Annual Report 2022

BW Epic Kosan

Delivered with CARE

Contents

Strategy

Year at a glance

365 days of delivering with CARE

JAN 2022

Transition of accounting standards framework to IFRS & SFRS(I).

APR 2022

Release of a short film explaining the need for CCS and our credentials for CO_2 shipping.

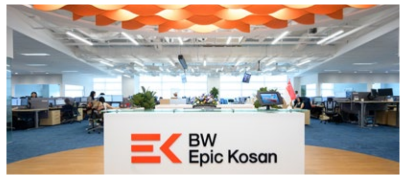
(Click below to play)

JUL 2022

Time charter-in of BWEK Bornholm, a 7,500 cbm eco-tier III pressurised newbuild.

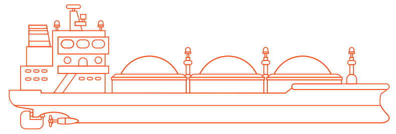
Office move, Singapore.

London office closure with roles relocating to Copenhagen and Singapore.



AUG 2022

Decision to equip two vessels with ultrasonic transducers to keep their propellers clean and reduce bunker fuel consumption by 1%.



DEC 2022

Office move, Copenhagen.

FEB 2022

Appointment of Rita Granlund as independent non-executive director.

JUN 2022

BWEK paid dividend to shareholders.

SEP 2022

Re-launch of Vision, Mission, Values.

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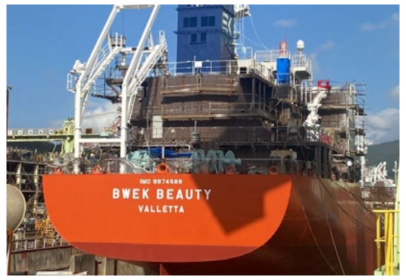
NOV 2022

Launch of BWEK Beauty, a 7,500 cbm eco-tier III pressurised newbuild from Shitanoe, Japan, chartered-in under a multi-year contract starting in Q1 2023.



Financial highlights

Improving revenue driven by a market recovery and optimisation of our fleet composition led to an increased EBITDA and Net profit. BW Epic Kosan returned US$4.5 million to its shareholders while maintaining a solid capital structure and declared another dividend of $6.2 million, payable in March 2023.

Metric	Change	2022	2021
Revenue	+9.1%	US$362.3m	US$332.2m
EBITDA	+4.9%	US$118.2m	US$112.7m
Net profit	+78.4%	US$21.4m	US$12.0m
EPS	+64.4%	US$0.13	US$0.08
Total assets	-1.9%	US$987.3m	US$1,006.9m
Cash	+35.3%	US$78.5m	US$58.0m

Chairman and CEO's statement

Andreas Sohmen-Pao
Chairman

"We are working on a dual objective: delivering vital commodities for today while finding sustainable solutions for tomorrow."

Charles Maltby
Chief Executive Officer

"We aim to improve returns by focusing on customers and operations, while shaping an appropriate fleet for the future."

As the world's focus turned in 2022 to energy security, BW Epic Kosan continued its steady work to deliver valuable energy cargoes to communities around the world. LPG is a clean-burning and affordable fuel that enables households to switch from dirtier fuels, as well as being a key input into important petrochemical products.

Our fleet trades globally, with 12 vessels in the Americas, 33 in the EMEA belt, and 24 in Asia. The last-mile nature of many of our cargo operations means we perform an average of five load operations across our fleet every day, and more than 4,000 cargo operations annually, transporting over 5.5 million tonnes between 260 different ports worldwide. Our cargo commodity is split about 47:53 between LPG and petrochemicals such as ethylene, propylene, butadiene and VCM. This diversity in geography and commodity provides flexible options for our fleet.

With an eye on a sustainable and future-focused fleet, we continued to upgrade our portfolio by releasing nine less attractive vessels during the year, while taking delivery of a larger newbuild vessel under time charter and contracting two further similar vessels for 2023 and 2024. We also maintained our focus on safe and reliable operations.

Performance and results

Our improved results have been driven by a tighter market and increasing average vessel size. This helped us deliver a 9% improvement in revenue to US$362 million and a full-year net profit of US$21.4 million, up from US$12.0 million last year, after a non-cash impairment/loss on sale of vessels of U$4.4 million. Our ROE at 4.5% after non-recurring items is better than the previous year, albeit with room for improvement.

In June 2022 we paid a dividend of US$4.5 million, and in February 2023 we have announced a dividend of US$6.2 million, amounting to a total for the year of US$10.7 million or US$0.067 per share.

Chairman and CEO's statement (cont.)

Our time charter earnings (TCE) per calendar day increased by 4% year-on-year to US$11,549 per day (+US$425 per day). This was supported by improving markets and a change in our fleet mix, which includes pressurised, semi-refrigerated and ethylene-capable vessels.

Our underlying operational expenses (OPEX) costs increased by 7% to US$5,298 per day (+US$323 per day), impacted by inflationary pressures in areas such as crewing and marine lubricant oils and the tail of Covid-19 costs.

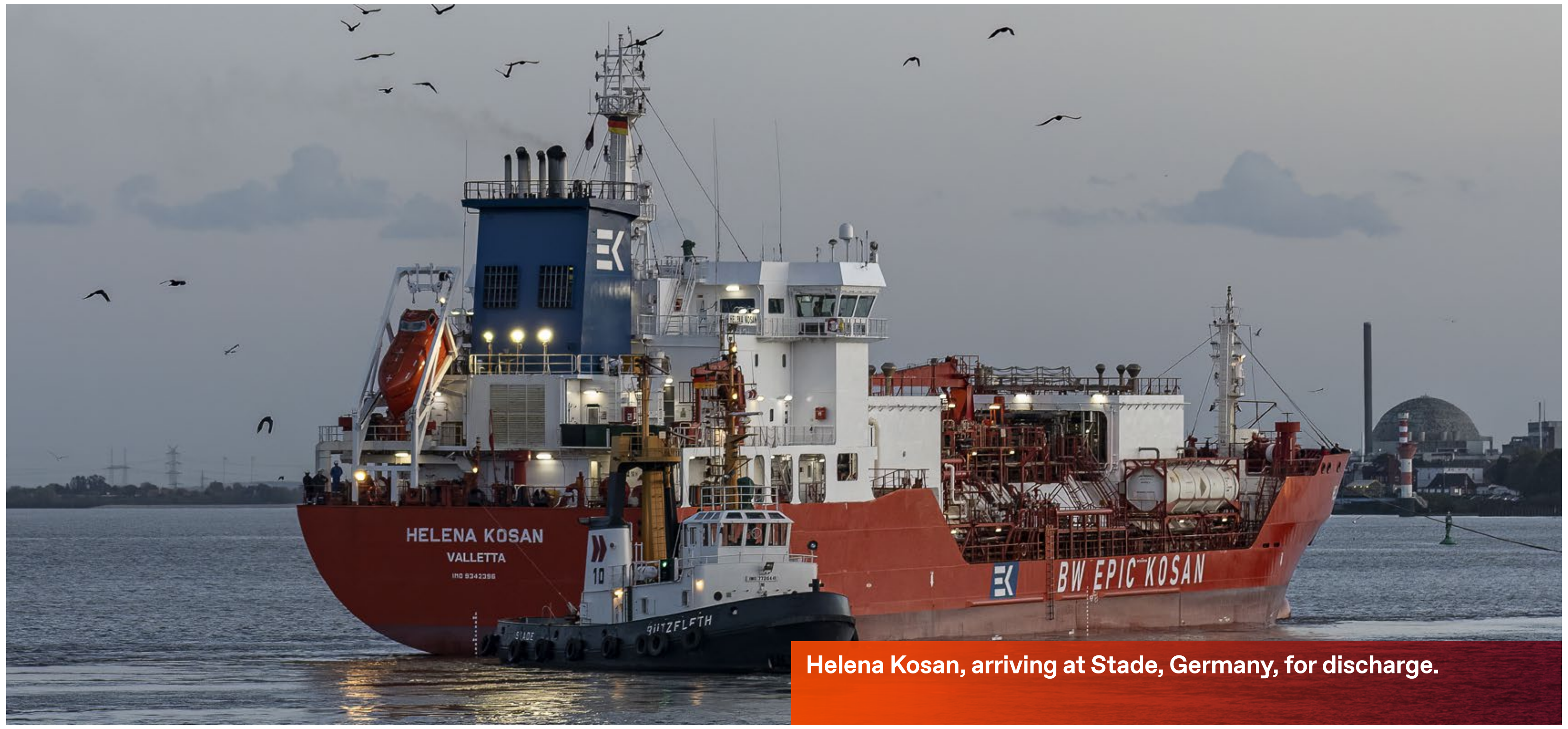
We ended the year with total debt and lease liabilities of US$438 million, on a total balance sheet of US$989 million including US$78.5 million cash. Over the course of the year, we have benefited from hedges for 75% of our bank debt via interest rate swaps at a weighted average of 1.14%.

Environmental, social and governance factors

We strive to provide safe and sustainable seaborne transportation of gases in a lower-carbon world. This includes robust governance and business ethics, and investing in our people through training and development to ensure good health, safety and security.

We realise that success in sustainability requires actions today to deliver on long-term outcomes. We will publish our first sustainability report shortly. Although our year-on-year emissions have increased by 6%, with an AER of 24.43 gCO_2/DWT-nautical miles, this has been a natural consequence of increased utilisation and a larger average ship size. This has been partially offset by investments in emissions reduction, such as silicone paints and other energy-saving initiatives including new propellor designs. We are committed to lowering our emissions further.

We believe in strong corporate governance, internal controls, transparency and accountability to all stakeholders. We have a board of highly experienced individuals and in February we welcomed Mrs Rita Granlund to the Board, who has since taken over the role of chair of the Audit Committee.



Helena Kosan, arriving at Stade, Germany, for discharge.

