EPIC GAS LTD

(Incorporated in British Virgin Islands: Registration Number: 1749293)

AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013

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Contents

STATEMENT BY DIRECTORS

For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013

In the opinion of the directors,

(a) the consolidated financial statements of the Group as set out on pages 3 to 43 are drawn up so as to present fairly, in all material respects, the state of affairs of the Group as at 31 December 2013 and of the results of the business, changes in equity and cash flows of the Group for the financial period then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Brian Paul Friedman
Director

James John Dowling
Director

30 May 2014

INDEPENDENT AUDITOR'S REPORT

To the Members and Board of Directors of Epic Gas Ltd

We have audited the accompanying consolidated financial statements of Epic Gas Ltd (the "Company" and its subsidiaries (the "Group") set out on pages 3 to 43, which comprise the consolidated balance sheet of the Group as of 31 December 2013, and the related consolidated statements of comprehensive income, of shareholder's equity and of cash flows for the financial period then ended.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Epic Gas Ltd and its subsidiaries at 31 December 2013, and the results of their operations and their cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 30 May 2014

EPIC GAS LTD
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013

	Note	For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013 US$
Revenue	4	**78,258,771**
Expenses		
Address and brokerage commissions		**(1,728,230)**
Voyage expenses		**(6,005,246)**
Vessel operating expenses	5	**(43,857,636)**
Depreciation and amortisation		**(13,543,855)**
General and administrative expenses	6	**(12,128,171)**
Total expenses		**(77,263,138)**
Operating income		**995,633**
Other losses - net	7	**(1,346,136)**
Finance expenses	8	**(7,308,621)**
Loss before income taxes		**(7,659,124)**
Income tax expense	9	**(24,947)**
Loss after income taxes		**(7,684,071)**
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation		**(46,579)**
Other comprehensive loss, net of tax		**(46,579)**
Total comprehensive loss		**(7,730,650)**

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

EPIC GAS LTD
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
As of 31 December 2013

	Note	Group 31 December 2013 US$
ASSETS		
Current assets		
Cash and cash equivalents	10	**44,820,330**
Trade and other receivables	11	**6,531,777**
Inventories	12	**1,211,448**
Vessel classified as held for sale	13	**2,850,500**
Deferred finance costs	14	**709,865**
		56,123,920
Non-current assets		
Property, plant and equipment	15	**258,696,496**
Advances for vessel under construction	16	**35,080,912**
Other asset		**6,207**
Intangible assets	17	**12,917,408**
Deferred finance costs	14	**1,796,995**
		308,498,018
Total assets		**364,621,938**
LIABILITIES		
Current liabilities		
Trade and other payables	18	**12,767,956**
Finance lease liabilities	19	**3,422,511**
Current income tax liabilities	9	**67,359**
Borrowings	20	**17,442,354**
		33,700,180
Non-current liabilities		
Finance lease liabilities	19	**30,689,818**
Deferred income taxes	21	**17,814**
Borrowings	20	**119,717,803**
		150,425,435
Total liabilities		**184,125,615**
NET ASSETS		**180,496,323**
EQUITY		
Share capital	22	**187,869,392**
Share option reserve	23	**357,581**
Currency translation reserve		**(46,579)**
Accumulated losses		**(7,684,071)**
Total equity		**180,496,323**

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

EPIC GAS LTD
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013

	Note	Share capital US$	Accumulated losses US$	Share option reserve US$	Currency translation reserve US$	Total equity US$
Balance at date of incorporation		1	-	-	-	1
Issuance of shares	22	191,750,000	-	-	-	191,750,000
Share issue expenses	22	(3,880,609)	-	-	-	(3,880,609)
Employee share option scheme - Value of employee services	23	-	-	357,581	-	357,581
Total comprehensive loss		-	(7,684,071)	-	(46,579)	(7,730,650)
Balance at 31 December 2013		**187,869,392**	**(7,684,071)**	**357,581**	**(46,579)**	**180,496,323**

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

EPIC GAS LTD
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013

	Note	For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013 US$
Cash flows from operating activities		
Loss after tax		(7,684,071)
Adjustments for:		
- Income tax expense		24,947
- Employee share option expense		357,581
- Amortisation and depreciation		13,543,855
- Impairment loss on vessel classified as held for sale		1,395,548
- Amortisation of deferred finance costs		780,107
- Interest expense		6,528,514
- Unrealised translation loss		(46,579)
		14,899,902
Change in working capital:		
- Inventories		(75,248)
- Trade and other receivables		397,867
- Trade and other payables		2,795,786
Cash generated from operations		18,018,307
Income tax paid		(131,609)
Net cash provided by operating activities		17,886,698
Cash flows from investing activities		
Additions to property, plant and equipment		(4,581,582)
Advances for vessel under construction		(35,080,912)
Net cash used in investing activities		(39,662,494)
Cash flows from financing activities		
Proceeds from acquisitions of subsidiaries, net of cash acquired		47,914,280
Proceeds from long-term debt		148,281,250
Interest and finance costs		(6,528,514)
Repayment of finance lease		(9,583,179)
Repayment of long-term debt		(181,697,136)
Repayment of overdraft		(620,000)
Payment of borrowing costs		(3,286,967)
Proceeds from issuance of shares		72,116,391
Net cash provided by financing activities		66,596,125
Net increase in cash and cash equivalents		44,820,329
Cash and cash equivalents at 12 December 2012 (date of incorporation)	10	1
Cash and cash equivalents at end of financial period	10	44,820,330

