EPIC GAS LTD
(Incorporated in British Virgin Islands: Registration Number: 1749293)
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
For the financial years ended 31 December 2015 and 2014

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Contents

STATEMENT BY DIRECTORS

For the financial years ended 31 December 2015 and 2014

In the opinion of the directors,

(a) the consolidated financial statements of Epic Gas Ltd and its subsidiaries (the "Group") as set out on pages 3 to 50 are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2015 and 2014, and the results of their operations, changes in equity and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America; and

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

On behalf of the directors

Charles Maltby
Director

29 APR 2016

Cullen M. Schaar
Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Epic Gas Ltd

We have audited the accompanying consolidated financial statements of Epic Gas Ltd and its subsidiaries (the "Group") set out on pages 3 to 48, which comprise the consolidated balance sheet of the Group as of 31 December 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years 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 audits. We conducted our audits 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 Group'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 Group'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 consolidated financial position of Epic Gas Ltd and its subsidiaries as of 31 December 2015 and 2014, and the results of their operations and their cash flows for the years 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, 29 APR 2016

EPIC GAS LTD
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the financial years ended 31 December 2015 and 2014

	Note	**2015 US$**	2014 US$
Revenue	4	**130,431,834**	116,556,927
Other income		**362,358**	22,615
Other losses - net	7	**(442,869)**	(3,296,733)
Expenses			
- Brokerage commissions		**(2,295,215)**	(2,159,799)
- Voyage expenses		**(11,694,235)**	(18,339,714)
- Bareboat charter hire expenses		**(15,566,014)**	(11,060,407)
- Vessel operating expenses	5	**(55,937,040)**	(46,548,480)
- Depreciation	15	**(22,039,307)**	(18,840,396)
- General and administrative expenses	6	**(15,281,691)**	(16,994,563)
- Impairment loss on vessels	15	**(10,351,840)**	(4,388,859)
- Impairment loss on vessels classified as held for sale		**-**	(7,062,778)
- Finance expenses	8	**(12,995,281)**	(10,747,112)
Total expenses		**(146,160,623)**	(136,142,108)
Loss before income tax		**(15,809,300)**	(22,859,299)
Income tax expense	9	**(150,670)**	(79,757)
Net loss		**(15,959,970)**	(22,939,056)
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	26	**(63,105)**	(55,915)
Cash flow hedges			
- Fair value loss	26	**(421,300)**	(1,082,584)
- Reclassification to property, plant and equipment	26	**1,082,584**	-
Other comprehensive income/(loss)		**598,179**	(1,138,499)
Total comprehensive loss		**(15,361,791)**	(24,077,555)

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

EPIC GAS LTD
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
At 31 December 2015 and 2014

	Note	2015 US$	2014 US$
ASSETS			
Current assets			
Cash and cash equivalents	10	**43,500,550**	31,172,103
Trade and other receivables, net	11	**10,908,544**	17,024,850
Inventories	12	**2,295,238**	2,767,742
Vessels classified as held for sale	13	**-**	6,769,999
Total current assets		**56,704,332**	57,734,694
Non-current assets			
Trade and other receivables, net	11	**477,998**	-
Restricted cash	14	**10,660,000**	9,480,000
Property, plant and equipment, net	15	**413,994,111**	406,804,882
Vessels under construction	16	**40,130,671**	36,127,849
Goodwill	17	**12,917,408**	12,917,408
Total non-current assets		**478,180,188**	465,330,139
Total assets		**534,884,520**	523,064,833
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	18	**15,696,511**	12,845,966
Deferred income	19	**7,549,994**	4,840,912
Capital lease liabilities	20	**6,773,461**	6,415,708
Current income tax liabilities	9	**109,326**	45,029
Borrowings (current)	21	**22,679,927**	39,979,426
Derivative financial instruments	22	**849,251**	1,082,584
Total current liabilities		**53,658,470**	65,209,625
Non-current liabilities			
Trade and other payables	18	**67,003**	-
Capital lease liabilities	20	**60,995,484**	68,818,946
Deferred income tax liabilities	23	**100,354**	58,013
Borrowings (non-current)	21	**157,188,735**	160,439,005
Total non-current liabilities		**218,351,576**	229,315,964
Total liabilities		**272,010,046**	294,525,589
Commitments and contingent liabilities	27		
SHAREHOLDERS' EQUITY			
Share capital, par value US$0.01per share (2014: US$0.01 per share)	24	**519,480**	297,258
Shares issued and outstanding (2015:51,948,022; 2014: 29,725,800)			
Additional paid-in capital	24	**307,741,342**	258,565,410
Share option reserve	25	**1,783,648**	1,484,781
Accumulated other comprehensive loss	26	**(586,899)**	(1,185,078)
Accumulated loss		**(46,583,097)**	(30,623,127)
Total shareholders' equity		**262,874,474**	228,539,244
Total liabilities and shareholders' equity		**534,884,520**	523,064,833

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

EPIC GAS LTD
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015 and 2014

	Share capital US$ (Note 24)	Additional paid-in capital US$ (Note 24)	Share option reserve US$ (Note 25)	Accumulated other comprehensive loss US$ (Note 26)	Accumulated loss US$	Total equity US$
Balance at 1 January 2015	297,258	258,565,410	1,484,781	(1,185,078)	(30,623,127)	228,539,244
Issuance of shares	222,222	49,175,932	-	-	-	49,398,154
Share based compensation	-	-	298,867	-	-	298,867
Net loss for the year	-	-	-	-	(15,959,970)	(15,959,970)
Other comprehensive income	-	-	-	598,179	-	598,179
Balance at 31 December 2015	**519,480**	**307,741,342**	**1,783,648**	**(586,899)**	**(46,583,097)**	**262,874,474**
Balance at 1 January 2014	203,806	187,665,586	357,581	(46,579)	(7,684,071)	180,496,323
Issuance of shares	93,452	70,899,824	-	-	-	70,993,276
Share based compensation	-	-	1,127,200	-	-	1,127,200
Net loss for the year	-		-	-	(22,939,056)	(22,939,056)
Other comprehensive loss	-	-	-	(1,138,499)	-	(1,138,499)
Balance at 31 December 2014	**297,258**	**258,565,410**	**1,484,781**	**(1,185,078)**	**(30,623,127)**	**228,539,244**

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

EPIC GAS LTD
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the financial years ended 31 December 2015 and 2014