We are focused on zero harm, and the successful delivery of improvements in working practices, with our lost time incident rate (LTIR) improving to 0.23 days per million hours worked in the year. Our teams are working to align the processes of the combined organisation, while ensuring continuity of operations and a strong customer focus. We completed over 3,000 crew movements, with the tail of Covid-19 presenting some legacy costs, alongside the management of our crew from the Ukrainian region. Our technical team completed 12 routine dry docks over the period, despite local Covid-19 lockdowns that impacted shipyards, the supply of key workers, and the cost and delivery of spares.

Looking ahead

Our strategy remains to focus on the LPG, petrochemicals and speciality gases shipping sector, to grow the average vessel size, and to maintain an attractive average age, so that we can provide safe transportation in a lower-carbon world. We believe that LPG will continue to serve as a cleaner form of energy than many alternatives – especially in the residential sector, where it is a growing source of fuel in developing economies. Alongside LPG, we are optimistic for growth opportunities in adjacent sectors such as ammonia and carbon dioxide (CO_2) shipping. We are working alongside industry partners on projects that support wider decarbonisation, such as shipping related to carbon capture and storage.

We began 2023 with good signs for residential LPG demand. There are positive expectations for a gradual recovery in China, which will drive petrochemical activity, and the USA's ethylene exports remain strong. We anticipate a 2.9% growth in LPG seaborne trade over 2023, while the smaller gas vessel fleet is expected to grow by 2.3% before scrapping. We have a solid balance sheet as a platform for future growth.

Andreas Sohmen-Pao
Chairman

Charles Maltby
Chief Executive Officer

Our Vision, Mission and Values

Vision

We aspire to be our customers' partner of choice for transportation of Liquefied Petroleum Gas (LPG), petrochemicals and speciality gases in a lower carbon world, recognised for our leading service and operational standards.

Mission

We work to improve our service continuously with safe high quality gas carriers at a competitive price, by investing in our people, with a focus on efficiency and long-term sustainability.

Our Values:

Collaborative

We engage our customers to find solutions together.

We interact positively and constructively with our colleagues.

We are open and authentic in everything we do.

For case studies see page **10**

Ambitious

We recognise that to be our customers' first choice we must be responsive and excel in what we do.

We strive for operational excellence, challenging our own performance and goals, as individuals and as teams, seeking to continuously simplify and improve.

We give and we value honest and respectful feedback.

For case studies see page **11**

Reliable

We deliver on our promises to customers and colleagues.

We recognise that accountability and reliability are essential for success.

We act with integrity and uphold high ethical standards, target zero harm, care for our people with a focus on health, safety and security.

For case studies see page **12**

Enduring

We serve our customers with a long-term perspective.

We apply ourselves with a commitment to sustainability and to make a positive impact.

We are attuned to the changes around us, and adapt to stay relevant.

For case studies see page **13**

On the following pages, we hear from colleagues across BWEK on what our values mean to them, in their day-to-day roles.

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Our Vision, Mission and Values (cont.)

Applying our Vision, Mission and Values to our everyday work:

1. Our customer focus and service

Ashore and afloat, we build and sustain long-term customer relationships.

We have a differentiated product in terms of fleet, sourcing, duration, contract type and rates.

Our safe, high quality fleet and technical management ensures superior performance with no off hire. We have a strict Zero Harm policy.

2. A large fleet of safe, high quality, long-term controlled versatile ships

Our world leading fleet of 69 × 3,300–12,000 cbm vessels is focused on the smaller gas sector.

The scale of our fleet and interchangeable nature of our high quality ships facilitates service flexibility for customers, optimised scheduling and maximised vessel and fleet utilisation.

Our focus on fleet quality and cost enables us to deliver superior performance to stakeholders through the market cycle.

3. Strong corporate and financial profile

Our goal is to grow the business and make the right decisions through the market cycle, achieving low and flexible financing costs.

We present a long-term high-quality business to our preferred/blue chip customers, suppliers and partners.

We strive for best-in-class internal and external reporting, transparency and corporate stewardship.

Our Oslo Bors Euronext Growth listing, scale and balance sheet facilitate access to capital.

We aim to reduce the environmental footprint of the business, especially the emissions of the fleet, and the sustainability of assets and operations in line with our UN SDG commitments.

We uphold strong corporate governance and sound internal controls in line with our commitments as a listed company on the Oslo Bors.

4. Organisation providing global access, with cost management over the long-term

We are a fully integrated organisation with experienced commercial and technical staff dedicated to improved customer service around the world.

We attract, enable and retain the best possible talent pool ashore and afloat within a culture of care and wellness.

Being global in our operations and outlook facilitates comprehensive market intelligence, cargo opportunities, optional trading and positioning of our fleet, and first-class service to our customers.

Built for long-term improvement not short-term gain, we aim for bottom tier platform and OPEX costs.

We invest in the business, including digitisation, technical management, crewing, training, maintenance and smart systems systems, on a long-term commitment basis, with the aim to improve efficiency, safety and customer service.

Our values in action

Our values in action

is
Collaborative

Thomas Wøidemann
Commercial Director
Singapore

"Since the merger, we've been looking for ways to standardise our processes. We both have plenty to learn from each other and we're collaborating more as one company with one set of solutions. This spirit of collaboration also applies to clients. We're constantly looking for new angles where we can leverage our infrastructure and our combined knowledge to maximum effect for our clients.

These enable a closer working relationship with clients – a relationship where we're in daily contact, trying to find ways to make their life easier."

"Building stronger, deeper relationships with our clients is important to me because it enables us to understand their needs and ultimately provide a better service. Our best client relationships are true long-term partnerships where we provide solutions to niggles before they become issues. It's about reducing as much friction as possible to enable our clients to smoothly run their business."

Dan Meller Nielsen
Senior Operations Manager
Copenhagen

"I am responsible for ensuring that seafarers feel at home, both on and offshore. During Covid, we recognised the additional stresses on our colleagues at sea, and went the extra mile to stay in contact and try to assist wherever we could."

Lavern Montuya Gonzales
Acting Operations Manager, Crewing
Manila

Collaborative

- We engage our customers to find solutions together.
- We interact positively and constructively with our colleagues.
- We are open and authentic in everything we do.

Delivered with C A R E

Our values in action

Our values in action

is

Ambitious

Kayley Yun Kai Lim
Trainee, Finance
Singapore

"As a trainee in the finance department I'm encouraged to ask questions and constantly learn. We have the opportunity to rotate around departments to give us an holistic view of a complex shipping company. There's a willingness to trust you to figure things out on your own and get the job done. This will help me develop the problem-solving skills I need to progress the company."

"I went to work in Copenhagen during Covid but many colleagues were not around. It was daunting for me to go without my family, but I thought, if not now, then when? It really helped me grow as a person and as an employee."

Ahmad Syahmi Bin Agil
Trainee, Commercial
Singapore

Trainee program

Our trainee program runs over 3 years with the objective to develop a sound understanding of the Company's business and operations through job rotation in different divisions and locations, ship visits and a variety of teambuilding activities. And that's just the beginning.

Ambitious

- We recognise that to be our customers' first choice we must be responsive and excel in what we do.
- We strive for operational excellence, challenging our own performance and goals, as individuals and as teams, seeking to continuously simplify and improve.
- We give and we value honest and respectful feedback.

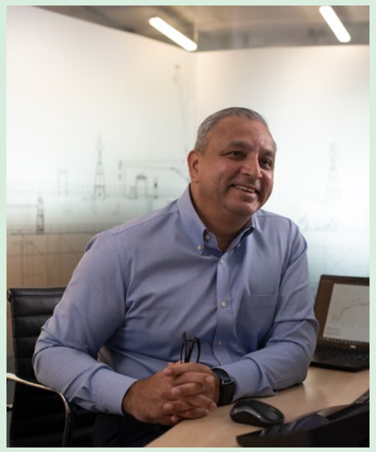
Delivered with C A R E

Our values in action

is Reliable

Michael Molter
Head of Operations, West of Suez
Copenhagen

"For us to build and maintain a customer base, it is important in our industry that our customers can depend on us to deliver consistently on our promises. Our history goes back to the world's first ocean going gas carrier and we have provided trustworthy transport for more than 30 years for some customers. This can only be achieved by being reliable in everything we do."



"Ours is a business where safety and reliability are paramount. If there's one thing I've learned from all my years with the company, it's the importance of ethics and honesty, and this is something I try to pass on to the newer members of the team."

Wayne Menezes
Head of Business Intelligence
Singapore

"We regularly check in with our colleagues to ensure that stresses are identified early. We're all human, and mistakes do creep in when people are stressed. A supportive culture produces happier colleagues and more reliable outcomes."

Agnes Lim
Finance Manager
Singapore

Reliable

- We deliver on our promises to customers and colleagues.
- We recognise that accountability and reliability are essential for success.
- We act with integrity and uphold high ethical standards, target zero harm, care for our people with a focus on health, safety and security.

Delivered with CARE

Our values in action

Our values in action

is

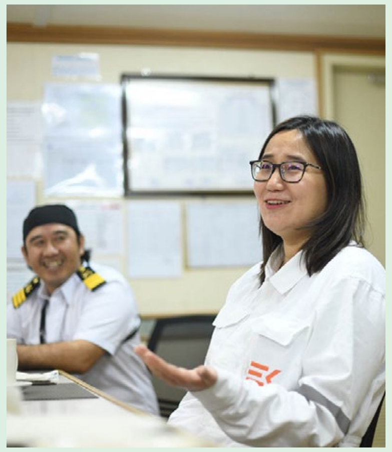
Enduring

Richard V. Tomarong
Captain, Epic St. Lucia

"In my 27 years as a seafarer, I've learned that endurance means having strength, durability and resilience – qualities I need to demonstrate to my crew every day, to inspire them as they go about their routine. Because of the nature of our job, we face many challenges together. We need endurance to maintain the ship in a safe condition, continually improve our quality of service and ensure we can deliver our cargoes efficiently to the customer."