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

1. General information

The Company is incorporated and domiciled in British Virgin Islands ("BVI") on 12 December 2012. The address of its registered office is PO Box 173, Kingston Chambers, Road Town, Tortola, VG1110 British Virgin Islands.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are set out in Note 26 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). These are the Group's first audited consolidated financial statements issued under US GAAP and present the Group's financial results of operations and financial position as at and for the financial period ended 31 December 2013.

The preparation of these financial statements in conformity with US GAAP requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

2. **Significant accounting policies** (continued)

2.1 **Basis of preparation** (continued)

Interpretations and amendments to published standards effective in 2012

On 12 December 2012, the Group adopted the new or amended accounting standards updates issued by the Financial Accounting Standards Board ("FASB") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective accounting standards updates. The adoption of these new or amended accounting standards updates did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial periods except for the following:

Accounting Standards Update 2013-02

"Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income", requires enhanced disclosures about amounts reclassified out of accumulated other comprehensive income. The amendments have been applied prospectively.

2.2 **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is recognised as follows:

Time charter hire
Revenue arising from time charter hire is recognised ratably on a straight line basis over the period of time charter based on days completed.

Spot charter hire
Revenue arising from spot charter hire is recognised on a completed voyage basis.

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

Ship management, consultancy and service fees income
Fees from the provision of the Group's ship management services, consultancy and services fees income are recognised when the services have been rendered.

2. Significant accounting policies (continued)

2.3 Employee compensation

(a) Defined contribution plans

The Group's contributions to defined contribution plans, including the Central Provident Fund, are recognised as employee compensation expense when the contributions are due.

(b) Share-based compensation

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

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

(c) Employee leave entitlement

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

2. Significant accounting policies (continued)

2.4 Group accounting – Subsidiaries

(a) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Company has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

2. Significant accounting policies (continued)

2.4 Group accounting – Subsidiaries (continued)

(b) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

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

Acquisition-related costs are expensed as incurred.

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

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

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

2. Significant accounting policies (continued)

2.4 Group accounting – Subsidiaries (continued)

(c) Disposals

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

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to a bank loan acquired specifically for the acquisition or construction of vessels.

The actual borrowing costs incurred during the acquisition or construction period is capitalised in the cost of the vessels.

2.6 Income taxes

Income taxes are accounted for in accordance with the provisions of ASC 740, Income Taxes.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income in the period that includes the enactment date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2. Significant accounting policies (continued)

2.7 Inventories

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

2.8 Assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2.9 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment comprises its purchase price and any cost that is directly attributable to bringing it to its working condition and location for its intended use.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over its estimated useful life. The estimated useful life is as follows:

	Useful life
Vessels	30 years
Office equipment	4 years
Computers	4 years
Furniture and fittings	4 years
Office renovation	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Significant accounting policies (continued)

2.9 Property, plant and equipment (continued)

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

Drydocking costs relating to vessels owned by the Group are capitalised and written off to vessels' operating costs on a straight line basis over the estimated period to the next drydocking.

2.10 Advances for vessels under construction

According to the terms of the ship building contracts for the construction vessels entered by the Group, payments are made to the shipbuilder at specific stages. The shipbuilder assumes substantially all risks and rewards incidental to the ship building contracts. These payments are treated as advances for vessels under construction and are stated at cost, together with any financing and other costs.

2.11 Leases

(a) When the Group is the lessee:

The Group leases vessels under finance leases; and office premises, office equipment, staff accommodation and vessels under operating leases.

(i) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the estimated useful life of the asset.

2. Significant accounting policies (continued)

2.11 Leases (continued)

(a) When the Group is the lessee (continued)

(ii) Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) When the Group is the lessor:

The Group leases vessels under operating leases.

Lessor - Operating leases

Leases of vessels where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases.Charter income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

2.12 Impairment of non-financial assets

Property, plant and equipment

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

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

2. **Significant accounting policies** (continued)

2.12 **Impairment of non-financial assets** (continued)

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

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

2.13 **Financial assets**

(a) Classification

The Group classifies its financial assets as available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired.