	Note	2015 US$	2014 US$
Cash flows from operating activities			
Net loss		**(15,959,970)**	(22,939,056)
Adjustments for non-cash items:			
- Deferred income tax		**42,341**	40,199
- Employee share option expense		**298,867**	1,127,200
- Depreciation	15	**22,039,307**	18,840,396
- Impairment loss on vessels	15	**10,351,840**	4,388,859
- Impairment loss on vessels classified as held for sale		**-**	7,062,778
- Allowance for doubtful debts	6	**238,244**	173,670
- Loss on disposal of property, plant and equipment		**51,543**	39,884
- Loss on disposal of vessels classified as held for sale	7	**151,231**	-
- Amortisation of deferred finance costs	8	**709,863**	709,863
- Unrealised translation gains		**(63,105)**	(49,854)
		17,860,161	9,393,939
Changes in operating assets and liabilities, net of acquisition:			
- Decrease/(increase) in inventories		**472,504**	(1,556,294)
- Increase in trade and other receivables		**(149,936)**	(10,666,743)
- Increase in trade and other payables		**2,917,548**	3,253,185
- Increase/(decrease) in current income tax liabilities		**64,297**	(22,330)
- Increase in deferred income		**2,709,082**	1,671,938
- (Decrease)/increase in derivative financial instruments		**(233,333)**	1,082,584
Net cash provided by operating activities		**23,640,323**	3,156,279
Cash flows from investing activities			
Restricted cash		**(1,180,000)**	(3,980,000)
Additions to property, plant and equipment		**(4,938,775)**	(82,243,612)
Proceeds from sale for vessels held for sale		**6,599,559**	2,850,500
Payments for vessels under construction	16	**(32,465,473)**	(59,324,052)
Net cash used in investing activities		**(31,984,689)**	(142,697,164)
Cash flows from financing activities			
Proceeds from borrowings		**20,806,159**	86,268,710
Repayment of capital leases		**(7,465,709)**	(4,655,889)
Repayments of long-term borrowings	21	**(42,065,791)**	(21,213,439)
Proceeds from issuance of shares	24	**49,398,154**	70,993,276
Net cash provided by financing activities		**20,672,813**	131,392,658
Net increase/(decrease) in cash and cash equivalents		**12,328,447**	(8,148,227)
Cash and cash equivalents at beginning of year	10	**31,172,103**	39,320,330
Cash and cash equivalents at end of year	10	**43,500,550**	31,172,103
Supplementary cash flow information			
Cash items:			
- Cash paid for income tax expenses	9	**44,032**	61,888
- Cash paid for interest expenses		**12,285,418**	10,037,249
Non-cash investing and financing activities		**4,500,000**	45,778,214

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

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

1. General information

The accompanying consolidated financial statements include the accounts of Epic Gas Ltd (the "Company") and its subsidiaries (collectively, the "Group").

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 Group owns and operates a fleet of fully pressurised gas carriers providing seaborne services for the transportation of liquefied petroleum gas and petrochemicals. The vessels serve leading oil majors and commodity trading houses throughout Southeast Asia, Europe, West Africa and the United States of America.

The principal activities of its significant subsidiaries are set out in Note 29 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

(a) Basis of preparation and management's plans

The consolidated financial statements of the Group have been prepared on a going concern basis which assumes that the Group will be able to continue to meet its obligations as they become due without substantial disposition of assets outside the ordinary course of business, or restructuring of its operations or similar actions.

The operations of the Group require careful management of its cash and cash equivalents and its liquidity is affected by many factors including, among others, fluctuations in revenue, operating costs, as well as capital expenditures.

Management periodically reviews the liquidity position of the Group and will take actions, as necessary, to minimize the cash used in operations and retain sufficient liquidity, through its operating activities, to meet the Group's obligations.

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

2.1 **Basis of preparation** (continued)

(b) Principle of consolidation

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). These consolidated financial statements present the Group's financial position, results from operations and cash flows as of and for the year ended 31 December 2015 and 2014.

All significant transactions and balances between the Company and its subsidiaries have been eliminated upon consolidation. 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.

(c) Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates, judgments and assumptions that affect reported amounts. Such estimates include the assessment of useful lives and recoverability of property, plant and equipment, the assessment of the fair value of goodwill, the assessment of allowance for doubtful accounts, and share based compensation. Actual results could differ from those estimates.

(d) Segment reporting

The Group follows ASC 280 "Segment Reporting". The Group's chief operating decision-maker ("CODM"), who has been identified as the senior management team which includes its Chief Executive Officer and Chief Financial Officer, reviews the consolidated results when making decisions about allocating resources and assesses performance of the Group as a whole. Hence, the Group has only one reportable segment.

The CODM manages the Group as a single reportable segment which is primarily engaged in operation of fully pressurized gas carriers, providing seaborne services for the transportation of liquefied petroleum gas and petrochemicals. Its core services are similar in nature and these are based on the same infrastructure.

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

2.1 **Basis of preparation** (continued)

(e) Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended accounting standards updates ("ASU") issued by the Financial Accounting Standards Board ("FASB") that are mandatory for application from that date. The Group considers the applicability and impact of all ASU's. ASU's not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Group's consolidated financial position or results of operations.

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 2014-15

"Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern.

The ASU applies to all entities and is effective for annual periods ending after 15 December 2016, and interim periods thereafter, with early adoption permitted. The Group early-adopted ASU 2014-15 as of 31 December 2015.

Accounting Standards Update 2015-03

"Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" requires that debt issuance costs be presented as a direct deduction from the carrying amount of the related debt liability, consistent with the presentation of debt discounts. Prior to the issuance of ASU 2015-03, debt issuance costs were required to be presented as deferred charge assets, separate from the related debt liability. ASU 2015-03 does not change the recognition and measurement requirements for debt issuance costs.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(e) Interpretations and amendments to published standards effective in 2015 (continued)

Accounting Standards Update 2015-03 (continued)

The Group early-adopted ASU 2015-03 as of 31 December 2015 and as a result, deferred finance costs of US$1,796,997 has been retrospectively reclassified to be presented net of borrowings for the financial year ended 31 December 2014. The effect of the retrospective change in the balance sheet for the financial year ended 31 December 2014 is as follows:

	Prior to ASU adoption US$	Effects of adoption US$	After ASU adoption US$
For the financial year ended 31 December 2014			
Current assets:			
Deferred finance costs	709,863	(709,863)	-
Non-current assets:			
Deferred finance costs	1,087,134	(1,087,134)	-
Current liabilities:			
Borrowings	(40,689,289)	709,863	(39,979,426)
Non-current liabilities:			
Borrowings	(161,526,139)	1,087,134	(160,439,005)

The adoption of ASU 2015-03 did not have an impact on the Group's net loss and net assets for the financial year ended 31 December 2014.

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 recognized as follows:

Charter hire income and voyage expense recognition

Revenues are generated from both time and voyage charters.

Revenue from time chartering and voyage chartering of vessels are recognized on a straight-line basis over the periods of such charter agreements as service is performed.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

Charter hire income and voyage expense recognition (continued)

When the Group employs its vessels on time charter, it is responsible for all the vessel operating expenses, such as crew costs, stores, insurance, repairs and maintenance. In the case of voyage charters, the vessel is contracted only for a voyage between two or more ports, and the Group pays for all voyage-related expenses in addition to the vessel operating expenses. Voyage-related expenses consist mainly of port expenses and bunker (fuel) consumption, and are recognized as incurred.

Commissions are paid by the Group for both time charters and voyage charters and are recognized on pro-rata basis. Address commissions payable to charterers are presented net of charter hire income whereas brokerage commissions are payable to brokers and are presented as operating expenses.

Demurrage income represents payments by the charterer to the vessel owner when loading or discharging time exceed the stipulated time in a voyage charter. Demurrage income is measured in accordance with the provisions of the respective charter agreements and the circumstances under which demurrage claims arise, and is recognized when the right to receive payments is established.

Ship management service revenue

Fees from the provision of the Group's ship management services are recognized when the services have been rendered.

2.3 Employee compensation

(a) Defined contribution plans

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

(b) Share-based compensation

The Group has adopted ASC 718, "Compensation – Stock Compensation", for the accounting of share options and other share-based payments. The guidance requires that share-based compensation transactions be accounted for using a fair-value-based method. To determine the fair value of the unit awards as at the financial year end, the Group primarily used the discounted cash flow approach.