"Endurance for me is about patience. I'm dealing with crew members from many different countries each with their own cultures and food preferences. A well-fed crew is happier and makes better decisions, so it's important that I provide healthy tasty food and be patient with all the demands!"

Rafael Marasiganv
Chief cook



"Shipping is a dynamic environment where we are tested each day. To me, endurance means having the physical and mental capacity to move forward and adapt when challenged. It ensures that our team has the right toolset to handle these situations and to evolve when faced with a new challenge."

Nicole Rushworth
Senior Manager, Operations
Singapore

Enduring

- We serve our customers with a long-term perspective.
- We apply ourselves with a commitment to sustainability and to make a positive impact.
- We are attuned to the changes around us, and adapt to stay relevant.

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Market review

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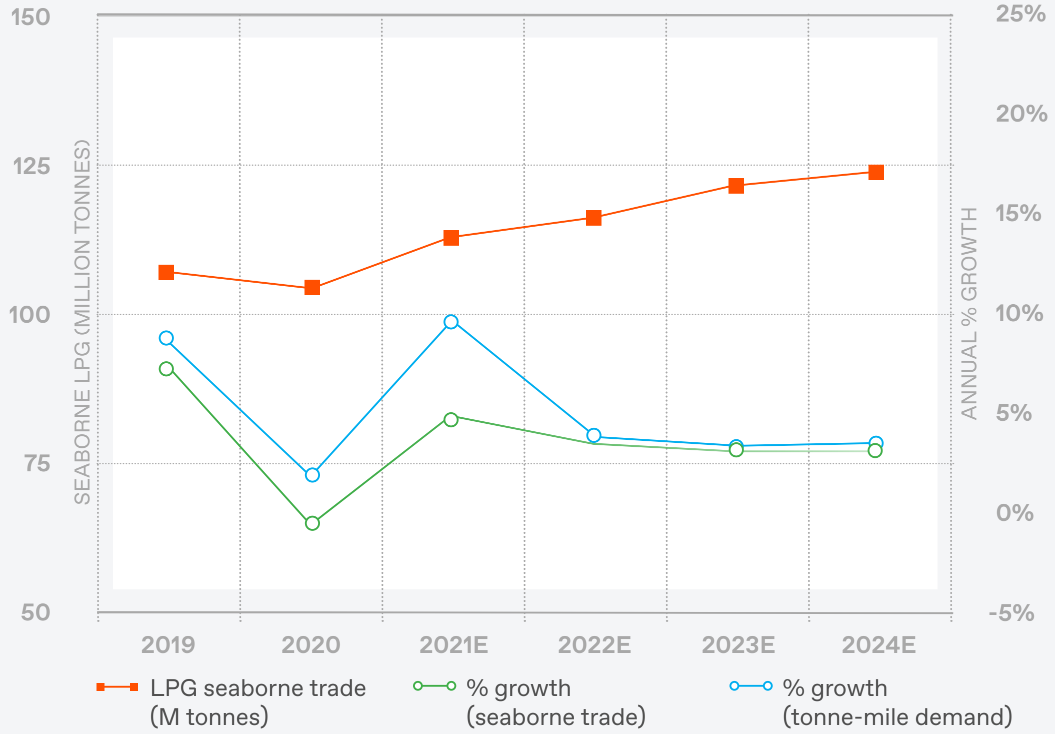
It has been a positive year for the global LPG seaborne trade, underpinning its role as an essential energy.

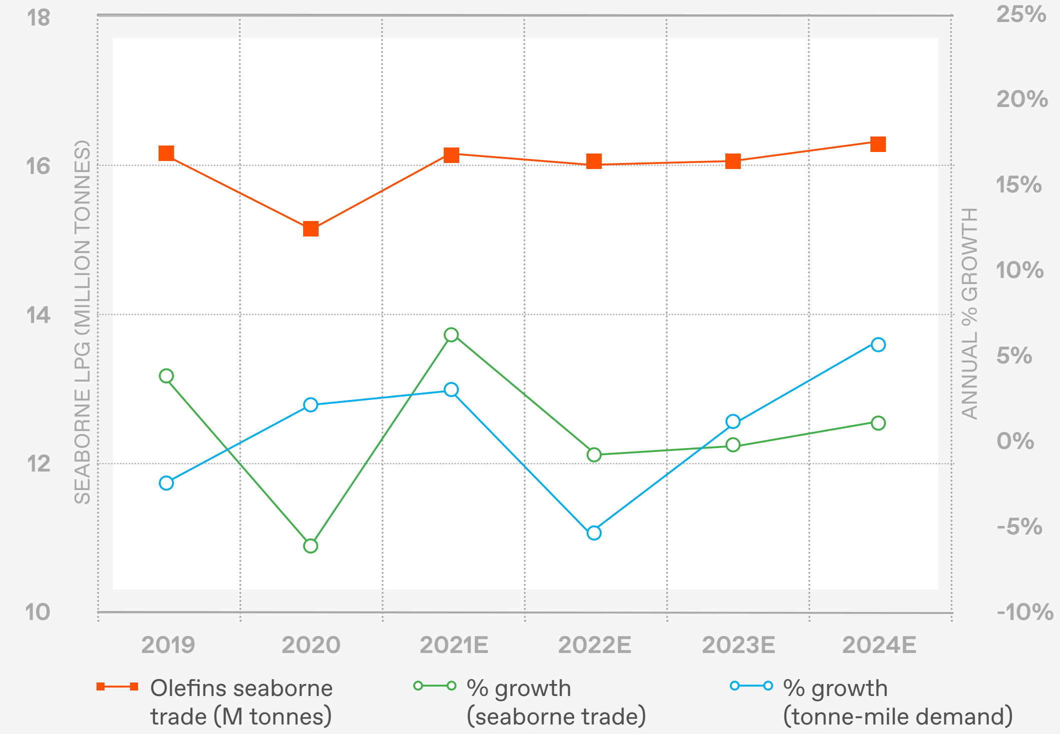
Drewry's latest research has estimated that seaborne LPG trade in 2022 increased by 3.5% year-on-year (YOY) to 116.4 million tonnes, with a related 4.0% growth in tonne-mile demand. Industrial and manufacturing activity declined in weaker, uncertain economic conditions, and this impeded the recovery of the petrochemical sector. Consequently, the trade in seaborne olefins (ethylene, propylene, butadiene and VCM), equivalent to 16.1 million tonnes in 2022, was 0.6% lower than a year ago.

The USA remained the main LPG supply driver. Seaborne exports increased by 4.9% quarter-on-quarter (QOQ) to 13.7 million tonnes, and by 3.4% YOY to a record high of more than 53 million tonnes, with 50% of these exports bound for Asia and 19% for Europe. The Middle East exported 43.6 million tonnes in 2022 according to Fact Global Energy (FGE), a YOY gain of 15.3%, as increased refinery runs led to greater LPG production. The Middle East is the main source of LPG for Asia Pacific, but faces competition from the USA for propane cargoes in the core Asian markets of China, India, Japan and South Korea. FGE reported that these four countries imported a combined 62.8 million tonnes of LPG in 2022, 3.6% higher than a year ago. China leads LPG demand and import growth in Asia, driven by its petrochemical sector. However, lower manufacturing activity due to Covid-19-related lockdowns, weak petrochemical margins, and a slump in the country's economy have all played a part in slowing down the pace of growth.

Global LPG seaborne trade 2022
est. 116.4m tonnes (+3.5% YOY) / tonne-miles (+4.0% YOY)



Global olefins (ethylene, propylene, butadiene, VCM) seaborne trade 2022
est. 16.1m tonnes (-0.6% YOY) / tonne-miles (-5.3% YOY)



Summary

Global LPG / olefins seaborne trade estimated annual change +3.5% / -0.6% to 116.4 / 16.1 million tonnes in 2022.

Asia's lead importers of LPG increased imports by 3.6% year on year.

Ethylene exports out of the USA gained 36% from the previous quarter and 64% from a year ago.

Propylene tonnes from Far East Asia to West non-existent in second half 2022.

Market outlook for demand is generally positive, but a full recovery is expected to take some time.

Market review (cont.)

A slow but positive momentum

In the petrochemical trade, price-advantaged ethylene exports from the USA rebounded in the fourth quarter, gaining 36% QOQ. Over 65% of the cargoes were bound for Asia, unlike in the first half of the year, when most of the exports headed to Europe. Total exports from the USA reached 1.2 million tonnes in 2022, 64% higher than in 2021, driven by strong volumes from Enterprise's Terminal in Houston. Similarly, exports from the Middle East increased by 48% YOY to 380,000 tonnes, with approximately 90% of the product bound for Asia. Europe's ethylene and propylene markets remained dull in the fourth quarter, with limited spot trades. Cracker operating rates were carefully managed, and plant maintenance schedules extended to counter low demand and storage constraints. In Asia, high feedstock costs impacted operating rates at crackers and propane dehydrogenation (PDH) units. Product prices extended losses, with weaker buying interests amid bearish downstream demand in China despite the lifting of Covid-19 restrictions. The market outlook for demand is generally positive, but a full recovery is expected to take some time.

Preparing for mooring operations. Epic St. Lucia, built 2008.

Routine patrol on deck. Epic St. Lucia, built 2008.

The European market remained quiet in the first half of the fourth quarter. Above-average temperatures limited regional LPG demand for heating, and shipping length persisted in the smaller-sized sector. However, appetite for cheaper USA product started to grow, and several large-sized pressure vessels were fixed for transatlantic stems, which tightened shipping availability and pushed up freight levels. The shipping market tightened significantly in December as inclement weather, port congestion and ullage constraints disrupted schedules.

By the end of the year, the benchmark butane 1,800 tonnes Tees-ARA and 4,000 tonnes East Coast UK-Morocco freight indices were respectively +27% and +39% QOQ, and +19% and +35% YOY. Shipping availability is expected to remain low in Europe and the Mediterranean, supporting owners' positive

Market review (cont.)

sentiment. Olefins production in Europe has been restricted in response to low demand, with the intention of reducing inventories. However, USA ethylene exports to Asia remained strong due to favourable pricing, and dominated the long-haul olefins trade. With 65-70% of the stems bound for Asia, the handy-size sector tightened significantly, offering potentially more inter-region fixtures on smaller vessels.

