STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 US$'000	2015 US$'000
Cash flows from operating activities		
Profit for the financial year	**107,576**	250,569
Adjustments for:		
- share-based payment	**121**	35
- dividend income	**(111,315)**	(252,850)
Operating cash flow before working capital changes	**(3,618)**	(2,246)
Changes in working capital:		
- other receivables	**77**	157
- trade and other payables	**269**	(105)
Net cash used in operating activities	**(3,272)**	(2,194)
Cash flow from investing activities		
Dividends received	**111,315**	252,850
(Payment to)/Proceeds from a subsidiary	**(23,919)**	5,612
Net cash provided by investing activities	**87,396**	258,462
Cash flows from financing activities		
Issue of new common shares	**20,770**	-
Share issue expenses	**(5)**	-
Dividends paid	**(104,891)**	(256,476)
Net cash used in financing activities	**(84,126)**	(256,476)
Net decrease in cash and cash equivalents	**(2)**	(208)
Cash and cash equivalents at beginning of the financial year	**12**	220
Cash and cash equivalents at end of the financial year	**10**	12

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

1. General information

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

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

These financial statements were authorised for issue by the Board of Directors of BW LPG Limited on 24 February 2017.

2. Significant accounting policies

(a) Basis of preparation

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

New standards, amendments to published standards and interpretations

The Company has adopted the following relevant new standards and amendments to published standards as at 1 January 2016:

Amendments to IAS 1 Presentation of financial statements

Amendments to IAS 1 'Presentation of financial statements' on disclosure initiatives. The amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

Amendments to IAS 27 Separate financial statements

Amendments to IAS 27 Separate financial statements which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.

IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

Critical accounting estimates, assumptions and judgements

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

(b) Revenue and income recognition

Dividend income

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

(c) Interest in a subsidiary

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

(d) Impairment of non-financial assets

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

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

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

(e) Loans and receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Significant accounting policies (continued)

(e) Loans and receivables (continued)

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

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

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

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

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

(f) Trade and other payables

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

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

(g) Fair value estimation of financial assets and liabilities

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

(h) Provisions for other liabilities and charges

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. Significant accounting policies (continued)

(i) Foreign currency translation

(1) Functional currency

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

(2) Transactions and balances

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

(j) Cash and cash equivalents

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

(k) Share capital

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

(l) Dividends to Company's shareholders

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

3. Expenses by nature

	2016 US$'000	2015 US$'000
Directors' fees	**497**	428
Share-based payments – equity settled	**121**	35
Support service fees charged by subsidiaries	**1,341**	2,533
Other expenses	**1,831**	683
Total other operating expenses	**3,790**	3,679

4. Income tax

No provision for tax has been made for the year ended 31 December 2016 and 2015 as the Company does not have any income that is subject to income tax based on the tax legislation applicable to the Company.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5. Interest in a subsidiary

	2016 US$'000	2015 US$'000
Equity investments at cost	**685,910**	685,910
Receivables from a subsidiary	**294,508**	270,589
	980,418	956,499

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

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

Name of company	Principal activity	Country of incorporation	**Equity holding 2016**	Equity holding 2015
BW LPG Holding Limited	Investment holding	Bermuda	**100%**	100%

6. Other receivables

	2016 US$'000	2015 US$'000
Other receivables – related parties^	**7**	76
Other receivables – non-related parties	**163**	163
	170	239
Prepayments	**-**	8
	170	247

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

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

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

7. Cash and cash equivalents

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

Cash and cash equivalents are principally denominated in US$.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8. Share capital and other reserves

	Number of common shares	Share capital US$'000	Share premium US$'000	Contributed surplus US$'000	Share-based payment reserve US$'000	Total US$'000
At 1 January 2016	136,291,455	1,363	269,103	685,913	35	956,414
Value of employee services	-	-	-	-	121	121
Issue of common shares[(a)(i)]	5,647,543	56	20,714	-	-	20,770
Share issue expenses	-	-	(5)	-	-	(5)
At 31 December 2016	**141,938,998**	**1,419**	**289,812**	**685,913**	**156**	**977,300**

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

(a) Issued and fully paid share capital

(i) The Company issued 5,647,543 new common shares amounting to US$20.8 million (NOK177.7 million) as part consideration for the acquisition of Aurora LPG, thereby increasing the outstanding common shares in issue to 141,938,998 common shares as at 31 December 2016.

(ii) The Company operates an equity-settled, share-based compensation plan. Upon the end of the vesting periods on 31 December 2016 and 2017, common shares of 2,199 and 2,197 may be issued to certain employees, respectively.

(iii) All issued common shares are fully paid with a par value of US$0.01 (2015: US$0.01) per share.