2. Significant accounting policies (continued)

2.3 Employee compensation (continued)

(b) Share-based compensation (continued)

The Group operates an equity-settled, share-based compensation plan. Share-based compensation includes vested and non-vested share options granted to key management. The share options that contain a time-based service vesting condition are considered non-vested shares on the grant date and a total fair value of such share options is recognized as an expense under "General and administrative expenses" in the consolidated statement of comprehensive income with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognized 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 recognizes 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.

The Group is required to estimate forfeiture rates at the time of grant and revise such estimates, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Share-based compensation is recorded net of estimated forfeitures such that the expense is recognized only for those share-based awards that are expected to vest.

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

When non-vested options are forfeited, the cumulative fair value that were recognised in the share option reserve is reversed to profit or loss upon forfeiture. There is no reversal of expenses to profit or loss for options have vested but subsequently cancelled.

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.

(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 recognized 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 recognizes 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 derecognized. Amounts previously recognized 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 recognized in profit or loss.

2.5 Income taxes

Income taxes are accounted for under the liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, and operating loss and tax credit carry forwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the periods that includes the enactment date. A valuation allowance is recorded for loss carry forwards and other deferred income tax assets where it is more likely than not that such loss carry forwards and deferred income tax assets will not be realized.

In the ordinary course of business, there is inherent uncertainty in quantifying the Group's income tax positions. The Group assesses its income tax positions and record tax benefits for all periods subject to examination based upon evaluation of the facts, circumstances and information available at the reporting dates. For those tax positions where it is more-likely-than-not that a tax benefit will be sustained, the Group records the tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more-likely-than-not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. The Group recognizes interest accrued related to unrecognized tax benefits in income tax expense. Penalties, if incurred, would be recognized as a component of general and administrative expenses.

2. Significant accounting policies (continued)

2.6 Other comprehensive income

The Group follows the guidance in US GAAP regarding reporting comprehensive income which requires separate presentation of certain transactions, such as unrealised gains and losses from effective portion of cash flow hedges, which are recorded directly as components of shareholders' equity.

2.7 Inventories

Inventories comprise mainly victualing and bonded stores, lubricating oil and bunker remaining on board. Cost is determined on a first-in, first-out basis. These inventories will be used for the operation of vessels, therefore they are not written down to the net realisable value when the market price falls below cost if the overall shipping activity is expected to be profitable.

2.8 Assets held-for-sale

It is the Group's policy to dispose of vessels when suitable opportunities occur and not necessarily to keep them until the end of their useful life. The Group classifies vessels as being held for sale when the following criteria are met: (i) management possessing the necessary authority has committed to a plan to sell the vessels; (ii) the vessels are available for immediate sale in their present condition; (iii) an active program to find a buyer and other actions required to complete the plan to sell the vessels have been initiated; (iv) the sale of the vessels is probable, and transfer of the asset is expected to qualify for recognition as a completed sale within one year; and (v) the vessels are being actively marketed for sale at a price that is reasonable in relation to their current fair value and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Vessels classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These vessels are not depreciated once they meet the criteria to be classified as held for sale. Furthermore, in the period a vessel meets the held for sale criteria, in accordance with ASC 360-10, an impairment loss is recognized for any reduction of the vessel's carrying amount to its fair value less cost to sell.

A gain is recognized for any subsequent increase in fair value less cost to sell, but not in excess of the cumulative loss previously recognized (for a write-down to fair value less cost to sell). The loss or gain is adjusted only to the carrying amount of a long-lived asset, classified as held for sale individually or as part of a disposal group.

2. Significant accounting policies (continued)

2.9 Property, plant and equipment

Property, plant and equipment are recognized 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 recognized 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 from the date it is ready to be used is as follows:

	Estimated Useful life
Vessels	30 years
Dry docking costs	2 - 5 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 recognized in profit or loss when the changes arise.

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

Dry docking costs relating to vessels owned by the Group are capitalised and amortised to vessels' operating costs on a straight line basis over the estimated period to the next dry docking session. Dry docking costs incurred in relation to the bareboat charter vessels under operating leases are accrued on a monthly basis from the start of the lease period.

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.

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

2.9 **Property, plant and equipment** (continued)

If the useful lives of the vessels are decreased by one year from management's estimate, the Group's loss before income tax for the year ended 31 December 2015 will increase by approximately US$632,161 (2014: US$483,270).

Impairment of long-lived assets

In accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"), 360-10-15, "Accounting for the impairment of disposal of Long-live Assets", long-lived assets, such as vessels and vessels under construction, to be held and used, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is tested whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If indicators of impairment are present, impairment reviews are performed to determine whether the carrying value of an asset group is impaired, based on comparison to the undiscounted expected future cash flows. If this comparison indicates that the carrying amounts exceeds the undiscounted cash flows, the impaired asset group is written down to the fair value and the difference is recorded as an impairment loss in the consolidated statement of comprehensive income. Fair value is defined as the price that would be received to sell an asset in an ordinary transaction between market participants at the measurement date.

The carrying amounts of vessels and vessels under construction are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When such an event occurs, the Group estimates the undiscounted future cash flows expected to result from the use of the asset and its eventual disposition.

For vessels that the Group intends to dispose by sale, a loss is recognized for any reduction of the vessel's carrying amount to its fair value less cost to sell. For vessels that the Group intends to hold for use, if the total of the expected separately identifiable future undiscounted cash flows produced by the vessels is less than its carrying amount, a loss is recognized for the difference between the fair value less cost to sell against the carrying amount of the vessels. In assessing future undiscounted cash flows, the Group used cash flow projections for each vessel based on financial budgets approved by management and compared it to the vessel's carrying value. Management determined the budgeted cash flows by considering the revenue from existing charters for those vessels that have long term employment and where there is no charter in place, the budgeted cash flows are estimated based on past performance and its expectations of market development.

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

2.9 **Property, plant and equipment** (continued)

In assessing the fair value less cost to sell, the Group engaged independent valuation specialists to determine the fair value less cost to sell of the vessels as at 31 December 2015. The independent valuers used a valuation technique based on recent vessel sales and other comparable market data.

2.10 Vessels under construction

According to the terms of the ship building contracts for the construction of 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 stated at cost, together with any financing and other costs.

2.11 Leases

(a) *When the Group is the lessee:*

Leases are classified as capital leases if they meet at least one of the following criteria: (i) the leased asset automatically transfers title at the end of the lease term; (ii) the lease contains a bargain purchase option; (iii) the lease term equals or exceeds 75% of the remaining estimated economic life of the leased asset; or (iv) the present value of the minimum lease payments equals or exceeds 90% of the excess of fair value of the leased property. If none of the above criteria is met, the lease is accounted for as an operating lease.

The Group conducts a part of its operations from leased vessels. The vessel leases, which have terms ending between June 2019 and September 2019, are classified as capital leases.

Most of the vessel leases do not have renewal clauses but provide the Group with options to purchase the vessels during the lease term.

In addition, the Group leases vessels, office premises, office equipment and staff accommodation under operating leases expiring during the next five years.

In most circumstances, management expects that in the normal course of business, leases will be renewed or replaced by other leases.

(b) *When the Group is the lessor:*

The Group's leasing operations consist principally of the leasing of vessels to non-related parties and all such income are classified under revenue from charter hire services (Note 4). These leases expire over the next five years.