Available-for-sale financial assets are non-derivatives and are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

2. Significant accounting policies (continued)

2.13 Financial assets (continued)

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.14 Intangible assets

Goodwill on acquisitions

Goodwill represents the cost in excess of fair value of the net assets of companies acquired. Goodwill is tested for impairment annually at the reporting unit level using carrying amounts as of the end of the financial period or more frequently if events and circumstances indicate that goodwill might be impaired. The Company has the option of assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit exceeds its carrying amount. In the event that a qualitative assessment indicates that the fair value of a reporting unit exceeds its carrying value the two step impairment test is not necessary. If, however, the assessment of qualitative factors indicates otherwise, the standard two-step method for evaluating goodwill for impairment as prescribed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350, Intangibles-Goodwill and Other must be performed.

2. Significant accounting policies (continued)

2.14 Intangible assets (continued)

Step one involves comparing the fair value of the reporting unit to its carrying amount. If the fair value of the reporting unit is greater than its carrying amount, there is no impairment. If the reporting unit's carrying amount is greater than the fair value, the second step must be completed to measure the amount of impairment, if any. Step two involves calculating the implied fair value of goodwill by deducting the fair value of all tangible and intangible assets, excluding goodwill, of the reporting unit from the fair value of the reporting unit as determined in step one. The implied fair value of goodwill determined in this step is compared to the carrying value of goodwill. If the implied fair value of goodwill is less than the carrying value of goodwill, an impairment loss is recognized equal to the difference.

2.15 Loans and receivables

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

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

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

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

2.16 Deferred finance costs

Debt issuance costs, including fees, commissions and legal expenses, are presented as other assets and are deferred and amortized on an effective interest rate method over the term of the relevant loan. Amortization of debt issuance costs is included in interest expense.

2. Significant accounting policies (continued)

2.17 Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Group prior to the end of financial year. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). 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.

2.18 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation 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 the amount has been reliably estimated.

2.19 Cash and cash equivalents

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

2.20 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies are recognised in other comprehensive income and accumulated in the currency translation reserve.

2. Significant accounting policies (continued)

2.20 Currency translation (continued)

(b) Transactions and balances (continued)

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other losses – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2. Significant accounting policies (continued)

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.22 Concentration of credit risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents and trade and other receivables.

The Company has limited credit risk with its banks and financial institutions, which are leading and reputable and are assessed as having low credit risk. The Company has not had any loss arising from non-performance by these parties during the financial period and the directors do not expect any in the future.

The Company has policies in place to assess the credit worthiness of customers to ensure vessels are chartered to customers with an appropriate credit history. Credit terms are not normally given to customers and payments are due upon the issue of invoices. The Company has not had any loss arising from non-performance by these parties in the past and the directors do not expect any in the future.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet.

3. Critical accounting estimates, assumptions and judgements

The preparation of financial statements in conformity with US GAAP requires management to use judgement to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could ultimately differ from these estimates.

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.

3. Critical accounting estimates, assumptions and judgements (continued)

Impairment of vessels

The carrying amounts of vessels are reviewed for impairment at each reporting date. An impairment loss is recognised to the extent that the carrying amounts are more than their recoverable amounts. The recoverable amounts are the greater of their fair value less cost to sell and value in use. In assessing the fair value less cost to sell, the Group engaged an independent valuation specialist to determine the fair value less cost to sale of the vessels as at 31 December 2013. The independent valuer used a valuation technique based on recent vessel sales and other comparable market data. In assessing the value in use calculations, the Group used cash flow projections based on financial budgets approved by management. Management determined the budgeted cash flows based on past performance and its expectations of market development. If the projected revenues were to decrease by 5% from management's estimates, it will not result in the recoverable amounts being less than the carrying amounts. The carrying amount of the Group's vessels is disclosed in Note 15 to the financial statements.

Useful lives of vessel and dry docking costs

The Group determines the estimated useful lives and related depreciation charges for its vessels and dry docking costs. The estimate is based on the historical experience of the actual useful lives of vessels and dry dockings of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions. Management will change the depreciation charge where the useful lives are different from previously estimated.

If the useful lives of the vessels and dry docking costs are decreased by one year from management estimate, the Group's profit before income tax for the financial period from 12 December 2012 (date of incorporation) to 31 December 2013 will decrease by approximately US$829,550.

4. Revenue

	Group For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013 US$
Revenue from:	
- Charter hire	76,192,968
- Ship management	2,065,803
	78,258,771

5. Vessel operating expenses

	Group For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013 US$
Bareboat charter hire	8,412,000
Dry-docking costs	279,864
Crew expenses	17,790,258
Maintenance and repairs	2,742,440
Insurance expense	2,099,560
Messing and stores expense	4,201,776
Vessel takeover and delivery expenses	1,611,361
Technical management fees of external managers	2,542,612
Other expenses	4,177,765
	43,857,636

6. General and administrative expenses

	Group **For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013** **US$**
Employee share option expenses	**357,581**
Staff costs (including directors' remuneration)	**5,914,245**
Consultancy expense	**1,267,375**
Rental expenses	**585,993**
Legal and professional fees	**1,079,723**
External commercial management fee	**849,032**
Travelling and entertainment expenses	**667,937**
Others	**1,406,285**
	12,128,171

7. Other losses - net

	Group **For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013** **US$**
Sundry income	**49,412**
Impairment loss on vessel classified as held for sale	**(1,395,548)**
	(1,346,136)

During the financial period, the vessel DP Azalea was classified as held for sale. As an active second hand sale and purchase market for similar vessels exists, the appraised value is the amount the Group expects to receive if it was to sell the vessel. The impairment loss was recognised as the appraised value is lower than the carrying amount at the date of transfer.