In the East, LPG imports into Bangladesh have continued to grow, gaining 6% QOQ and 9% YOY, supported by strong demand from the domestic sector. While Sri Lanka's total LPG imports remained flat QOQ and declined by 15% YOY, the small ship import trade declined by 29% QOQ and 43% YOY, impacting the regional shipping balance. Similarly, total LPG exports from Iraq gained 15% YOY, but the small ship export volumes reduced by 7%. Olefins production in Asia improved as China eased off its Covid-19 restrictions. In the fourth quarter, China's propylene imports were down by 5% QOQ and by 2% YOY. Total imports of 2.3 million tonnes in 2022 were 6% lower, compared with 2021.

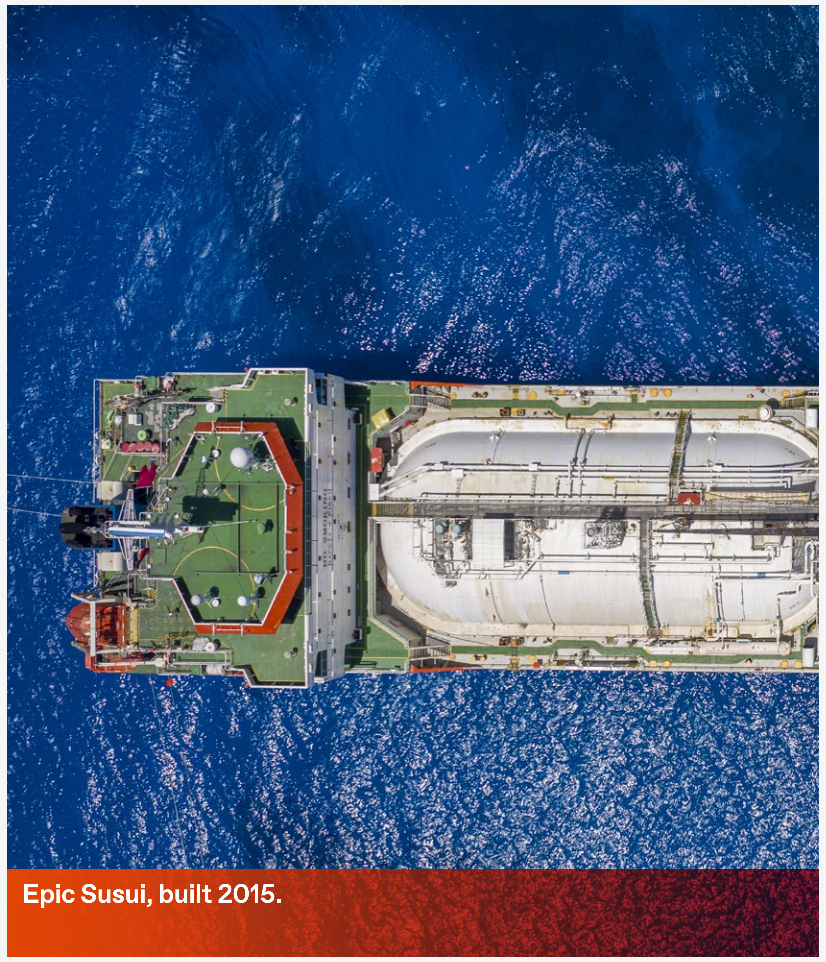
On the other hand, China's ethylene imports of just over 2.0 million tonnes remained flat compared with 2021, despite a 24% QOQ gain in the fourth quarter that was largely driven by US exports. China's imports of cargoes originating in Southeast Asia dropped to approximately 17,000 tonnes in 2022, down by more than 60,000 tonnes from 2021. In the long-haul propylene trade, the Asia-to-West cargoes that provided back-haul and repositioning opportunities were non-existent in the second half of the year, down from approximately 94,000 tonnes in 2021 and 65,000 tonnes in the first half of 2022. Similarly, there were no butadiene cargoes in the fourth quarter to Mexico and the USA, with most of the stems moved in the first quarter.

Mooring operation in progress. Epic St. Lucia, built 2008.

Low new build supply

There are a total of 352 pressure vessels (non-Chinese flagged over 3,000 cbm) on the water, including three newbuilds that were delivered during the fourth quarter. The international pressure vessel order book has 12 newbuilds scheduled to be delivered in 2023, three in 2024 and two in 2025 – a total of 102,000 cbm. This represents a 5.5% increase in the existing 1.86 million cbm fleet capacity. If we consider the existing older tonnage, there are 17 ships totalling approximately 60,000 cbm that are aged 30 years or older, which are potential scrapping candidates. These represent 3.2% of existing fleet capacity.

The smaller-sized semi-refrigerated fleet has no newbuilds on order. There are three 7,200 cbm LNG dual-fuel ethylene vessels under order for delivery in 2024, which represents a 2.3% increase in existing fleet capacity. Among the older units in the fleet, there are four non-ethylene vessels and three ethylene vessels that are aged 30 years or older and which may be scrapped, equivalent to 2.8% of existing fleet capacity. So far, only two dedicated 7,500 cbm CO_2 carrier newbuilds have been ordered, for delivery in 2024.



Epic Susui, built 2015.

Business model

Thinking big and small – a global business, with a regional focus on last tonne-mile delivery.

LPG supply chain

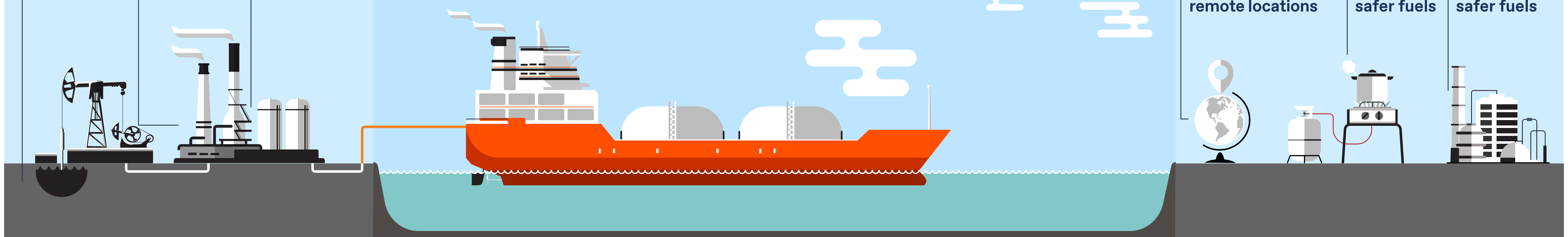
Extraction | Refinement and cracking | Storage

Integral part of the global LPG and petrochemical supply chain

We transport LPG and petrochemicals around the world on behalf of oil and gas companies and commodities traders.

Benefits for wider society

Delivery of cleaner fuels to remote locations | Transition to cleaner, safer fuels | Transition to cleaner, safer fuels



LPG is a by-product of oil and gas production and refining

We have significant resources to safely and efficiently transport LPG and other gases to where they are needed

1 Scale: a flexible fleet of 69 modern vessels
We own and operate the world's largest fleet by number of vessels. We provide seaborne services of gas carriers for the transportation of liquefied petroleum gas and other speciality gases.

2 Global network of offices
We have a presence across the world with a network of four offices in Europe and Asia.

3 Inhouse team of trained experts
We employ a large and highly skilled team of seafarers and staff ashore in a culture that is focused on the safety and wellbeing of employees and the needs of our customers.

4 Track record of safety and innovation
We strive for excellence and operate to the highest standards of safety, health and environmental care. This involves the innovative use of technology and information.

5 Long-term relationships across the oil and gas/ commodities sectors
We value long-term relationships with our clients for whom we deliver the best solutions by consistently meeting deadlines and honouring our agreements.

6 Efficient scalable platform
As a fully integrated company, BW Epic Kosan has significant commercial and technical capability across pressurised, semi-refrigerated, refrigerated gas and petrochemical transportation.

Outputs for BW Epic Kosan

Secure supply of energy and speciality gases
We supply safe and sustainable LPG energy around the world – primarily for cooking and heating in developing economies - where it replaces more dangerous and environmentally damaging fuels.

Stable returns to shareholders
We aim to deliver strong and stable returns to our shareholders across the economic cycle.

Commitment to Sustainability Development Goals
We deliver low carbon solutions for our customers transportation needs in line with our commitment to our chosen UN Sustainable Development Goals.

See page 20 for further information

Key performance indicators

We use key performance indicators (KPIs) to assess performance against our strategic and operating objectives.

Return on Equity (ROE)

4.5%
FY 2022

2.6%
FY 2021

Ship Inspection Report Programme (SIRE)

Observations/inspection

3.1
FY 2022

3.2
FY 2021

Port State Control Inspection (PSC)

Observations/inspection

1.0
FY 2022

1.3
FY 2021

Earnings

Daily TCE / Voyage days

US$11,929
FY 2022

US$11,671
FY 2021

Lost Time Incident Frequency (LTIF)

0.23
FY 2022

0.82
FY 2021

Operational Utilisation

Fleet Operational Utilisation

93.0%
FY 2022

91.7%
FY 2021

Annual Efficiency Ratio (AER)

CO2/DWT-nm (Carbon Intensity)

24.43
FY 2022

23.00
FY 2021

Fleet's Carbon Intensity Indicator (CII)

Rating A/B/C/D/E

43/18/12/10/17(%)
FY 2022

49/21/14/6/10(%)
FY 2021

Financial review Optimising assets in an improved market

Financial performance

BW Epic Kosan continued to deliver improved profitability in 2022. The Company generated an EBITDA of US$118.2 million (5% up from US$112.7 million in 2021) and a net profit of US$21.4 million (78% up from US$12.0 million in 2021). This corresponds to a return on equity of 4.5%.