2. Significant accounting policies (continued)

2.12 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 at year end date at the 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 Group 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.

Step one involves comparing the fair value of the reporting unit based on discounted future cash flow 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 separately identifiable intangible assets 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.

The Group determined the discounted projected cash flows for the reporting unit based on the projected cash flows generated, and compared it to the fair value of the reporting unit. The significant factors and assumptions used in the discounted projected cash flow analysis used for the above, revenue from existing charters for those vessels that have long term employment and where there is no charters in place, the budgeted cash flows are estimated based on past performance and its expectations of market development.

2. Significant accounting policies (continued)

2.13 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. Loans and receivables are presented as "Trade and other receivables, net" (Note 11), "Cash and cash equivalents" (Note 10) and "Restricted cash" (Note 14) on the balance sheet. They 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 recognizes 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 example of objective evidence that these financial assets are impaired.

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.

2.14 Deferred finance costs

Debt issuance costs, including fees, commissions and legal expenses, are presented net of the related borrowings 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.

Such costs are classified as non-current. The Group reclassifies the deferred finance costs in relation to the bank loan principal amounts to be paid due in the next twelve months as current.

2.15 Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Group prior to the end of 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.

2. Significant accounting policies (continued)

2.16 Derivative financial instruments and hedging activities

The Group has entered into bunker forward contracts to manage exposures to fluctuating bunker prices and not for trading or speculative purposes. Bunker forward contracts are not designated for hedge accounting.

The Group has entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies.

The Group designates its derivatives based upon guidance on ASC 815, "Derivatives and Hedging" which establishes accounting and reporting requirements for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The guidance on accounting for certain derivative instruments and certain hedging activities requires all derivative instruments to be recorded on the balance sheet as either an asset or liability measured at its fair value, with changes in fair value recognised in earnings unless specific hedge accounting criteria are met.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

(a) Cash flow hedge

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy undertaken for the hedge. The documentation includes identification of the hedging instrument, hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine whether they actually have been highly effective throughout the financial reporting periods for which they were designated. Contracts which meet the strict criteria for hedge accounting are accounted for as cash flow hedges.

2. Significant accounting policies (continued)

2.16 Derivative financial instruments and hedging activities (continued)

(a) Cash flow hedge (continued)

The Group has entered into currency forwards that are cash flow hedges for currency risk arising from its firm commitments for purchases denominated in foreign currencies ("hedged item"). The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

(b) Other derivatives

Changes in the fair value of derivative instruments that have not been designated as hedging instruments are reported in current period earnings.

2.17 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 probable and estimable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.18 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 with an original maturity of three months or less which are subject to an insignificant risk of change in value.

2.19 Restricted cash

Restricted cash reflects deposits with certain banks that can only be used to pay the current loan instalments or which are required to be maintained as a certain minimum cash balance per mortgaged vessel. In the event that the obligation relating to such deposits is expected to be terminated within the next twelve months, these deposits are classified as current assets; otherwise they are classified as non-current assets.

2. Significant accounting policies (continued)

2.20 Currency translation

(a) Functional and presentation currency

Foreign currency translation

The functional currency of the Company is US Dollar. 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. The consolidated financial statements are presented in US Dollar, which is the Group's presentation currency.

Transactions in other currencies are translated into the US Dollar using the exchange rates in effect at the time of the transactions. Monetary assets and liabilities that are denominated in other currencies are translated into US Dollar at the prevailing exchange rates at the balance sheet dates. Resulting gains or losses are separately reflected in the accompanying consolidated statements of income. Foreign exchange gains or losses resulting from the translation process are reported in the consolidated financial statements.

(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 exchange 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.

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 consolidated statement of comprehensive income within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of comprehensive income within "other losses - net".

2. Significant accounting policies (continued)

2.20 Currency translation (continued)

(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 balance sheet date;
(ii) shareholders' equity at historical rate of exchange;
(iii) 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
(iv) 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.

2.21 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 Group to significant concentrations of credit risk, consist principally of cash and cash equivalents and trade and other receivables.

The Group has limited credit risk with its banks and financial institutions, which are leading and reputable and are assessed as having low credit risk. The Group has not had any loss arising from non-performance by these parties.

2. Significant accounting policies (continued)

2.22 Concentration of credit risk (continued)

The Group 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 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.

2.23 Fair value of financial instruments

The estimated fair value of financial instruments, such as cash and cash equivalents, trade receivables, deposits, sundry deposits and trade and other payables approximate their individual carrying amounts as at the financial year end due to their short-term maturity. Derivative financial instruments are carried in the balance sheet at fair value.

2.24 Borrowing costs

Borrowing costs that are attributable to the acquisition and with production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of that asset.

All other borrowing costs are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

Borrowing costs are recognised 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 capitalized in the cost of the vessels.

3. Transactions with related parties

The Group provides compensation to its key management personnel and its Directors in the amount of US$2,621,842 (2014: US$2,674,398), and are included in the consolidated statement of comprehensive income under the caption "General and administrative expenses".

4. Revenue

	2015	2014
	US$	US$
Revenue from:		
- Charter hire	**128,977,684**	114,414,701
- Ship management services	**1,454,150**	2,142,226
	130,431,834	116,556,927

5. Vessel operating expenses

	2015	2014
	US$	US$
Crew expenses	**35,710,628**	28,948,453
Messing and stores expenses	**7,346,941**	6,398,110
Insurance expenses	**3,211,412**	3,402,151
Maintenance and repairs	**4,558,777**	3,386,476
Technical management fees of external managers	**532,000**	1,374,786
Vessel takeover and delivery expenses	**576,016**	516,206
Dry-docking costs	**531,494**	375,282
Others	**3,469,772**	2,147,016
	55,937,040	46,548,480

6. General and administrative expenses

	2015	2014
	US$	US$
Staff costs (including directors' remuneration)	**9,630,336**	8,437,495
Legal and professional fees	**1,555,877**	1,325,118
Information technology costs	**297,486**	1,256,158
Employee share option expenses	**298,867**	1,127,200
Rental and utilities expenses	**1,214,189**	1,182,862
Consultancy expenses	**689,115**	897,128
Travelling and entertainment expenses	**696,009**	868,584
External commercial management fees	**-**	670,000
Recruitment costs	**12,724**	296,404
Allowance for doubtful debts	**238,244**	173,670
Insurance	**119,997**	154,832
Reinstatement costs	**-**	119,184
Others	**528,847**	485,928
	15,281,691	16,994,563

7. Other losses - net

	2015 US$	2014 US$
Loss on disposal of property, plant and equipment	**51,543**	39,884
Loss on disposal of vessels classified as held for sale	**151,231**	-
Loss on bunker forwards	**749,486**	-
Loss on currency options	**-**	397,000
Foreign currency exchange (gains)/losses	**(509,391)**	2,859,849
	442,869	3,296,733

8. Finance expenses

	2015 US$	2014 US$
Interest expense on capital leases	**3,956,894**	2,767,165
Interest expense on borrowings	**8,328,524**	7,270,084
Amortisation of deferred finance costs (Note 21)	**709,863**	709,863
	12,995,281	10,747,112

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

	2015 US$	2014 US$
Tax expense attributable to profit is made up of:		
- Current income tax	**117,765**	19,227
- Deferred income tax	**42,341**	40,199
	160,106	59,426
(Over)/under provision in prior financial years	**(9,436)**	20,331
	150,670	79,757

The Company is incorporated in the British Virgin Islands ("BVI") with a statutory tax rate of 0%. The Group also has significant operations in countries with statutory tax rates ranging from 0% to 20%.