(iv) Fully paid common shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(b) Share premium

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

(c) Share-based payment reserve

Certain employees are entitled to receive common shares in the Company. This award is recognised as an expense in the income statement of the Company with a corresponding increase in the share-based payment reserve over the vesting period. For the year ended 31 December 2016, an expense of US$121,000 (2015: US$35,000) was recognised in the income statement with a corresponding increase recognised in the share-based payment reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

9. Trade and other payables

	2016 US$'000	2015 US$'000
Trade payables – non-related parties	**92**	18
Other accrued operating expenses	**650**	455
	742	473

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

10. Related party transactions

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

(a) Services

	2016 US$'000	2015 US$'000
Support service fees charged by subsidiaries	**1,341**	2,533

(b) Key management's remuneration

	2016 US$'000	2015 US$'000
Directors' fees	**497**	428

11. Financial risk management

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

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

(a) Market risk – Currency risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. Financial risk management (continued)

(b) Credit risk

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

(c) Liquidity risk

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

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

	Less than 1 year US$'000
At 31 December 2016	
Trade and other payables	**742**

	Less than 1 year US$'000
At 31 December 2015	
Trade and other payables	473

(d) Capital risk

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

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. Financial risk management (continued)

(e) Financial instruments by category

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

	2016 **US$'000**	2015 US$'000
Loans and receivables	**170**	251
Financial liabilities at amortised cost	**742**	473

12. Dividends paid

	2016 **US$'000**	2015 US$'000
Final dividend in respect of FY 2015 of US$0.68 (2015: In respect of FY 2014: US$1.15) per share	**92,631**	152,818
Interim dividend in respect of H1 2016 of US$0.09 (2015: In respect of H1 2015: US$0.78) per share	**12,260**	103,658
	104,891	256,476

No final dividend for FY 2016 will be recommended at the Company's forthcoming annual general meeting (FY 2015 : US$0.68 per share, US$92.6 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. New or revised accounting standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9 'Financial instruments'

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2016. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

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

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

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

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

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

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

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

BW LPG'S FLEET LIST

UPDATED AS OF 08 FEBRUARY 2017

BW LPG is the world's leading owner and operator of LPG vessels. BW LPG currently owns and operates 55 Very Large Gas Carriers (VLGC) and Large Gas Carriers (LGC) including two VLGC newbuildings with a total carrying capacity of 4.5 million cbm.

VLGC FLEET 82,000 - 84,000 CBM

Name	Built	CBM	Yard	Flag
BW Mindoro	2017	84,000	Daewoo (DSME)	Isle of Man
BW Messina	2017	84,000	Daewoo (DSME)	Panama
BW Tucana	2016	84,195	Hyundai HI (Ulsan)	Isle of Man
BW Volans	2016	84,195	Hyundai HI (Ulsan)	Isle of Man
BW Magellan	2016	84,000	Daewoo (DSME)	Isle of Man
BW Malacca	2016	84,000	Daewoo (DSME)	Isle of Man
BW Njord	2016	84,000	Hyundai HI (Ulsan)	Marshall Is.
BW Var	2016	84,000	Hyundai HI (Ulsan)	Marshall Is.
BW Balder	2016	84,000	Hyundai HI (Ulsan)	Marshall Is.
BW Brage	2016	84,000	Hyundai HI (Ulsan)	Marshall Is.
BW Freyja	2016	84,000	Hyundai HI (Gunsan)	Marshall Is.
BW Frigg	2016	84,000	Hyundai HI (Gunsan)	Marshall Is.
BW Carina	2015	84,195	Hyundai HI (Ulsan)	Isle of Man
BW Gemini	2015	84,195	Hyundai HI (Ulsan)	Isle of Man
BW Leo	2015	84,195	Hyundai HI (Ulsan)	Isle of Man
BW Libra	2015	84,195	Hyundai HI (Ulsan)	Isle of Man
BW Orion	2015	84,195	Hyundai HI (Ulsan)	Isle of Man
BW Aries	2014	84,195	Hyundai HI (Ulsan)	Isle of Man
BW Kyoto	2010	83,298	MHI Nagasaki	Singapore
BW Austria	2009	84,614	Daewoo (DSME)	Norwegian Int'l
BW Tokyo	2009	83,270	MHI Nagasaki	Singapore
BW Odin	2009	82,000	Hyundai HI (Ulsan)	Marshall Is.
BW Loyalty	2008	84,631	Daewoo (DSME)	Norwegian Int'l
BW Lord	2008	84,614	Daewoo (DSME)	Norwegian Int'l
BW Princess	2008	82,383	Hyundai HI (Ulsan)	Norwegian Int'l
BW Oak	2008	82,291	Hyundai Samho HI	Isle of Man
BW Tyr	2008	82,000	Hyundai HI (Ulsan)	Marshall Is.
BW Thor	2008	82,000	Hyundai HI (Ulsan)	Marshall Is.
BW Liberty	2007	84,597	Daewoo (DSME)	Norwegian Int'l
BW Maple	2007	82,291	Hyundai Samho HI	Isle of Man
BW Cedar	2007	82,291	Hyundai HI (Ulsan)	Isle of Man
BW Birch	2007	82,291	Hyundai HI (Ulsan)	Isle of Man
BW Prince	2007	82,000	Hyundai HI (Ulsan)	Norwegian Int'l
BW Confidence	2006	83,270	MHI Nagasaki	Isle of Man
Berge Ningbo	2006	82,252	Hyundai HI (Ulsan)	Hong Kong
Berge Nantong	2006	82,244	Hyundai HI (Ulsan)	Hong Kong
BW Energy	2002	82,200	Kawasaki HI Sakaide	Isle of Man
BW Boss	2001	84,333	Kawasaki HI Sakaide	Bahamas
Maharshi Vishwamitra	2001	84,333	Kawasaki HI Sakaide	India
BW Vision	2001	82,200	Kawasaki HI Sakaide	Bahamas