8. Finance expenses

	Group **For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013** **US$**
Interest expense on finance lease	**553,911**
Interest expense on term loan	**5,974,604**
Other finance costs	**780,106**
	7,308,621

9. Income tax expense

The Company and each of its subsidiaries are taxed at the rates applicable within each respective company's jurisdiction. The composite income tax rate will vary according to the jurisdictions in which profits arise.

(a) Income tax expense

	Group **For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013** **US$**
Tax expense attributable to profit is made up of:	
- Current income tax - Foreign	**16,749**
- Deferred income tax - Foreign (Note 21)	**8,198**
	24,947

The Company is incorporated in the BVI with a statutory tax rate of 0%. The Group also has significant operations in countries with statutory tax rates ranging from 0% to 17%.

9. Income tax expense (continued)

(a) Income tax expense (continued)

Accordingly, the table below presents a reconciliation between the amount of income tax that would result if the Group were to apply a weighted average statutory tax rate for the amounts of pre-tax income recorded in its various international jurisdictions to the reported amount of tax expense.

	Group **For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013** **US$**
Loss before income taxes	**(7,659,124)**
Tax calculated at a weighted average statutory tax rate - 14.7%	
Effects of	
- income not subject to tax due to shipping incentive	**(1,125,891)**
- tax incentives	**(144,606)**
- expenses not deductible for tax purposes	**237,243**
- deferred tax assets not recognised	**1,058,201**
Tax charge	**24,947**

The results of the Company derived from the operations of the Company's Singapore registered vessel are exempted from income tax under shipping incentive under Section 13A of the Singapore Income Tax Act, Cap. 134.

(b) Movement in current income tax liabilities:

	Group **For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013** **US$**
At the date of incorporation	**-**
Income tax liability assumed as a result of business combinations	**182,219**
Income tax paid	**(131,609)**
Tax expense	**16,749**
End of financial period	**67,359**

10. Cash and cash equivalents

	Group 31 December 2013 US$
Cash at bank	39,308,135
Short term deposits	5,512,195
	44,820,330

11. Trade and other receivables

	Group 31 December 2013 US$
Trade receivables from:	
- Non-related corporations	2,272,812
- Sundry debtors	100,291
GST recoverable	37,028
Non-trade receivables from:	
- Non-related corporations	541,857
Prepayments	1,788,511
Deposits	1,791,278
	6,531,777

12. Inventories

	Group 31 December 2013 US$
Bonded stores	34,883
Lubricating Oil	839,713
Victualling	205,172
Bunkers	131,680
	1,211,448

13. Vessel classified as held for sale

	Group 31 December 2013 US$
At the date of incorporation	-
Vessel classified as held for sale	2,850,500
End of financial period	2,850,500

Subsequent to the end of financial period, DP Azalea was sold at the consideration of US$2,925,000 on 16 January 2014.

14. Deferred finance costs

	Group 31 December 2013 US$
At date of incorporation	-
Additions during the financial period	3,286,966
Amortisation	(780,106)
End of financial period	2,506,860
To be settled within one year	709,865
To be settled after one year	1,796,995
	2,506,860

Deferred finance costs relate to legal and debt issuance fees directly related to the issuance of the Group's borrowings as described in Note 20.

15. Property, plant and equipment

	Vessel US$	Drydocking cost US$	Office equipment US$	Computers US$	Furniture and fittings US$	Office renovations US$	Total US$
Group							
31 December 2013							
Cost							
At date of incorporation	-	-	-	-	-	-	-
Property, plant and equipment assumed as a result of business combination	224,850,913	3,259,607	-	79,260	-	22,160	228,211,940
Additions	43,733,919	4,385,305	25,642	130,592	1,632	-	48,277,090
Currency translation differences	-	-	(1,000)	(14,633)	(5,014)	(6,330)	(26,977)
Disposals	-	-	-	(66,690)	-	-	(66,690)
Transfer to AFS	(4,627,865)	(232,655)	-	-	-	-	(4,860,520)
End of financial period	263,956,967	7,412,257	24,642	128,529	(3,382)	15,830	271,534,843
Accumulated depreciation							
At date of incorporation	-	-	-	-	-	-	-
Depreciation charge	11,320,199	2,152,852	5,680	46,598	206	18,320	13,543,855
Currency translation differences	-	-	(1,203)	(12,401)	(5,016)	(5,726)	(24,346)
Disposals	-	-	-	(66,690)	-	-	(66,690)
Transfer to AFS	(407,856)	(206,616)	-	-	-	-	(614,472)
End of financial period	10,912,343	1,946,236	4,477	(32,493)	(4,810)	12,594	12,838,347
Net book value							
End of financial period	**253,044,624**	**5,466,021**	**20,165**	**161,022**	**1,428**	**3,236**	**258,696,496**

$ 215,398,155 of the vessels have been pledged for term loan as described under Note 20.