In line with its strategy to focus on larger and younger tonnage, with the benefit of stronger markets for such assets, BW Epic Kosan has exited nine owned, chartered-in or commercially managed vessels during the year, while also taking delivery of a larger newbuild vessel under time charter with purchase options. Despite decreased fleet calendar days, TCE revenues increased by 8% to US$279.7 million, reflecting the improved market. Our TCE earnings per calendar day were US$11,549 – 4% up from the US$11,124 we achieved in 2021.

Operating expenses increased by 2% to US$114.0 million. On a per-calendar basis they increased by 7% to US$5,298, reflecting inflationary pressure on crew wages and Covid-19-related expenses. The impact of pandemic expenses eased off towards the end of 2022.

Financial position

BW Epic Kosan's total assets were US$987.3 million as of 31 December 2022. Total debt including lease liabilities was US$437.8 million. Including the cash position of US$78.5 million, the net debt is US$359.3 million or 43% of book value.

Dividends

BW Epic Kosan aims for a pay-out ratio of 50% of net profits after tax on an annual basis, adjusted for extraordinary items, after taking into consideration appropriate levels on leverage, capital expenditure plans and financing requirements, financial flexibility and anticipated cashflows.

The Company has declared US$10.7 million in dividends for 2022 (US$4.5 million paid in June 2022 and US$6.2 million payable in March 2023). This is equal to US$0.067 per share.

Crew muster on deck for training.
Epic Baluan, built 2017.

Environment, social, governance

Sustainability – our commitment to continual improvement.

BW Epic Kosan's role in safely and efficiently delivering clean LPG fuel makes it an integral player in the transition to a more sustainable energy future. We support this transition and the communities in which we operate in three main ways: delivering clean energy, employing and nurturing individuals, and reducing emissions.

In our continued effort to improve our ESG (environmental, social and governance) performance, we have placed safety, inclusive growth, innovation, and environment conservation at the core of our business.

A belief in long-term positive change for the environment and wider society is central to our purpose as a business and is integrated throughout our activities and processes. Our commitment to using resources efficiently, mitigating environmental risks in our operations, and lowering vessel emissions goes way beyond compliance.

Our stakeholders are individuals, groups and organisations that are directly or indirectly impacted by our business activities. BW Epic Kosan has identified seven stakeholder groups – employees, customers, investors, business partners, suppliers, government and industry bodies, and local communities. We value the long-term trusting relationships that we have formed with these groups and strongly believe that understanding their concerns and engaging with them in an exchange of knowledge, resources and best practices is key to achieving our sustainability goals.

Integration with UN Sustainable Development Goals

We support the principles of the UN Sustainable Development Goals (SDGs) and are increasingly integrating the underlying guidance into our decision-making and investment processes. We believe that our actions will have the most significant impact on the following five SDGs:

GOAL 8

Decent work and economic growth

We are committed to promoting safe and secure working environments and providing productive employment to a diverse workforce with equal pay for work of equal value.

GOAL 3

Good health and wellbeing

We commit to improving the health and wellbeing of all our people by actively promoting and providing access, guidance and support to health-focused lifestyle changes, and quality health care.

GOAL 13

Climate action

We aim to actively reduce our carbon footprint by integrating climate change measures and green initiatives into our strategies, policies, planning and operations, whilst raising awareness on the impact of climate change within our community.

GOAL 7

Affordable and clean energy

We will join hands with stakeholders and relevant national and international bodies to help promote the use of LPG as a clean and affordable energy, while pursuing energy efficiency in our business operations.

GOAL 16

Peace, justice and strong institutions

We are committed to eradicating corruption and bribery from all our operations, and always providing transparent reporting and accounting in line with international and industry standards.

Environment, social, governance (cont.)

Environmental

Zero harm to the environment means identifying and measuring relevant areas in our business which directly impact the environment. 'Carbon dioxide' (CO_2) is a key contributor to 'Green House Gases' (GHG) and our initial efforts have been focused on measuring the extent of CO_2 emissions from our vessels.

We recognise that the relatively smaller deadweight vessels we operate and their shorter voyage length present a challenge to improve efficiencies, measured by metrics such as 'Energy Efficiency Operational Indicator' (EEOI), which is the total carbon emissions per unit of revenue tonne-mile, and 'Annual Efficiency Ratio' (AER), which is the total carbon emissions per unit of vessel deadweight-mile. Nonetheless, we strive to further improve these efficiencies and lower our carbon footprint by assessing optimal speeds basis fuel consumption, low-carbon fuels, vessel, and equipment designs, and other related technologies being developed.

Navigating the Amazon River.
Epic Baluan, built 2017.

Environmental metrics

Total Deadweight Tonnage (DWT)
406,843

Total CO_2 emissions
Metric tonnes
554,322

Distance sailed
Nautical miles
3,144,974

Total NOx emissions
Metric tonnes
13,804

Total cargo carried
Metric tonnes
5,506,266

Total SOx emissions
Metric tonnes
1,192

Transport work
Tonnes – nautical miles
5,948,937,540

EEOI
gCO_2/tonnes – nautical miles
93.18

Transport work
DWT – nautical miles
22,691,355,684

Annual Efficiency Ratio (AER)
gCO_2/DWT – nautical mile
24.43

Environment, social, governance (cont.)

Safety

Our commitment to 'Zero-Harm' means safety remains a top priority, with a 'Safety, Health, Environment and Quality' (SHEQ) policy that drives a strong safety culture within the Group. The 'Lost Time Incident Rate' (LTIR) and 'Total Recordable Case Frequency' (TRCF) are metrics that we closely monitor to ensure that a safe working environment always exists onboard our ships. A Lost Time Incident results in absence from work, normally related to an accident.

Social and diversity

In an ever-changing world, our mission includes investing in our people, an international team comprising 27 nationalities with diverse backgrounds, experience and skill sets. We value operational excellence and seek enduring relationships. As we continue to develop our ESG strategies we will extend our inclusivity to actively engage with, and help, disadvantaged communities.

Safety metrics

Lost Time Incident Rate
(LTIR)
0.23

Total Recordable Case Frequency
(TRCF)
0.47

Epic St. Lucia, built 2008.

Social and diversity metrics

Total employees
2,034

Age (>50)
As percentage of workforce
15%

Nationalities represented
27

Onshore gender split
% female-male
37.5 – 62.5%

Age (<30)
As percentage of workforce
30%

Senior Management gender split
% female-male
40 – 60%

Age (30-50)
As percentage of workforce
55%

Board gender split
% female-male
17 – 83%

Governance

Senior management

A stable team with a range of long-term, industry specific expertise.

Charles Maltby
Chief Executive Officer

Joined 2014

Charles has more than 20 years of shipping industry experience. He graduated from the University of Plymouth in 1992 with a BSc in Maritime Business. His career began at Mobil Shipping, after which he held various positions with BHP Billiton. In 2005 he joined Pacific Basin as managing director (UK), global head of the Handymax business and head of the group's Atlantic business. He became executive chairman of Epic Gas in September 2014, and has been CEO since March 2015. He attended the Advanced Management Programme at INSEAD in 2008, and belongs to the Institute of Chartered Shipbrokers. Charles is currently a Non-Executive Director of Grindrod Shipping Holdings Ltd. (NASDAQ: GRIN) (JSE: GSH).

Niraj Singh
Technical Director

Joined 2003

Niraj has more than 30 years of marine industry experience. He began his career with P&O Bulk in 1989. After spending six years as a chief engineer, gaining diverse experience on bulk carriers and oil and chemical tankers, he joined Gemarfin (Gestioni Marittime e Finanziarie) in 2000 as a technical superintendent based at Lugano, Switzerland. In 2003, Niraj joined Epic Gas as ship manager, going on to become a fleet manager in 2013. He took up the role of technical director in 2016, and is responsible for global technical management – including ship management, SHEQ, crewing and newbuilding.

Uta Urbaniak-Sage
Chief Financial Officer

Joined 2007

Uta joined Epic Gas in 2007 as managing director of the Singapore operation. She became group CFO in 2012. In this role, she has been closely involved with numerous debt/equity-raising and M&A transactions. Before joining BW Epic Kosan, Uta worked for HSH Nordbank in Hamburg and Hong Kong, holding various management positions in the bank's shipping division. Uta is currently a director of Skuld Mutual P&I Association (Bermuda) Ltd.

Thomas Wøidemann
Commercial Director

Joined 2021

Thomas joined Lauritzen Kosan A/S in Copenhagen in 2001 and worked for Exmar Kosan in Hong Kong for four years before returning to Copenhagen. He became COO of J.Lauritzen A/S in 2017, responsible for Dry cargo and Gas, and CEO of Lauritzen Kosan in 2019 before joining BW Epic Kosan at the time of the merger. He is trained in shipping and has attended various executive courses at IMD and IESE, including the Advanced Management programme in 2016.

Fevian Leong
Human Resources Director

Joined 2022

Fevian joined BW Epic Kosan in August 2022 as Human Resources Director. She has over 20 years of human resources management and development experience, spanning healthcare, hospitality, maritime, IT and gas industries. Fevian has extensive experience in handling merger and acquisition, and leading organisational change across global corporations. Prior to joining BW Epic Kosan, she was the Head of HR, ASEAN at Linde Gas Asia and ASEAN HR Director at Signify (formerly known as Philips Lighting).

Board of Directors

Andreas Sohmen-Pao

Chair

Joined the Board May 2019

Re-elected May 2021

Andreas Sohmen-Pao is Chair of BW Group and listed affiliates BW Offshore, BW LPG, Hafnia, BW Epic Kosan, BW Energy and Cadeler. He is also Chair of the Global Centre for Maritime Decarbonisation, a director of Navigator Holdings and a trustee of the Lloyd's Register Foundation. Mr Sohmen-Pao was previously Chair of the Singapore Maritime Foundation and has served as a non-executive director of Hongkong and Shanghai Banking Corporation Ltd, London P&I Club, Singapore Symphonia Company, National Parks Board Singapore, Sport Singapore and the Maritime and Port Authority of Singapore amongst others. Mr Sohmen-Pao graduated from Oxford University in England with an honours degree in Oriental Studies and holds an MBA from Harvard Business School.