9. Income tax expense (continued)

(a) Income tax expense (continued)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the BVI's standard rate of income tax as follows:

	2015 US$	2014 US$
Loss before income tax	**(15,809,300)**	(22,859,299)
Tax calculated at statutory rate of nil% (2014: nil%)	**-**	-
Effects of:		
- Different tax rates in other countries	**395,787**	83,230
- Income not subject to tax	**(67,457)**	(53,567)
- Tax incentives	**(252,070)**	(216,172)
- Expenses not deductible for tax purposes	**139,941**	294,113
- Others	**(56,095)**	(48,178)
Tax charge	**160,106**	59,426

The results of the Group are mainly derived from the operations of vessels registered in Singapore and the Republic of Marshall Islands. Under the laws of the countries of the Company and its subsidiaries' incorporation and/or vessels' registration, the Group is not subject to tax on international shipping income.

(b) Movement in current income tax liabilities

	2015 US$	2014 US$
Beginning of financial year	**45,029**	67,359
Income tax paid	**(44,032)**	(61,888)
Tax expense	**117,765**	19,227
(Over)/under provision in prior financial years	**(9,436)**	20,331
End of financial year	**109,326**	45,029

10. Cash and cash equivalents

	2015 US$	2014 US$
Cash at bank	**25,442,190**	30,821,250
Short-term bank deposits	**17,500,000**	350,853
Cash on board vessels	**558,360**	-
	43,500,550	31,172,103

11. Trade and other receivables, net

	2015 US$	2014 US$
Current		
Trade receivables from:		
- Non-related corporations	**7,498,166**	7,579,417
Less: Allowance for doubtful debts	**(793,168)**	(558,523)
Trade receivables, net of allowance	**6,704,998**	7,020,894
GST recoverable	**153,602**	59,696
Prepayments	**2,519,118**	2,396,252
Deposits	**543,725**	6,457,933
Sundry debtors	**987,101**	1,090,075
	10,908,544	17,024,850
Non-current		
Deposits	**477,998**	-

12. Inventories

	2015 US$	2014 US$
Bonded stores	**94,588**	67,139
Bunkers	**736,998**	1,225,664
Lubricating oil	**1,339,564**	1,352,521
Victualing	**124,088**	122,418
	2,295,238	2,767,742

13. Vessels classified as held for sale

	2015 US$	2014 US$
Vessels classified as held for sale	**-**	6,769,999

During the year ended 31 December 2014, two vessels were classified as held for sale. They were pledged as collateral for the borrowings as described under Note 21. The two vessels were sold on 26 March 2015.

14. Restricted cash

The restricted cash are fixed deposits placed and pledged with financial institutions as security for bank borrowings held by the Group. Such deposits can only be withdrawn upon the full repayment of the borrowings. The effective interest rate on these fixed deposits was 0.1588% (2014: 0.1764%) per annum.

15. Property, plant and equipment, net

	Vessels	Drydocking costs	Office equipment	Computers	Furniture and fittings	Office renovations	Total
	US$	US$	US$	US$	US$	US$	US$
31 December 2015							
Cost							
Beginning of financial year	414,039,460	9,579,746	15,549	744,763	308,903	915,160	425,603,581
Additions	4,789,576	5,442,058	88,837	351,345	92,972	385,270	11,150,058
Disposals and write-offs	-	(1,299,008)	-	(6,664)	(24,334)	(43,899)	(1,373,905)
Transfer from vessels under construction	28,462,651	-	-	-	-	-	28,462,651
Impairment loss	(10,351,840)	-	-	-	-	-	(10,351,840)
End of financial year	436,939,847	13,722,796	104,386	1,089,444	377,541	1,256,531	453,490,545
Accumulated depreciation							
Beginning of financial year	15,004,440	3,354,260	1,431	331,724	31,894	74,950	18,798,699
Depreciation charge	18,220,699	3,140,837	64,220	188,005	110,166	315,380	22,039,307
Disposals and write-offs	-	(1,318,218)	-	(4,055)	(6,917)	(12,382)	(1,341,572)
End of financial year	33,225,139	5,176,879	65,651	515,674	135,143	377,948	39,496,434
Net book value							
End of financial year	**403,714,708**	**8,545,917**	**38,735**	**573,770**	**242,398**	**878,583**	**413,994,111**

15. Property, plant and equipment, net (continued)

	Vessels US$	Drydocking costs US$	Office equipment US$	Computers US$	Furniture and fittings US$	Office renovations US$	Total US$
Group							
31 December 2014							
Cost							
Beginning of financial year	263,956,967	7,412,257	52,728	460,350	137,427	171,308	272,191,037
Additions	120,999,085	4,320,643	15,550	356,030	318,946	928,988	126,939,242
Disposals and write-offs	-	(592,412)	(52,729)	(71,617)	(147,470)	(185,136)	(1,049,364)
Transfer from vessels under construction	58,277,115	-	-	-	-	-	58,277,115
Reclassification to vessels held for sale (Note 13)	(24,804,848)	(1,560,742)	-	-	-	-	(26,365,590)
Impairment loss	(4,388,859)	-	-	-	-	-	(4,388,859)
End of financial year	414,039,460	9,579,746	15,549	744,763	308,903	915,160	425,603,581
Accumulated depreciation							
Beginning of financial year	10,912,344	1,946,236	32,700	303,283	136,003	170,036	13,500,602
Depreciation charge	15,724,688	2,900,663	4,647	100,740	33,273	76,385	18,840,396
Disposals and write-offs	-	(592,412)	(35,916)	(72,299)	(137,382)	(171,471)	(1,009,480)
Reclassification to vessels held for sale (Note 13)	(11,632,592)	(900,227)	-	-	-	-	(12,532,819)
End of financial year	15,004,440	3,354,260	1,431	331,724	31,894	74,950	18,798,699
Net book value							
End of financial year	**399,035,020**	**6,225,486**	**14,118**	**413,039**	**277,009**	**840,210**	**406,804,882**

15. Property, plant and equipment, net (continued)

The vessels with carrying amount of US$316,984,545 (2014: US$312,810,584) have been pledged as collaterals for the borrowings described under Note 21.

During the year ended 31 December 2015, the Group took delivery of two (2014: eight) vessels for a total consideration for US$28,462,651, (2014: US$133,497,986). For the year ended 31 December 2014, the Group took on capital leases for two vessels for a total consideration of US$45,778,214. The carrying amount of vessels held under capital leases was US$88,259,084 (2014: US$86,224,436) as at the balance sheet date.

16. Vessels under construction

	2015	2014
	US$	US$
Beginning of financial year	**36,127,849**	35,080,912
Additions during the year	**32,465,473**	59,324,052
Vessels delivered	**(28,462,651)**	(58,277,115)
End of financial year	**40,130,671**	36,127,849

The progressive payments on the shipbuilding contracts are recorded in the financial statements when due. Capital commitments that the Group has made under the ship building and related contracts are disclosed in Note 27.