The carrying amount of vessels held under finance leases is $ 43,112,489 at the balance sheet date.

16. Advances for vessels under construction

	Group **31 December 2013** **US$**
At date of incorporation	-
Installments on newbuilds	**33,240,844**
Advance for undelivered vessel	**1,110,170**
Other predelivery costs	**729,898**
End of financial period	**35,080,912**

Advances under the ship building and related contracts are recorded in the financial statements when paid. Capital for amounts that the Group has committed to make under the ship building and related contracts are disclosed in Note 24.

17. Intangible assets

	Group **31 December 2013** **US$**
Goodwill arising on consolidation	**12,917,408**

On 28 December 2012, Epic Gas Ltd acquired 44.5% and 55.5% interest in Epic Vessels (Singapore) Pte Ltd, Epic Shipping Holdings Limited and Epic Shipping Pte Ltd in exchange for equity from Chase Holdco Ltd and Skylar Holdco Ltd respectively. This acquisition is collectively referred to as the 'Epic Acquisition'.

On 28 December 2012, Epic Gas Ltd acquired 60% and 40% interest in 'Pantheon Special Purpose Vehicles ("SPVs")', in exchange for equity, from Archipelago Investment Holdings Inc., and Shipping and Intermodal Investment Management Fund I LLC respectively. Pantheon SPVs include Macedonian Enterprises Inc, Olympian Enterpirises Inc, Lagonisi Enterpirises Inc, Oinoussian Enterpirises Inc, Saronic Enterpirises Inc and Aegan Enterprises Inc. Further, Epic Gas Ltd also acquired 100% interest in Epirus Enterprises Inc., from Shipping and Intermodal Investment Management Fund I LLC in exchange for equity. Collectively, this acquisition is referred to as 'Pantheon Acquisition'.

These acquisitions have been treated as business combinations and were initially recorded at fair value.

17. Intangible assets (continued)

The principal activity of the subsidiaries acquired is that of vessel owning and chartering. The goodwill arising from the Epic Acquisition and Pantheon Acquisition, of $11,344,973 and $1,572,435 respectively, is attributable to the synergies expected to arise from the economies of scale in combining operations of the larger fleet of vessels from the two acquisitions.

The following table summarizes the fair value of the consideration paid and assets/(liabilities) acquired.

	Epic Acquisition	Pantheon Acquisition	Total
Total consideration			
Equity – common shares in Epic Gas Ltd at $1,000 per share	79,341,358	36,411,642	115,753,000
Fair value of identifiable assets and liabilities acquired:			
Cash and cash equivalents	39,131,600	8,782,680	47,914,280
Bank overdraft	(620,000)	-	(620,000)
Inventories	872,083	264,117	1,136,200
Trade and other receivables	5,663,255	1,269,759	6,933,014
Property, plant and equipment	141,976,420	86,235,520	228,211,940
Trade and other payables	(7,276,291)	(2,695,879)	(9,972,170)
Current income tax liabilities	(182,219)	-	(182,219)
Deferred income tax liabilities	(9,410)	-	(9,410)
Borrowings	(111,559,053)	(59,016,990)	(170,576,043)
Net assets acquired – fair value	67,996,385	34,839,207	102,835,592
Goodwill	11,344,973	1,572,435	12,917,408

The fair value of the common shares in Epic Gas Ltd was determined to be US$1,000 per share on acquisition date.

The vessels were acquired with attached charters. The attached charters for each vessel was evaluated by the Company based on market charter rates on the acquisition date and were found to be at market values, and thus none of the purchase consideration was allocated to the attached time charters or voyage charter.

17. Intangible assets (continued)

The fair value of the vessels, on the date of acquisition, was determined by the Company based on valuations from independent brokers. The appraised value was determined using recent transactions involving comparable vessels as adjusted for age and features. The appraisal was performed on "willing Seller and willing Buyer" basis and based on the sale and purchase market condition prevailing at the acquisition date subject to the vessel being in sound condition and made available for delivery charter free.

The fair value of cash, inventories, trade and other current receivables, prepayment and other current assets, trade and other payables, current income tax liabilities and borrowing cash was determined to be its face value.

The carrying amount of goodwill as at 31 December 2013 was $12,917,408. The Company conducted its annual goodwill impairment assessment arising from the business combination and concluded that no impairment had occurred. No impairment charge was required to be recorded.