Esben Poulsson

Joined the Board May 2019

Re-elected June 2022

Esben has 50 years of maritime industry experience, holding a variety of positions in Hong Kong, London, Copenhagen and Singapore. In Singapore, he is Executive Chair of Enesel Pte., a container ship owner, non-executive chair for Cambiaso Risso Asia Pte and Keppel Smit Towage Pte, alongside that for Tamar Shipmanagement Ltd, Hong Kong. He is a non-executive director of Finnlines Plc, Helsinki, Enesel Bulk Logistics DMCC, Dubai and Abu Dhabi Ports Group (Maritime Cluster). He serves as Senior Advisor to the Chair of X-Press Feeders and as board member for the Maritime & Port Authority of Singapore (MPA). He has been President of the Singapore Shipping Association and Chair of the International Chamber of Shipping.

Tommy Thomsen

Joined the Board March 2021

Re-elected May 2021

Tommy brings 35 years of international experience in shipping, logistics, and finance. He is currently CEO of the Lauritzen Foundation and Lauritzen Fonden Holding and serves as Chair of J. Lauritzen and Vice Chair of Lauritzen Bulkers. He was CEO of Denmark's Investment Fund for Developing Countries, after roles as CEO of Nordic Tankers and partner in Clipper Group. He had a long career in A.P. Moller-Maersk, latest as member of the executive board, including with responsibility for APM Terminals and Maersk Tankers, being CEO of USA-based Maersk Inc. Tommy is Chair of The Danish Maritime Fund and C.W. Obel, a non-executive director of PSA International and on the Panama Canal advisory board.

Rita Granlund

Re-elected June 2022

Rita has 35 years of audit experience, including 23 years as partner in PwC. She was Territory Assurance Leader in PwC Norway for six years and industry leader Transportation and Logistics for 13 years. Ms. Granlund has extensive audit and transaction experience from listed companies within various industries, including shipping and offshore. She has completed INSEAD International Directors Programme with Certificate in Corporate Governance in 2020/2021 and the Norwegian Institute of Public Accountants Academy for Sustainability reporting in 2022. She is a State Authorized Public Accountant (Norway). Rita is currently CEO of Permian AIF Depository AS and Head of Sustainability in the Permian Group, and is a non-executive director of Shelf Drilling North Sea Ltd.

Nicholas Lykiardopulo

Joined the Board April 2017

Re-elected June 2022

Nicholas joined the Board in 2017, and brings many years of experience in shipping, commodities and finance. Within his family shipping business, Neda Maritime, he was involved in purchases, disposals and financing of numerous shipping assets. He has also advised on investments in private equity and financial products, both on behalf of Neda as well as in his role as Director of The UK Mutual Steamship Association of Bermuda. Nicholas is on the Board of Diorasis International SA, an alternative Investment Advisory firm based in Luxembourg. He holds an MA from Oxford University and is a Fellow of the Institute of Chartered Shipbrokers.

Kristian Verner Mørch

Joined the Board March 2021

Re-elected May 2021

Kristian has 30 years' experience in the shipping industry, working across both Europe and Asia. He currently serves as CEO of J.Lauritzen, and at the same time he also serves as Chair of Maersk Broker and Director of G&O and as special advisor to Aker Capital. He was CEO of Odfjell SE until May 2022. Prior to that, he was partner and CEO of Clipper Group, and before that had a career at A. P. Moller-Maersk – most significantly as COO of Maersk Tankers. He has served on the boards of Odfjell SE, Nordic Shipholding, Danish Ferries and Broström. Kristian holds an MBA from IMD Switzerland and has attended the Advanced Management Programme at Harvard Business School.

Corporate governance

Composition

As of 31 December 2022, the Board comprises six Directors. The majority (five of the six Directors) are independent of the Company's largest shareholder and the Executive Management. The Board does not include any Executive Management. The general meeting elects the chair of the Board.

The composition of the Board is focused on ensuring they can provide the Company's need for expertise, capacity, diversity and independence, alongside representing a broad cross-section of the Company's shareholders.

Members of the Board serve for a term of two years, after which they are re-evaluated before being considered for re-election. Biographical details of the Board members are available on the Company's website and in this annual report.

Responsibilities

The Board is accountable to the shareholders of the Company, and its primary responsibilities are to:

- Set BW Epic Kosan's strategy and ensure that Executive Management operates the business in accordance with this strategy
- Approve budgets and business plans
- Approve acquisition or disposal of investments and assets
- Lead corporate governance and sustainability
- Oversee the management of the Company, including the design, implementation and monitoring of the risk management and internal controls
- Review and approve accounts and financial statements of the Group
- Monitor the Group's operating and financial performance
- Assess the achievement of targets set by the Board periodically.

The Board delegates certain responsibilities to Board Committees (Audit Committee, Remuneration Committee) outlined on this page.

The Board carries out an annual evaluation of its performance and expertise.

Audit Committee

Chair: Rita Granlund

Members: Nicholas Lykiardopulo, Kristian Mørch

Responsibilities

- Oversee financial reporting
- Oversee risk management and internal controls including internal audit
- Oversee ESG strategy and performance and exposure to ESG risks
- Oversee external audit
- Oversee corporate governance and compliance with company policies and practices.

The terms of reference are published on BWEK's website.

Remuneration Committee

Chair: Andreas Sohmen-Pao

Members: Tommy Thomsen

Responsibilities

- Make recommendation to the Board for the remuneration of the executive management
- Oversee the Company's share award scheme
- Make recommendation to the Board on the Company's structure for Directors' remuneration
- Oversee recruitment policies, career planning, succession planning and management of development programmes.

The terms of reference are published on BWEK's website.

Risk management

The risk management and internal control procedures are to help the Company achieve its long-term vision and mission and business sustainability by identifying and evaluating risks related to the conduct of the Company's business, and formulating appropriate mitigating controls to protect our business, stakeholders, assets and capital.

Risk management and internal control is based on Company-wide policies and internal guidelines in addition to implementation and follow–up of a risk assessment process. The Company's risk management system is central to the Company's internal controls and ensures that the guidelines for integrating considerations related to stakeholders into its creation of value are known and adhered to.

The Board carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

Risks and mitigation

Principal risks	Description	Mitigation
1. Decarbonisation risk	Long-term reduction and shift in demand might cause financial losses.	**1.1** Continue to diversify into more sustainable energy solutions. **1.2** Participate in collaborations that enable us to stay abreast of new developments and opportunities. **1.3** Adopt sustainability-linked financing/green bonds where possible.
2. Market risk	Fluctuation in factors such as freight rate volatility or cost volatility (e.g. inflation) may cause financial losses.	**2.1** Ongoing market analysis to understand trends, supply/demand, and proactive monitoring of technological and regulatory changes to anticipate impact. **2.2** Appropriate hedging through market instruments or long-term charter cover. **2.3** Good governance and control mechanisms for investments. **2.4** Actively monitor macro-economic risks.
3. Financial risk	Increase in interest rates may cause financial losses. Insufficient financial resources may negatively impact the Company's ability to meet its payment obligations as they fall due.	**3.1** Keep healthy cash balance and leverage. **3.2** Regularly review optimal capital structure. **3.3** Hedge interest rate risk.
4. Contract and deal risk	Default or failure of counterparties to honour their contractual obligations may cause financial losses.	**4.1** Continue to perform rigorous due diligence on counterparties. **4.2** Proper, well-drafted contractual documents. **4.3** Financial and legal KYC.
5. Tax risk	Risk of financial losses due to unexpected corporate/withholding tax on income, interest, dividends, capital gains, management fees.	**5.1** Monitor changes in global and local taxes.
6. Safety and insurance risk	Vessel incidents could endanger our crew, adversely affect the strength of our brand and reputation and result in asset/cargo damage or loss and significant costs.	**6.1** Implement Zero Harm policy. **6.2** Robust maintenance and navigational management processes. **6.3** Diligent recruitment and training. **6.4** Place appropriate and adequate insurance. **6.5** Ensure root cause incident investigation.
7. Cyber risk	Risk of business or vessel interruption caused by cyber incident leading to disruption of system and/or data. Financial loss due to cyber crime / fraudulent incident (e.g. phishing, documentation fraud etc).	**7.1** Continuously work towards best-in-class solutions for IT architecture, with regular reviews and monitoring. **7.2** System backups. **7.3** Business Recovery Plan in place.
8. Sanction risk	BWEK engages with a significant amount of counterparties. There is a risk that such counterparties are subject to sanctions.	**8.1** Sanctions policy in place. **8.2** Screening of all counterparties including ownership chain in line with sanctions policy. **8.3** Regular training in sanctions compliance.

Financial statements

Directors' statement

The directors present this annual report to the members of BW Epic Kosan Ltd. (the 'Company'), together with the audited financial statements for the financial year ended 31 December 2022.

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet of the Company and as set out on pages 35-94 are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act'), Singapore Financial Reporting Standards (International) ('SFRS(I)s') and International Financial Reporting Standards ('IFRSs'), so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors of the Company in office at the date of this statement are as follows:

Panaghis Nicholas Fotis Lykiardopulo
Andreas Sohmen-Pao
Esben Sofren Poulsson
Kristian Verner Mørch
Tommy Thomsen
Rita Katrine Løkken Granlund (Appointed on 1 February 2022)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Panaghis Nicholas Fotis Lykiardopulo		
BW Epic Kosan Ltd.		
- ordinary shares	37,822	37,822
- share options	50,012	50,012
- deemed interests[1]	4,326,977	4,326,977

1. owned by Local Resources Ltd, which forms part of the assets of an irrevocable discretionary Trust of which Panaghis Nicholas Fotis Lykiardopulo is a beneficiary

Andreas Sohmen-Pao		
BW Epic Kosan Ltd.		
- deemed interests[2]	88,977,678	79,409,656

2. Held in the name of BW Group Limited

Rita Katrine Løkken Granlund		
BW Epic Kosan Ltd.		
- deemed interests[3]	–	15,000

3. Held in the name of Defined Experience AS

By virtue of Section 7 of the Act, Panaghis Nicholas Fotis Lykiardopulo and Andreas Sohmen-Pao are deemed to have interests in all the subsidiaries of the Company, at the beginning and at the end of the financial year.