17. Goodwill

	2015	2014
	US$	US$
Goodwill	**12,917,408**	12,917,408

Goodwill arose from the merger of Epic Shipping Pte Ltd and Pantheon Carriers LPG LLC, which led to the set-up of the Company in 2012. The Company conducted its annual goodwill impairment assessment and concluded that no impairment had occurred.

18. Trade and other payables

	2015 US$	2014 US$
Current		
Trade payables to:		
- Non-related corporations	**7,116,727**	6,583,146
Accrued operating expenses	**7,237,920**	5,236,310
Accrued staff costs	**1,341,864**	1,026,510
	15,696,511	12,845,966
Non-current		
Other payables to:		
- Non-related corporations	**67,003**	-

19. Deferred income

The amounts shown in the consolidated balance sheet represent time charter revenues received in advance as at the financial year end.

20. Capital lease liabilities

The Group leases vessels from third parties under capital leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets.

	2015 US$	2014 US$
Minimum lease payments due		
- 1st Year	**10,356,850**	10,356,850
- 2nd Year	**10,356,850**	10,356,850
- 3rd Year	**12,261,719**	10,356,850
- 4th Year	**45,657,527**	12,261,722
- 5th Year	**-**	46,707,526
	78,632,946	90,039,798
Less: Future finance charges	**(10,864,001)**	(14,805,144)
Capital lease liabilities	**67,768,945**	75,234,654

20. Capital lease liabilities (continued)

The present value of capital lease liabilities under Level 3 fair value inputs are analysed as follows:

	2015 US$	2014 US$
- 1st Year	**6,773,461**	6,415,708
- 2nd Year	**7,151,694**	6,773,461
- 3rd Year	**9,546,881**	7,151,694
- 4th Year	**44,296,909**	9,546,881
- 5th Year	**-**	45,346,910
	67,768,945	75,234,654

The Group has the option to purchase 3 of the leased vessels at the end of the first month following delivery of the vessels from the lessors to the Group, and thereafter on every charter hire payment date according to the charter party agreements until the end of the charter period. The Group has the intention to purchase the vessels at the end of the lease. The minimum lease payments due on these leases are recognised until the end of the lease.

The Group also has options to purchase 2 other leased vessels at the end of the fifth year of the charter party agreements, which have a lease term of eight years. The minimum lease payments due on these leases are recognised until the earliest period that the purchase options become exercisable.

Capital lease liabilities of the Group are secured over the leased vessels.

21. Borrowings

	2015 US$	2014 US$
Not later than one year	**22,679,927**	39,979,426
Between one and five years	**157,188,735**	160,439,005
	179,868,662	200,418,431

Current deferred finance costs of US$543,565 (2014: US$709,863) and non-current deferred finance costs of US$543,566 (2014: US$1,087,134) relating to legal and debt issuance costs directly related to the issuance of the borrowings are presented net of borrowings. The amortisation of these deferred finance costs are recognised as interest expenses in Note 8.

21. Borrowings (continued)

As part of the acquisition (described in Note 17), the Group acquired the outstanding borrowings associated with the vessels on acquisition date. The loan agreement issued on 21 December 2012 were made available in 2 tranches, of up to US$148,281,250.

Tranche A was made available with a principal amount of up to US$122,606,250 for the purpose of refinancing relating to 11 vessels. Tranche A carries an interest of 3.8% per annum over 3M-LIBOR. It is repaid over 20 fixed consecutive quarterly instalments, plus a balloon repayment as final settlement.

Tranche B was made available with a principal amount of up to US$25,675,000 for the purpose of refinancing relating to 5 vessels. Tranche B carries an interest of 3.8% per annum over 3M-LIBOR. It is repaid over 12 fixed consecutive quarterly instalments, plus a balloon repayment as final settlement. As at 31 December 2015, the principal amount for Tranche B has been fully repaid.

On 18 December 2013 and 23 July 2014, the Group entered into two loan agreements for borrowings totalling US$77,965,000 to partially finance the acquisition of 7 vessels. The borrowings are to be drawn down in seven tranches upon the delivery of each vessel. These borrowings carry interest at 3.80% to 4.20% per annum over LIBOR. They are repayable over 20 fixed conservative quarterly instalments, plus a final lump sum repayment as final settlement.

On 25 March 2014, the Group entered into a loan agreement for borrowings totaling US$32,000,000 to partially finance the acquisition of 3 vessels. The borrowings have been drawn down in three tranches upon the delivery of each vessel. These borrowings carry interest of 3.55% per annum over 3M-LIBOR. It is repaid over 20 fixed consecutive quarterly instalments, plus a final lump sum repayment as settlement.

On 30 September 2015, the Group entered into a loan agreement for facilities totalling US$120,300,000 to partially finance the acquisition of additional 7 vessels. The borrowings will be drawn down in seven tranches upon the delivery of each vessel between February 2016 and March 2017. These borrowings carry interest of 3.25% per annum over 3M-LIBOR. They will be repaid over 28 fixed conservative quarterly instalments, plus a balloon repayment as final settlement.

21. **Borrowings** (continued)

The borrowings are secured by the following:

(i) First and second priority cross-collateralised mortgages over the vessels;
(ii) First and second priority assignment of the vessels' earnings, insurances and requisition compensation;
(iii) Share charges creating security over the share capital of the borrowing entities;
(iv) Account security deeds creating security over the earnings, operating and retention accounts of the borrowing entities;
(v) Intra-group loan assignments creating security over intercompany loans;
(vi) First and second priority undertakings of the commercial and technical managers of the vessels; and
(vii) Unconditional and irrevocable on demand guarantees from Epic Gas Ltd, Epic Gas OPCO I Ltd, Epic Gas OPCO II Ltd and Epic Gas Shipholding Pte Ltd and the borrowing entities covering all amounts outstanding under the loan agreements.

The movement of borrowings during the year was as follows:

	2015 US$	2014 US$
Beginning of financial year	**200,418,431**	137,160,157
Additions	**20,806,159**	86,268,710
Repayments of long-term borrowings	**(42,065,791)**	(21,213,439)
Reclassification of deferred finance costs	**-**	(2,506,860)
Amortisation of deferred finance costs (Note 8)	**709,863**	709,863
End of financial year	**179,868,662**	200,418,431

The respective maturity dates of the borrowings (excluding deferred finance charges) as at the financial year end are:

Issue date	Maturity date	**2015 US$**	2014 US$
21 December 2012	28 December 2017	**89,939,829**	122,996,683
21 April 2014	30 April 2019	**9,280,000**	10,295,977
27 June 2014	28 June 2019	**7,687,733**	8,247,733
13 January 2014	13 January 2019	**7,040,000**	7,920,000
21 January 2014	21 January 2019	**4,020,000**	5,360,000
27 January 2014	27 January 2019	**9,920,000**	10,540,000
08 August 2014	08 August 2019	**8,341,667**	8,847,222
24 July 2014	24 July 2019	**12,693,750**	14,156,250
26 November 2014	26 November 2019	**12,307,813**	13,851,563
10 February 2015	31 January 2020	**9,490,000**	-
30 March 2015	30 March 2020	**10,235,001**	-
		180,955,793	202,215,428

21. Borrowings (continued)

The weighted-average interest rates on the above outstanding borrowings for the applicable periods were:

Year ended 31 December 2014: 3.98% per annum
Year ended 31 December 2015: 4.10% per annum

Some of the Group's loan agreements are subjected to covenant clauses whereby the Group is required to meet certain financial ratios. The banks are contractually entitled to request for immediate payment of the outstanding borrowings in an event where financial covenants required under the terms of the loan agreements are not fulfilled and not cured. Under the terms of the loan agreement with one of the banks, the Group's fixed charge coverage ratio requirement is tested on a semi-annual basis using financial statements prepared for the interim periods ending 30 June and 31 December for each year during the term of the loan agreement.