18. Trade and other payables

	Group 31 December 2013 US$
Trade payables to:	
- Non-related corporations	5,607,838
Non-trade payables to:	
- Non-related corporations	447
Accrued operating expenses	6,048,483
Accrued staff bonus and leave passage	1,106,528
Others	4,660
	12,767,956

19. Finance lease liabilities

The Group leases vessels from non-related corporations under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values on every charter in payment date. At the end of the lease period, the Group is required to purchase the vessels.

The interest rates of the lease payments are at a floating rate of LIBOR + 4.25%, and the maturity of the leases ranges from July to September 2019.

	Group 31 December 2013 US$
Minimum lease payments due	
- Not later than one year	5,196,729
- Between one and five years	36,103,470
- Later than five years	945
Less: Future finance charges	(7,188,815)
	34,112,329
Not later than one year	3,422,511
Later than one year	30,689,818
	34,112,329

The present value of finance lease liabilities are analysed as follows:

	Group 31 December 2013 US$
Not later than one year	4,106,231
Later than one year	
- Between one and five years	33,730,156
- Later than five years	820
	37,837,207

(a) Finance lease liabilities of the Group are effectively secured over the leased vessels, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

(b) The accumulated amortisation of the finance lease liabilities at the end of the financial period is $1,128,462.

20. Borrowings

	Group **31 December 2013** **US$**
Not later than one year	**17,442,354**
Between one and five years	**119,717,803**
	137,160,157

DVB Loan Agreement

The Group entered into a loan agreement relating to facilities, made available in 2 tranches, of up to US$148,281,250 on 21 December 2012 with DVB Group Merchant Bank (Asia) Ltd and Dekabank Deutsche Girozentrale as lenders (hereinafter referred to as "DVB") for the purpose of refinancing 16 vessels belonging to the Group.

Tranche A is made available with a principal amount of up to US$122,606,250 for the purpose of refinancing 11 of the 16 vessels. Tranche A carries an interest of 3.8% per annum over LIBOR. It is repaid over 20 fixed consecutive quarterly instalments of amounts equal to 1/40th of the amount advanced, plus a balloon repayment equal to 50% of the amount advanced which shall be payable together with the final instalment.

Tranche B is made available with a principal amount of up to US$25,675,000 for the purpose of refinancing the remaining 5 vessels. Tranche B carries an interest of 3.8% per annum over LIBOR. It is repaid over 12 fixed consecutive quarterly instalments of amounts equal to 1/40th of the amount advanced, plus a balloon repayment equal to 70% of the amount advanced which shall be payable together with the final instalment.

The facilities are secured by the following:

i) First priority cross-collateralised mortgages over the vessels;
ii) First priority assignment of the vessels' earnings (including time charters exceeding 24 months), insurances and any requisition compensation;
iii) Share charges creating security over the share capital of the Company's related corporations;
iv) Account security deeds creating security over the earnings, operating and retention accounts of the Company and its related corporations; and
v) Unconditional and irrevocable on demand guarantees from Epic Gas OPCO I Ltd and Epic Gas Shipholding Pte Ltd covering all amounts outstanding under the loan agreement.

21. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group **31 December 2013** **US$**
Deferred income tax assets	
- To be recovered within one year	-
- To be recovered after one year	-
	-
Deferred income tax liabilities	
- To be settled within one year	**625**
- To be settled after one year	**17,189**
	17,814

The movement in deferred income taxes is as follows:

Group

	Accelerated tax depreciation US$	Provisions US$	Total US$
2013			
At date of incorporation	-	-	-
Deferred income tax liabilities/(assets) assumed as a result of business combination	10,532	(1,122)	9,410
Currency translation differences	432	(226)	206
Charged/(credited) to			
- profit or loss	11,954	(3,756)	8,198
End of financial period	22,918	(5,104)	17,814

22. Share capital

	No. of ordinary shares Issued share capital	Amount Share capital US$
Group and Company		
2013		
At date of incorporation	1	1
Issuance of shares on 28 December 2012	114,414	114,414,000
Issuance of shares on 25 March 2013	1,339	1,339,000
Issuance of shares on 4 June 2013	14,001	14,001,000
Issuance of shares on 30 July 2013	6,001	6,001,000
Issuance of shares on 9 September 2013	7,775	7,775,000
Issuance of shares on 28 November 2013	60,275	48,220,000
Share issue expenses	-	(3,880,609)
End of financial period	203,806	187,869,392

All issued ordinary shares are fully paid. There is a US$1 par value for these ordinary shares.

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

During the financial period, the Company issued 203,805 ordinary shares for a total consideration of $191,750,000 to provide funds for the expansion of the Group's operations. The newly issued shares rank pari passu in all respects with the previously issued shares.

23. Share option reserve

	31 December 2013 **US$**
Group	
2013	
At the date of incorporation	-
Epic Gas Ltd Share Option Plan	-
- Value of employee services	**357,581**
End of financial period	**357,581**

23. Share option reserve (continued)

Employee Share Options

During the financial period, pursuant to the Plan, the Company granted share options to key management personnel and employees who are in service at the date of grant.

