)
Amortisation charge	(4,910)	-	(4,910)
	<u>261,675</u>	<u>18,806</u>	<u>280,481</u>
Unallocated items			(24,115)
Profit before income tax			<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
Segment liabilities as at 31 December 2014	<u>556,138</u>	<u>4,225</u>	<u>560,363</u>

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12. Segment information (continued)

	VLGC	LGC	Total
Q4 2013 (Reviewed figures in US\$ thousands)			
Revenue	141,227	12,478	153,705
Voyage expenses	(47,489)	(4,442)	(51,931)
TCE income	<u>93,738</u>	<u>8,036</u>	<u>101,774</u>
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)
Impairment charge - 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><u>35,902</u></u>
FY 2013 (Audited figures in US\$ thousands)			
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>
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)
Impairment charge - 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><u>125,710</u></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
Segment liabilities as at 31 December 2013	<u>637,858</u>	<u>2,649</u>	<u>640,507</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.

(Audited figures in US\$ thousands)	31 December 2014	31 December 2013
Segment assets	1,576,696	1,493,548
Unallocated items:		
Cash and cash equivalents	70,245	110,907
Derivative financial instruments	700	184
Other receivables	15,926	26,458
Property, plant and equipment	497	316
Total assets	1,664,064	1,631,413

Reportable segments' liabilities

The amounts reported 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. Borrowings and certain trade and other payables are allocated to the reportable segments. All other liabilities are reported as unallocated items.

(Audited figures in US\$ thousands)	31 December 2014	31 December 2013
Segment liabilities	560,363	640,507
Unallocated items:		
Derivative financial instruments	2,506	-
Other payables	19,566	16,177
Current tax liabilities	675	-
Total liabilities	583,110	656,684

Geographical information

Non-current assets comprise mainly vessels and related capitalised dry-docking expenses, and 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.

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13. Subsequent events

- (a) 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. This Condensed Consolidated Interim 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 2015.
- (b) The Group has secured a US\$400 million Senior Secured Term Loan Facility (note 10(a)).