Prior to the 31 December 2014 test date; the Group sought a waiver of the fixed charge coverage ratio for both the December 31, 2014 and June 30, 2015 test dates. The waiver of the covenant was granted as of 13 March 2015, thus being in place prior to the submission of financials that would have resulted in a breach of the covenant in question.

As of 31 December 2015, the Group was in compliance with all of its debt covenants.

As of 31 December 2015, the undrawn borrowing facilities amounted to US$120,300,000 (2014: US$20,896,290).

As at the financial year end, the fair values of non-current borrowings approximate their carrying amounts.

The annual principal payments (excluding deferred finance charges) to be made for the borrowings as set out above, after the financial year ends are as follows:

	2015 **US$**	2014 US$
- 1st Year	**23,223,491**	40,689,289
- 2nd Year	**84,526,614**	21,950,158
- 3rd Year	**8,905,138**	83,252,655
- 4th Year	**49,668,882**	6,921,806
- 5th Year	**14,631,668**	49,401,520
	180,955,793	202,215,428

22. Derivative financial instruments

	Contract notional amount US$	Fair value asset US$	Fair value liability US$
2015			
Cash flow hedges			
- Currency forwards	87,596,466	-	(421,300)
Derivatives held for hedging			(421,300)
Non-hedging instruments			
- Bunker forwards	1,162,200	-	(427,951)
		-	(849,251)
2014			
Cash flow hedges			
- Currency forwards	10,028,090	-	(1,082,584)
Derivatives held for hedging		-	(1,082,584)

Currency forwards are transacted to hedge highly probable forecast transactions denominated in foreign currency that are expected to occur. The currency forwards have maturity dates that coincide within the expected occurrence of those transactions. Gains and losses recognised in other comprehensive income prior to the occurrence of these transactions are reclassified to profit or loss in the period or periods during which the hedged forecast transaction affects profit or loss. Gains and losses from forwards used to hedge highly probable forecast foreign currency purchases of property, plant and equipment are included in the cost of the assets and recognised in profit or loss over their estimated useful lives as part of depreciation expense.

23. Deferred income tax liabilities

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 movement in deferred income tax liabilities is as follows:

	Accelerated tax depreciation US$	Provisions US$	Total US$
2015			
Beginning of financial year	60,470	(2,457)	58,013
Charged to profit or loss	40,664	1,677	42,341
End of financial year	101,134	(780)	100,354

23. Deferred income tax liabilities (continued)

	Accelerated tax depreciation US$	Provisions US$	Total US$
2014			
Beginning of financial year	22,918	(5,104)	17,814
Charged to profit or loss	37,552	2,647	40,199
End of financial year	60,470	(2,457)	58,013

24. Share capital

	Issued no. of ordinary shares	Amount	
		Share capital US$	Additional paid-in capital US$
Group and Company			
2015			
Beginning of financial year	29,725,800	297,258	258,565,410
Issuance of shares on 14 July 2015	22,222,222	222,222	49,175,932
End of financial year	51,948,022	519,480	307,741,342
2014			
Beginning of financial year	203,806	203,806	187,665,586
Issuance of shares on 27 January 2014	5,302	5,302	-
1:100 share split on 30 January 2014	20,701,692	-	-
Issuance of shares on 4 February 2014	9,375,000	93,750	70,899,526
Forfeiture of shares on 1 April 2014	(530,200)	(5,302)	-
Cancellation of shares on 16 April 2014	(29,800)	(298)	298
End of financial year	29,725,800	297,258	258,565,410

All issued and outstanding ordinary shares are fully paid as at the financial year end.

The total authorised ordinary shares of the Company is 200,000,000 shares. On date of incorporation, the Company issued 1 share at par value of US$1. The holders of the shares are entitled to one vote on all matters submitted to a vote of shareholders and to receive all dividends, if any.

24. **Share capital** (continued)

On 30 January 2014, the Company underwent a 1 for 100 share split exercise to issue a maximum of 200,000,000 authorised shares of one class of US$0.01 par value. The ordinary shares each of US$1 par value that was issued as of that date was divided into an aggregate number which is a multiple of 100 of the current number of issued ordinary shares, such ordinary share each to have US$0.01 par value.

On 4 February 2014, a private placement of 9,375,000 newly issued shares of the Company's ordinary shares was completed at a subscription price of US$8 per share. The gross proceeds from the private placement amounted to US$75,000,000 while the net proceeds after the underwriters' discounts and commissions and other related expenses amounted to US$70,993,276. This is 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.

On 1 April 2014, 530,200 ordinary shares allocated to Archipelago Investment Holdings Inc. ("Archipelago") was forfeited and cancelled due to the outstanding amount not being paid on or before the call payment date.

On 16 April 2014, the call option that Archipelago granted the Company to acquire 29,800 ordinary shares registered under Archipelago was exercised by the Company. The acquired 29,800 ordinary shares were subsequently cancelled.

On 14 July 2015, a private placement of 22,222,222 newly issued shares of the Company's ordinary shares was completed at a subscription price of US$2.25 per share. The gross proceeds from the private placement amounted to US$50,000,000 while the net proceeds after the underwriters' discounts and commissions and other related expenses amounted to US$49,398,154. This is 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.

25. **Share option reserve**

	2015 **US$**	2014 US$
Beginning of financial year	**1,484,781**	357,581
Epic Gas Ltd Share Option Plan		
- Value of employee services	**587,358**	1,127,200
- Share options forfeited	**(288,491)**	-
End of financial year	**1,783,648**	1,484,781

25. Share option reserve (continued)

Employee Share Options

Pursuant to the Epic Gas Ltd Share Option 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;

Once 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 a shareholder 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:

	Number of ordinary shares under award					
	At the beginning of the year	Granted during the year	Forfeited/ expired during the year	Cancelled during the year	At the end of the year	Weighted-average exercise price US$
2015						
(Post Share Split 1:100)						
March 2013 Awards	359,300	-	(36,480)	(24,320)	298,500	10
December 2013 Awards	1,560,200	-	(407,640)	(271,760)	880,800	8
Total	1,919,500	-	(444,120)	(296,080)	1,179,300	
2014						
(Post Share Split 1:100)						
March 2013 Awards	3,593	355,707*	-	-	359,300	10
December 2013 Awards	15,602	1,544,598*	-	-	1,560,200	8
Total	19,195	1,900,305	-	-	1,919,500	

* Due to share split on 30 January 2014

25. Share option reserve (continued)

Employee Share Options (continued)

The number of options exercisable as at 31 December 2015 is 581,100 (2014: 182,300).

	2015	2014
Number of share options to be vested		
- 1st Year	**199,400**	694,880
- 2nd Year	**199,400**	347,440
- 3rd Year	**199,400**	347,440
- 4th Year	-	347,440
	598,200	1,737,200

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.

Expected terms for the above options were determined by the simplified method.