The vesting schedule for the share options is as follows:
40% on the Second anniversary of the Grant Date;
20% on the Third anniversary of the Grant Date;
20% on the Fourth anniversary of the Grant Date; and
20% on the Fifth anniversary of the Grant Date;

The vesting of the share options is conditional on the key management personnel and employees continuing to be in employment by the Group or Company during the vesting period.

Once they have vested, the options are exercisable during the contractual option term of ten years from grant date.

Prior to delivery of the shares (as evidenced by the entry in the shareholders' register), no right to vote or receive dividends or any rights as member shall exist with respect to the options, notwithstanding the exercise of the option.

Movements in the number of unissued common shares under option and their exercise prices are as follows:

	No. of ordinary shares under award						
	At the date of incorporation	Granted during financial period	Forfeited / expired during financial period	Vested during financial period	End of financial period	Weighted-average exercise price US$	Date of Vesting
2013							
March 2013 Awards	-	3,593	-	-	3,593	1,000	28 February 2015
December 2013 Awards	-	15,602	-	-	15,602	800	30 December 2015
Total	-	19,195			19,195		

23. Share option reserve (continued)

The Company estimated the fair value of the share options using the Binomial Option Pricing model, which incorporated subjective assumptions including expected volatility, expected term and interest rates.

The expected volatility was based on the historical volatility and trading history of the shares of comparable companies in similar industry over the most recent years that commensurate with the estimated expected term of the share options. Estimates of fair value are not intended to predict actual future events or the value ultimately realised by persons who receive equity awards.

The assumptions used for the estimation of fair value of the share options at grant date are as follows:

Expected term	**1-5 years**
Dividend yield	**0%**
Risk-free interest rate	**0.15 – 2.01%**
Weighted average volatility	**32.1%**

The fair value of the share granted was estimated to be US$3.2 million. This is recognised on straight-line basis over the vesting period.

24. Commitments

(a) Capital commitments

The Group has entered into ship building contracts, supervision agreements and other agreements to purchase supplies. The Group has contracted but not provided for JPY12,679,216,000 (equivalent of US$149,364,731) under the ship building contracts, payable during the stages of construction of the vessels.

(b) Operating lease commitments - where the Group is a lessee

The Group leases vessels, office premises, office equipment, staff accommodation from non-related parties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

24. Commitments (continued)

(b) Operating lease commitments - where the Group is a lessee (continued)

Rent expense under operating leases is accounted for on a straight-line basis. Rent expense under the Group's operating leases for the financial period are as follows:

	Group **For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013** **US$**
Leasing of vessels	**8,412,000**
Leasing of office premises	**564,962**
Leasing of office equipment	**16,328**
Leasing of accommodation	**392,989**

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

	Group **31 December 2013** **US$**
Not later than one year	**5,529,236**
Between one and five years	**3,541,449**
	9,070,685

(c) Operating lease commitments - where the Group is a lessor

The Group lease out its vessels to non-related parties under non-cancellable operating leases.

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

	Group **31 December 2013** **US$**
Not later than one year	**34,657,561**
Between one and five years	**623,324**
	35,280,885

25. Related party transactions

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

Key management personnel compensation

Key management personnel compensation is as follows:

	Group **For the financial period from 12 December 2012 (date of incorporation) to 31 December 2013** **US$**
Wages and salaries	**879,393**
Employer's contribution to defined contribution plans, including Central Provident Fund	**27,228**
Other long-term benefits	**-**
Share option expense	**357,581**
	1,264,202

