INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED

Our Opinion

In our opinion, the consolidated financial statements of BW LPG Limited ("the Company") and its subsidiaries ("the Group") and the financial statements of the Company present fairly, in all material respects, the financial position of the Group and Company as at 31 December 2016, and its financial performance, changes in equity and cash flows for the financial year then ended in accordance with the International Financial Reporting Standards (IFRSs).

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2016;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the financial year then ended; and
- a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- the balance sheet as at 31 December 2016;
- the statements of comprehensive income, changes in equity and cash flows for the financial year then ended; and
- a summary of significant accounting policies and other explanatory information.

Basis for Our Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of *Ethics for Professional Accountants* (IESBA Code), the Singapore Accounting and Corporate Regulatory Authority's Code of *Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), together with the ethical requirements that are relevant to our audit of financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements, the ACRA Code and the IESBA Code.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the matter
Impairment of vessels and vessels under construction	
Refer to note 9 in the Group financial statements. We had focused our audit on the carrying value of the vessels because they are the main income-producing assets of the Group and the industry had seen a downward trend in the LPG vessel valuations and charter rates in 2016. As of 31 December 2016, the carrying value of the vessels and vessels under construction of the Group amounted to US$2,412.7 million. Management had considered the existence of impairment indicators as of 31 December 2016 and performed an impairment test to ensure that the vessels were not carried at values in excess of their recoverable amounts as of 31 December 2016. In performing the impairment test, management had determined each vessel as one cash generating unit and estimated the recoverable amount of most of its vessels and vessels under construction based on valuations provided by independent vessel brokers. Management had also compared the estimated recoverable amounts against several independent vessel brokers' valuations. Management had assessed that the brokers had the required competency and capability to perform the valuations. Management had also considered the appropriateness of the valuation methodologies and assumptions used by the brokers. Arising from the impairment test, the Group recognised an impairment charge of US$144.1 million for 2016 in the profit or loss.	We had reviewed management's impairment test on the vessels and vessels under construction and performed audit procedures to satisfy ourselves that the carrying value of the vessels as at 31 December 2016 were not in excess of their recoverable amounts. We had focused on the VLGC segment as this segment made up 96% of the total vessel carrying value. Audit procedures we had undertaken include: • Evaluating the independence, competency, capability and objectivity of brokers who provided the valuations of the vessels; • Assessing the valuation methodologies and assumptions of the independent brokers and assessed that they were appropriate for the purpose of the impairment test; • Recomputed the impairment charge of US$144.1 million by agreeing to the valuation reports; • Performed a sensitivity analysis of the impairment charge by comparing the carrying values of the vessels against the higher independent vessel brokers' valuations and against the lower independent vessel brokers' valuations and found that the impairment charge using the higher or the lower valuations would not be significantly different from the estimated recoverable amounts; and • Reviewed the disclosures in the financial statements against the requirements of IFRS. No significant exception was noted from our work.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED

Key audit matters	How our audit addressed the matter
Acquisition of investment in Aurora LPG Holding ASA ("Aurora") *Refer to note 25 in the Group financial statements.* The Group acquired an additional 18.9 million Aurora's shares during 2016 for a consideration of US$38.5 million. In December 2016, the Group obtained control over Aurora and as at 31 December 2016, the Group held 100% equity interest in Aurora. The acquisition of Aurora was achieved in stages and management had accounted for the acquisition as a step acquisition in accordance with IFRS 3 Business Combination. The accounting for this acquisition required judgments relating to the measurement of the components of the business combination (i.e. assets acquired, liabilities assumed, consideration transferred and the gain on a bargain purchase). The assets acquired and liabilities assumed were measured at their fair values, determined provisionally, at the acquisition date. The most significant assets and liabilities of Aurora were LPG vessels and bank borrowings. Management had assessed the valuation of the vessels by using valuations provided by independent vessel brokers and the loans at prevailing bank interest rate. As a result of the acquisition accounting, the Group recognised a negative goodwill of US$110.5 million in its consolidated statement of comprehensive income.	In evaluating the Group's acquisition accounting, we have: • tested the identification and valuation of the identifiable assets and liabilities against available market data, in particular for the LPG vessels and bank borrowings; • checked management's computation of negative goodwill; and • reviewed the disclosures in the financial statements against the requirements of IFRS. No significant exception was noted from our work.

We have determined that there are no key audit matters to communicate in our report arising from the audit of the separate financial statements of the Company.

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report, which we obtained prior to the date of this auditor's report, and excludes the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED

Responsibilities of Management and Those Charged with Governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF BW LPG LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 24 February 2017
Partner in Charge: Kok Moi Lre

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	**2016 US$'000**	2015 US$'000
Revenue	3	**506,466**	773,335
Voyage expenses	4	**(99,811)**	(146,843)
TCE income^		**406,655**	626,492
Other operating income	3	**1,776**	2,016
Charter hire expenses	4	**(69,454)**	(79,609)
Other operating expenses	4	**(128,836)**	(118,639)
Operating profit before depreciation, amortisation and impairment (EBITDA)		**210,141**	430,260
Amortisation charge	8	**(4,910)**	(4,910)
Depreciation charge	9	**(94,566)**	(79,806)
		110,665	345,544
Loss on disposal of other property, plant and equipment		**(312)**	-
Gain on disposal of a vessel		**4,874**	-
Impairment charge on vessels	9	**(144,147)**	-
Gain on disposal of available-for-sale financial assets		**3,197**	-
Impairment loss on available-for-sale financial assets		**(31,461)**	-
Negative goodwill arising from acquisition of a subsidiary	25	**110,538**	-
		(57,311)	-
Operating profit (EBIT)		**53,354**	345,544
Foreign currency exchange gain/(loss) - net		**680**	(192)
Interest income		**188**	143
Interest expense		**(27,572)**	(16,844)
Other finance expense		**(2,785)**	(1,764)
Finance expense - net		**(29,489)**	(18,657)
Profit before tax for the financial year		**23,865**	326,887
Income tax expense	7	**(233)**	(749)
Profit after tax for the financial year (NPAT)		**23,632**	326,138

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

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