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

Weighted average expected term	6.31 years
Dividend yield	0%
Risk-free interest rate	0.15 - 2.01%
Weighted average volatility	32.1%

The fair value of the options granted was estimated to be US$2,364,938 (2014: $3,179,510) under Level 3 Fair Value inputs. The amount of unvested awards to be recognised on straight-line basis over the vesting period is US$580,751 (2014: US$1,694,728).

26. Accumulated other comprehensive loss

(a) Composition:

	2015 US$	2014 US$
Currency translation reserve	**(165,599)**	(102,494)
Hedging reserve	**(421,300)**	(1,082,584)
	(586,899)	(1,185,078)

(b) Movements:

(i) Currency translation reserve

	2015 US$	2014 US$
Beginning of financial year	**(102,494)**	(46,579)
Net currency translation differences of financial statements of foreign subsidiaries	**(63,105)**	(55,915)
End of financial year	**(165,599)**	(102,494)

(ii) Hedging reserve

	2015 US$	2014 US$
Beginning of financial year	**(1,082,584)**	-
Reclassification to property, plant and equipment	**1,082,584**	-
Fair value losses	**(421,300)**	(1,082,584)
End of financial year	**(421,300)**	(1,082,584)

27. Commitments

(a) Capital commitments

The Group has contracted but not provided for US$115,278,888 (equivalent of JPY13,890,691,000) (2014: US$ 141,101,458 (equivalent of JPY16,922,693,000)) 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, and staff accommodation from non-related parties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

27. **Commitments** (continued)

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

Charter hire and rental expenses under operating leases accounted for on a straight-line basis for the financial year are as follows:

	2015	2014
	US$	US$
Leasing of vessels	**15,566,014**	11,060,407
Leasing of office premises and equipment	**1,218,242**	954,537
Leasing of employees' accommodation	**189,901**	316,592

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:

	2015	2014
	US$	US$
1st Year	**14,487,791**	13,469,412
2nd Year	**13,557,791**	10,948,930
3rd Year	**11,751,905**	10,074,561
4th Year	**10,559,305**	8,103,000
5th Year	**7,594,944**	7,098,000
More than 5 years	**10,247,864**	14,120,750
	68,199,600	63,814,653

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

The Group leases 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:

	2015	2014
	US$	US$
1st Year	**42,416,872**	53,993,300
2nd Year	**4,763,735**	14,605,583
	47,180,607	68,598,883

28. Fair value measurements

The Group applies ASC 820, "Fair Value Measurements", with respect to fair value measurements of (a) all financial assets and liabilities and (b) non financial assets and liabilities that are recognised or disclosed in the financial statements at fair value on a recurring basis (at least annually). Under ASC 820, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

ASC 820 specifies a hierarchy of inputs to valuation techniques based on the extent to which inputs used in measuring fair value are observable in the market. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability. ASC 820 requires the use of observable market data if such data is available without undue cost and effort. Each fair value measurement is reported in one of three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

(a) Valuation technique

Level 1 - Inputs are unadjusted quoted prices for identical assets and liabilities in active markets. Level 1 assets and liabilities include equity securities and derivative contracts that are traded in an active market.

Level 2 - Inputs are based on observable inputs other than level 1 prices, such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category includes the majority of government debt securities, corporate debt securities and derivative contracts.

Level 3 - One or more significant inputs are unobservable. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow techniques, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation of assumptions that market participants would use in pricing the asset or liability. This category primarily includes certain private equity investments and certain hybrid financial instruments not classified within level 1 or 2.

28. Fair value measurements (continued)

(a) Valuation technique (continued)

The following table presents the fair values for assets and liabilities measured on a recurring basis categorized based upon the lowest level of significant input to the valuations:

		Fair Value Measurements Using		
	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	US$	US$	US$	US$
As of 31 December 2015				
Liabilities				
Derivative financial instruments	(849,251)	-	(849,251)	-
Total	(849,251)	-	(849,251)	-
As of 31 December 2014				
Liabilities				
Derivative financial instruments	(1,082,584)	-	(1,082,584)	-
Total	(1,082,584)	-	(1,082,584)	-

Currency forwards and bunker forwards are valued using dealer quotations or market transactions in either the listed or over-the-counter markets. As such, these derivative instruments are classified within Level 2.

(b) Financial Instruments

The carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables and trade and other payables approximated their fair values due to their short-term nature. For non-current bank borrowings and notes payables, the fair value is estimated based on current interest rates available to the Group for issuance of debts of similar terms and remaining maturities.

Apart from the derivative financial instruments, the Group does not have financial instruments carried at fair value as at the financial year ends.

29. Listing of significant subsidiaries in the Group

Name of significant subsidiaries	Principal activities	Country of incorporation
Epic Gas OPCO I Ltd [a]	Investment Holding	British Virgin Islands
Epic Gas OPCO II Ltd [a]	Investment Holding	British Virgin Islands
Epic Gas Shipholding Pte. Ltd. [a]	Investment Holding	Singapore
Epic Gas (UK) Limited [c]	Provision of Commercial and Technical Management Services	United Kingdom
Epic Shipping (Chartering) Pte. Ltd. [a]	Provision of Commercial Management Services	Singapore
Epic Ship Management Pte. Ltd. [a]	Provision of Technical Management Services	Singapore
Epic Ship Management Gmbh [b]	Provision of Technical Management Services	Germany
Aegean Enterprises Inc. [b]	Vessel owning and chartering	Marshall Islands
Botany Shipping Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Elba Shipping Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Bali Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Baluan Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Barbados Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Bonaire Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Borinquen Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Borneo Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Caledonia Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Camelot Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Curacao Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Madeira Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Manhattan Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Salina Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Samos Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Sardinia Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Sentosa Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Shikoku Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Sicily Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic St. Agnes Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic St. Croix Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic St. George Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic St. Ivan Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic St. Thomas Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Super League Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic Vessels (Singapore) Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epic York Pte. Ltd. [a]	Vessel owning and chartering	Singapore
Epirus Enterprises Inc. [b]	Vessel owning and chartering	Marshall Islands
Lagonisi Enterprises Inc. [b]	Vessel owning and chartering	Marshall Islands
Macedonian Enterprises Inc. [b]	Vessel owning and chartering	Marshall Islands
Minorca Shipping Pte. Ltd. [a]	Vessel owning and chartering	Marshall Islands
Oinoussian Enterprises Inc. [b]	Vessel owning and chartering	Marshall Islands
Olympian Enterprises Inc. [b]	Vessel owning and chartering	Marshall Islands
St Kitts Shipping Pte. Ltd. [a]	Vessel owning and chartering	Singapore
St Lucia Shipping Pte. Ltd. [a]	Vessel owning and chartering	Singapore
St Martin Shipping Pte. Ltd. [a]	Vessel owning and chartering	Singapore
St Vincent Shipping Pte. Ltd. [a]	Vessel owning and chartering	Singapore

(a) Audited by PricewaterhouseCoopers LLP, Singapore
(b) Not required to be audited under the laws of the country of incorporation
(c) Audited by local accounting firm

30. Events occurring after balance sheet date

On 29 February 2016 and 9 March 2016, the Group took delivery of the vessels "Epic Borinquen" and "Epic Sentosa", and the payments to take delivery of both vessels was US$11,553,947 (JPY1,392,209,000) and US$18,965,197 (JPY2,285,238,000) respectively. The payments were satisfied by the Group's cash balances and the drawdown of a loan facility in two tranches from financial institutions.