26. Listing of significant companies in the Group

Name of companies	Principal activities	Country of business incorporation	Equity holding 2013 %
Significant subsidiaries held by the Company			
Epic Gas OPCO I Ltd [(a), (c)]	Investment Holding	British Virgin Island	100
Epic Shipping Holdings Ltd [(a)]	Intermediate Investment Holding	British Virgin Island	100
Epic Shipping (Singapore) Pte Ltd [(a)]	Investment Holding	Singapore	100
Epic Singapore (Chartering) Pte Ltd [(a)]	Provision of Commercial Management Services	Singapore	100
Epic Ship Management Pte Ltd [(a)]	Provision of Technical Management Services	Singapore	100
Epic Ship Management Gmbh [(b)]	Provision of Technical Management Services	Germany	100
Epic Vessels Ltd [(b)]	Provision of Crew Manning Services	British Virgin Island	100
Global Maritime Supplies Ltd [(b)]	Procurement	British Virgin Island	100
Epic Gas (UK) Limited [(c)]	Provision of Commercial and Technical Management Services	United Kingdom	100
Epic Gas Shipholding Pte Ltd [(a), (c)]	Investment Holding	Singapore	100
Ennerdale Shipping Pte Ltd [(a), (c)]	Vessel owning and chartering	Singapore	100
Cefalu Shipping Pte Ltd [(a), (c)]	Vessel owning and chartering	Singapore	100
Minorca Shipping Pte Ltd [(a), (c)]	Vessel owning and chartering	Singapore	100
Elba Shipping Pte Ltd [(a), (c)]	Vessel owning and chartering	Singapore	100
St Vincent Shipping Pte Ltd [(a), (c)]	Vessel owning and chartering	Singapore	100
St Lucia Shipping Pte Ltd [(a), (c)]	Vessel owning and chartering	Singapore	100
St Martin Shipping Pte Ltd [(a), (c)]	Vessel owning and chartering	Singapore	100
St Kitts Shipping Pte Ltd [(a), (c)]	Vessel owning and chartering	Singapore	100
Botany Shipping Pte Ltd [(a), (c)]	Vessel owning and chartering	Singapore	100
Macedonian Enterprises Inc. [(a), (b), (c)]	Vessel owning and chartering	Marshall Islands	100
Epirus Enterprises Inc. [(a), (b), (c)]	Vessel owning and chartering	Marshall Islands	100
Saronic Enterprises Inc. [(a), (b), (c)]	Vessel owning and chartering	Marshall Islands	100
Oinoussian Enteripses Inc. [(a), (b), (c)]	Vessel owning and chartering	Marshall Islands	100
Lagonisi Enterprises Inc. [(a), (b), (c)]	Vessel owning and chartering	Marshall Islands	100
Olympian Enterprises Inc. [(a), (b), (c)]	Vessel owning and chartering	Marshall Islands	100
Epic Vessels (Singapore) Pte Ltd [(a), (b), (c)]	Vessel owning and chartering	Marshall Islands	100
Epic Shipping Pte Ltd [(a), (c)]	Vessel owning and chartering	Singapore	100
Epic OPCO II Ltd [(a), (c)]	Vessel owning and chartering	Singapore	100
Epic St. Thomas Pte. Ltd. [(a), (c)]	Vessel owning and chartering	Singapore	100
Epic St. Croix Pte. Ltd. [(c)]	Vessel owning and chartering	Singapore	100
Epic Curacao Pte. Ltd. [(a), (c)]	Vessel owning and chartering	Singapore	100
Epic Caledonia Pte. Ltd. [(a), (c)]	Vessel owning and chartering	Singapore	100
Epic St. Agnes Pte. Ltd. [(a), (c)]	Vessel owning and chartering	Singapore	100
Epic St. Ivan Pte. Ltd. [(a), (c)]	Vessel owning and chartering	Singapore	100
Epic St. George Pte. Ltd. [(c)]	Vessel owning and chartering	Singapore	100
Epic Barbados Pte. Ltd. [(c)]	Vessel owning and chartering	Singapore	100
Epic Sentosa Pte. Ltd. [(c)]	Vessel owning and chartering	Singapore	100
Epic Shikoku Pte. Ltd. [(c)]	Vessel owning and chartering	Singapore	100
Epic Sardinia Pte. Ltd. [(c)]	Vessel owning and chartering	Singapore	100
Epic Sicily Pte. Ltd. [(c)]	Vessel owning and chartering	Singapore	100
Epic York Pte. Ltd. [(a), (c)]	Vessel owning and chartering	Singapore	100
Epic Camelot Pte. Ltd. [(a), (c)]	Vessel owning and chartering	Singapore	100
Epic Super League Pte Ltd. [(a), (c)]	Vessel owning and chartering	Singapore	100

26. Listing of significant companies in the Group (continued)

(a) Audited by PricewaterhouseCoopers LLP, Singapore
(b) Not required to be audited under the laws of the country of incorporation
(c) Incorporated during the financial period

27. Events after the balance sheet date

(a) On 16 January 2014, the Group acquired and took delivery of the vessel - Epic St George for a final consideration of USD 14,700,000. The consideration was paid by cash and a term loan.

(b) On 20 January 2014, the Group took delivery and paid the final instalment of USD 7,520,300 for a vessel - Epic St Thomas to the shipyard which was financed by cash and a term loan.

(c) On 4 February 2014, the Group announced the private placement of 9,375,000 new shares at a subscription price of US$8.00 per share raising US$75.0 million. The shares to be issued will be registered on the Norwegian Over The Counter list in Oslo.

(d) On 10 February 2014, the Group took delivery and paid the final instalment for a vessel - Epic Barbados of USD 9,990,000 to the seller which was financed by cash and a term loan.

(e) On 24 April 2014, the Group took delivery and paid the final instalment of USD 9,143,519 for a vessel Epic St Croix to the shipyard which was financed by cash and a term loan.

(f) On 25 March 2014, the Group entered into an agreement with Norddeutsche Landesbank Girozentrale, Singapore branch for a term loan facility of US$32,000,000 to finance the construction of 3 vessels.

28. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Epic Gas Ltd on 30 May 2014.