By virtue of Section 7 of the Act, Rita Katrine Løkken Granlund is deemed to have interests in all the subsidiaries of the Company, from the date of appointment as director and at the end of the financial year.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Except as disclosed under the 'Share options' section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' statement (cont.)

Share options

The BW Epic Kosan Ltd Share Option Plan (the Scheme) of the Company for key management personnel and employees of the Group (collectively referred to as 'Eligible Persons') was approved by the Board. The Scheme is administered by the Company's Remuneration Committee (the Committee), comprising two directors, Andreas Sohmen-Pao and Tommy Thomsen.

Pursuant to the BW Epic Kosan 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.

Other information regarding the Scheme is set out below:

- For the share options granted in January 2016, January 2017 and August 2017, the vesting period is three years and the exercise price is US$2.05
- For the share options granted in January 2018, the vesting period is three years and the exercise price is US$1.79
- For the share options granted in January 2019, the vesting period is three years and the exercise price is US$1.72
- For the share options granted in March 2022, the vesting period is three years and the exercise price is US$2.46

(i) Modification of share-based payment arrangements

On 26 June 2019, the Company modified the BW Epic Kosan Ltd Share Option Plan.

The details of modification of share option plan is as follows:

- Cancelled the share options granted in March 2013 and December 2013
- Decreased the vesting period for the employee share options granted in January 2016, January 2017 and August 2017 from five to three years and reduced the exercise price from US$2.25 to US$2.05
- Decreased the vesting period for the employee share options granted in January 2018 from five to three years and reduced the exercise price from US$1.85 to US$1.79
- Decreased the vesting period for the employee share options granted in January 2019 from five to three years and reduced the exercise price from US$1.75 to US$1.72

Once vested, the options are exercisable during the contractual option term of six 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.

(ii) Details of options granted

(a) Details of options granted to directors and employees of the Company under the Scheme are as follows:

Name of Director	Options granted for financial year ended 31 December 2022	Aggregate options granted since commencement of Scheme to 31 December 2022	Aggregate options cancelled since commencement of Scheme to 31 December 2022	Aggregate options outstanding as at 31 December 2022
Panaghis Nicholas Fotis Lykiardopulo	–	50,012	–	50,012
Others	637,870	4,107,682	(766,958)	3,340,724

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

During the financial year, no employee has received 5% or more of the total number of options available under any of the Scheme. The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Directors' statement (cont.)

Under the Scheme, share options granted, exercised and lapsed during the financial year and outstanding as at 31 December 2022 were 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	Exercised during the year	At the end of the year	Exercise price US$
2022							
Grant 3	2,556,534	–	–	(766,958)	–	1,789,576	1.88
Grant 4	310,702	–	–	–	–	310,702	1.88
Grant 5	33,333	–	–	–	–	33,333	1.88
Grant 6	339,177	–	–	–	–	339,177	1.62
Grant 7	280,078	–	–	–	–	280,078	1.55
Grant 8	–	637,870	–	–	–	637,870	2.46
Total	3,519,824	637,870	–	(766,958)	–	3,390,736	

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Rita Katrine Løkken Granlund
Director

Panaghis Nicholas Fotis Lykiardopulo
Director

Singapore

28 February 2023

Independent Auditors' Report

To the Members of the Company BW Epic Kosan Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BW Epic Kosan Ltd. (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 35-94.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act'), International Financial Reporting Standards ('IFRSs') and Singapore Financial Reporting Standards (International) ('SFRS(I)s'), so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (IESBA Code), the Singapore Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA and ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The key audit matter	How the matter was addressed in our audit
Valuation of vessels Refer to note 4(a) and note 16 of the financial statements. As at 31 December 2022, the carrying value of the Group's vessels – owned and chartered-in (ROU assets), including dry docking, amounted to US$795,463,927. The Group's vessels are measured at cost less accumulated depreciation and impairment loss. Management considers each vessel to be a separate cash generating unit ('CGU' or 'vessel'). The Group considers if there is any objective evidence of indicators that the carrying amounts of vessels are impaired at the year end. As part of their assessment, the Group took into account the prevailing market conditions for its vessels, forecast of future cash flows assumptions such as revenue growth rate, operating expense growth rate, vessel utilisation rate and the inputs provided by independent brokers. As at 31 December 2022, the Group did not identify any impairment on the values of their vessels. We identified valuation of vessels as a key audit matter because of its significance to the consolidated financial statements, and the Group's assessment of valuation of vessels involves the use of judgement and estimates.	We have performed the following audit procedures: • We assessed the Group's process for identifying and reviewing the CGUs. • We obtained an understanding of Management's process for identifying impairment indicators. • We evaluated the independence, competency and objectivity of the independent brokers engaged by the Group to assess the value of its vessels. • We assessed the valuation methods and assumptions applied by management to be in line with generally accepted market practice.

Independent Auditors' Report

To the Members of the Company BW Epic Kosan Ltd. (cont.)

Other matter

As described in Note 36, the Group adopted the IFRSs and SFRS(I)s for the year ended 31 December 2022 with a transition date of 1 January 2021. These standards were applied retrospectively to the comparative information in these financial statements, including the balance sheets as at 31 December 2021 and 1 January 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2021, and related disclosures.

Other information

The Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, IFRSs and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report

To the Members of the Company BW Epic Kosan Ltd. (cont.)

Auditors' responsibilities for the audit of the financial statements (cont.)

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

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Loo Kwok Chiang Adrian.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

28 February 2023

Consolidated statement of comprehensive income

Year ended 31 December 2022

		Group	
	Note	**2022 US$**	2021 US$
Revenue	5	**361,364,586**	329,125,360
Other income	6	**1,358,219**	3,402,007
Other losses	7	**(231,085)**	(44,101)
Expenses			
— Brokerage commissions		**(7,040,802)**	(6,247,555)
— Voyage expenses		**(81,084,351)**	(68,994,173)
— Bareboat charter hire expenses		**50,100**	(429,621)
— Time charter hire expenses		**(12,951,129)**	(4,565,923)
— Vessel operating expenses	8	**(114,322,929)**	(112,234,349)
— General and administrative expenses	9	**(29,229,187)**	(27,886,913)
— Finance expenses	10	**(19,653,726)**	(19,010,433)
— Depreciation	16	**(72,681,531)**	(70,794,549)
— Impairment loss on vessels		**(4,400,823)**	(9,356,987)
Total expenses		**(341,314,378)**	(319,520,503)
Profit before income tax		**21,177,342**	12,962,763
Income tax credit/(expense)	11	**190,313**	(987,349)
Profit for the year		**21,367,655**	11,975,414
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	28	**(80,962)**	(45,347)
Cash flow hedges			
— Fair value gains	28	**17,385,366**	6,267,994
Other comprehensive income		**17,304,404**	6,222,647
Total comprehensive income		**38,672,059**	18,198,061
Earnings per share attributable to the equity holders of the Company (expressed in US$ per share)			
Basic earnings per share	29	**0.134**	0.082
Diluted earnings per share	29	**0.133**	0.082

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

Consolidated statement of financial position

As at 31 December 2022

		Group		
	Note	**31 December 2022 US$**	31 December 2021 US$	1 January 2021 US$
ASSETS				
Current assets				
Cash and cash equivalents	12	**62,803,962**	41,803,365	47,465,599
Trade and other receivables, net	13	**43,747,981**	42,458,968	16,078,764
Inventories	14	**7,216,950**	5,370,214	2,488,450
Asset held for sale	17	**41,695,000**	18,175,000	8,563,500
Derivative financial instruments	23	**7,864,238**	2,339,270	322,444
Total current assets		**163,328,131**	110,146,817	74,918,757
Non-current assets				
Trade and other receivables, net	13	**102,889**	226,815	462,828
Restricted cash	15	**15,676,783**	16,150,000	8,600,000
Property, plant and equipment, net	16	**798,322,491**	880,300,885	580,777,562
Derivative financial instruments	23	**9,877,686**	—	—
Deferred tax assets	24	**—**	104,270	102,856
Total non-current assets		**823,979,849**	896,781,970	589,943,246
Total assets		**987,307,980**	1,006,928,787	664,862,003
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables	20	**39,095,442**	34,867,603	17,214,776
Contract liabilities	21	**21,640,486**	21,708,663	9,624,103
Current income tax liabilities	11	**305,263**	933,447	196,008
Borrowings	22	**70,227,704**	58,583,953	31,264,023
Derivative financial instruments	23	**67,073**	2,049,785	—
Lease liabilities	18	**12,499,297**	15,176,842	16,317,154
Total current liabilities		**143,835,265**	133,320,293	74,616,064
Non-current liabilities				
Trade and other payables	20	**—**	—	72,170
Deferred tax liabilities	24	**—**	100,354	100,354
Borrowings	22	**328,244,689**	405,517,987	282,016,760
Derivative financial instruments	23	**—**	—	6,300,953
Lease liabilities	18	**26,850,472**	13,741,596	18,806,611
Total non-current liabilities		**355,095,161**	419,359,937	307,296,848
Total liabilities		**498,930,426**	552,680,230	381,912,912

Consolidated statement of financial position (cont.)

As at 31 December 2022

	Note	Group 31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
SHAREHOLDERS' EQUITY				
Share capital	26	**567,988,619**	567,988,619	1,066,163
Additional paid-in capital	26	**—**	—	398,832,567
Share option reserve	27	**4,885,242**	4,928,304	4,916,934
Currency translation reserve	28(a)	**(304,697)**	(223,735)	(178,388)
Hedging reserve	28(b)	**17,674,851**	289,485	(5,978,509)
Accumulated losses		**(101,866,461)**	(118,734,116)	(115,709,676)
Total shareholders' equity		**488,377,554**	454,248,557	282,949,091
Total liabilities and shareholders' equity		**987,307,980**	1,006,928,787	664,862,003

Statement of financial position

As at 31 December 2022

	Note	Company 31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
ASSETS				
Current assets				
Cash and cash equivalents	12	**4,494,375**	4,868,235	5,498,239
Trade and other receivables, net	13	**354,087,425**	353,628,645	200,655,876
Total current assets		**358,581,800**	358,496,880	206,154,115
Non-current assets				
Investments in subsidiaries	25	**202,299,343**	202,299,343	202,299,343
Total non-current assets		**202,299,343**	202,299,343	202,299,343
Total assets		**560,881,143**	560,796,223	408,453,458
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables	20	**5,462,013**	5,504,973	5,695,295
Current income tax liabilities		**24,173**	45,097	—
Total current liabilities		**5,486,186**	5,550,070	5,695,295
Total liabilities		**5,486,186**	5,550,070	5,695,295
SHAREHOLDERS' EQUITY				
Share capital	26	**567,988,619**	567,988,619	1,066,163
Additional paid-in capital	26	**—**	—	398,832,567
Share option reserve	27	**4,885,242**	4,928,304	4,916,934
Accumulated losses		**(17,478,904)**	(17,670,770)	(2,057,501)
Total shareholders' equity		**555,394,957**	555,246,153	402,758,163
Total liabilities and shareholders' equity		**560,881,143**	560,796,223	408,453,458

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

Consolidated statement of changes in equity

Year ended 31 December 2022

	Share capital US$ (Note 26)	Additional paid-in capital US$ (Note 26)	Share option reserve US$ (Note 27)	Currency translation reserve US$ (Note 28(a))	Hedging reserve US$ (Note 28(b))	Accumulated losses US$	Total equity US$
2022							
1 January 2022	567,988,619	—	4,928,304	(223,735)	289,485	(118,734,116)	454,248,557
Profit for the year	—	—	—	—	—	21,367,655	21,367,655
Other comprehensive income for the financial year	—	—	—	(80,962)	17,385,366	—	17,304,404
Total comprehensive income for the financial year	—	—	—	(80,962)	17,385,366	21,367,655	38,672,059
Transactions with owners							
Share-based compensation	—	—	148,046	—	—	—	148,046
Share option cancelled during the year	—	—	(191,108)	—	—	—	(191,108)
Distribution to owners							
Dividends paid	—	—	—	—	—	(4,500,000)	(4,500,000)
Total transactions with owners recognised directly in equity	—	—	(43,062)	—	—	(4,500,000)	(4,543,062)
31 December 2022	567,988,619	—	4,885,242	(304,697)	17,674,851	(101,866,461)	488,377,554

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

Consolidated statement of changes in equity (cont.)

Year ended 31 December 2022

	Share capital US$ (Note 26)	Additional paid-in capital US$ (Note 26)	Share option reserve US$ (Note 27)	Currency translation reserve US$ (Note 28(a))	Hedging reserve US$ (Note 28(b))	Accumulated losses US$	Total equity US$
2021							
1 January 2021 (restated)[1]	1,066,163	398,832,567	4,916,934	(178,388)	(5,978,509)	(115,709,676)	282,949,091
Profit for the year	—	—	—	—	—	11,975,414	11,975,414
Other comprehensive income for the financial year	—	—	—	(45,347)	6,267,994	—	6,222,647
Total comprehensive income for the financial year	—	—	—	(45,347)	6,267,994	11,975,414	18,198,061
Transactions with owners							
Issue of ordinary shares	168,089,889	—	(44,082)	—	—	—	168,045,807
Share-based compensation	—	—	55,452	—	—	—	55,452
Reclassification due to re-domiciliation on 1 March 2021	398,832,567	(398,832,567)	—	—	—	—	—
Distribution to owners							
Dividends paid	—	—	—	—	—	(14,999,854)	(14,999,854)
Total transactions with owners recognised directly in equity	566,922,456	(398,832,567)	11,370	—	—	(14,999,854)	153,101,405
31 December 2021	567,988,619	—	4,928,304	(223,735)	289,485	(118,734,116)	454,248,557

1. Refer to Note 36, Explanation of transition to IFRS & SFRS(I)

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

Consolidated statement of cash flows

Year ended 31 December 2022

	Note	2022 US$	2021 US$
Cash flows from operating activities			
Profit for the year		**21,367,655**	11,975,414
Adjustments for non-cash items:			
– Income tax (credit)/expense	11	**(190,313)**	987,349
– Employee share option expenses	27	**148,046**	55,452
– Amortisation of deferred finance costs	10	**1,239,788**	1,095,472
– Depreciation	16	**72,681,531**	70,794,549
– Gain on disposal of property, plant and equipment	7	**(37,271)**	(78,212)
– Impairment loss		**4,400,823**	9,356,987
– Interest expense on leases and borrowings	10	**18,413,938**	17,914,961
– Interest income		**(259,887)**	(4,803)
		117,764,310	112,097,169
Changes in operating assets and liabilities, net of acquisition:			
– Increase in inventories		**(1,846,736)**	(1,851,696)
– Increase in trade and other receivables		**(1,165,087)**	(16,954,813)
– Increase in trade and other payables		**3,689,321**	7,074,751
– (Decrease)/increase in contract liabilities		**(68,177)**	12,084,560
Cash generated from changes in working capital		**118,373,631**	112,449,971
Tax paid		**(433,955)**	(251,324)
Net cash provided by operating activities		**117,939,676**	112,198,647
Cash flows from investing activities			
Net cash inflow on acquisition	12	**—**	16,216,934
Additions to property, plant and equipment		**(16,042,419)**	(62,974,060)
Grants received		**—**	508,241
Proceeds from disposal of vessels		**24,811,017**	15,996,480
Interest received		**259,887**	4,803
Changes in restricted cash	15	**473,217**	(7,550,000)
Net cash provided by/(used in) investing activities		**9,501,702**	(37,797,602)

	Note	2022 US$	2021 US$
Cash flows from financing activities			
Proceeds from borrowings	22	**—**	189,270,000
Repayment of long-term borrowings	22	**(67,087,949)**	(212,235,888)
Transaction costs related to borrowings	22	**—**	(2,364,628)
Repayment of lease liabilities		**(16,247,786)**	(21,944,652)
Interest paid for leases and borrowings		**(18,413,938)**	(17,924,924)
Proceeds from issuance of shares	26	**—**	136,667
Share options cancelled	27	**(191,108)**	—
Dividends paid	34	**(4,500,000)**	(14,999,854)
Net cash used in financing activities		**(106,440,781)**	(80,063,279)
Net increase/(decrease) in cash and cash equivalents		**21,000,597**	(5,662,234)
Cash and cash equivalents at beginning of year		**41,803,365**	47,465,599
Cash and cash equivalents at end of year		**62,803,962**	41,803,365
Supplementary cash flow information			
Non-cash investing and financing activities[1]		**—**	167,909,140

1. Comprises share issuance of US$147,265,640 and US$20,643,500 as consideration for asset acquisition of Lauritzen Kosan A/S and two ethylene capable carriers (Note 26).

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

Consolidated statement of cash flows (cont.)

Year ended 31 December 2022

Reconciliation of liabilities arising from financing activities

						Non-cash changes						
	1 January 2022 US$	**Proceeds and advances US$**	**Principal payments US$**	**Interest paid US$**	**Transaction costs paid US$**	**Assets acquisition US$**	**Leases entered US$**	**Interest expenses US$**	**Lease contract derecognised US$**	**Amortisation of deferred finance costs US$**	**Write off of deferred finance costs US$**	**31 December 2022 US$**
Borrowings	**464,101,940**	**—**	**(67,087,949)**	**(17,359,034)**	**—**	**—**	**—**	**17,359,034**	**—**	**1,239,788**	**218,614**	**398,472,393**
Lease liabilities	**28,918,438**	**—**	**(16,247,786)**	**(1,054,904)**	**—**	**—**	**27,478,844**	**1,054,904**	**(799,727)**	**—**	**—**	**39,349,769**

						Non-cash changes						
	1 January 2021 US$	Proceeds and advances US$	Principal payments US$	Interest paid US$	Transaction costs paid US$	Assets acquisition US$	Leases entered US$	Interest expenses US$	Lease contract derecognised US$	Amortisation of deferred finance costs US$	Write off of deferred finance costs US$	31 December 2021 US$
Borrowings	313,280,783	189,270,000	(212,235,888)	(16,344,493)	(2,364,628)	174,859,665	—	16,344,493	—	1,095,472	196,536	464,101,940
Lease liabilities	35,123,765	—	(21,944,652)	(1,580,431)	—	3,715,905	12,317,718	1,580,431	(294,298)	—	—	28,918,438

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The consolidated financial statements were authorised for issue by the Board of Directors on 28 February 2023.

1 General information

BW Epic Kosan Ltd. (the 'Company') is listed on the Euronext Growth Oslo Stock Exchange and incorporated in the British Virgin Islands ('BVI') and re-domiciled to Singapore on 1 March 2021 and is now registered in Singapore as BW Epic Kosan Ltd. The address of its registered office is 10 Pasir Panjang Road, #17-01 Mapletree Business City, Singapore 117438.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the 'Group').

The principal activities of the Company is investment holding. The principal activities of its subsidiaries is to own and operate a fleet of fully pressurized, semi-refrigerated and ethylene capable gas carriers providing seaborne services for the transportation of liquefied petroleum gas, petrochemicals and other speciality gases. 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 35 to the financial statements.

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Singapore Financial Reporting Standards in Singapore (International) (SFRS(I)). These are the Group's first financial statements prepared in accordance with IFRS and SFRS(I) (hereon referred to as 'IFRS & SFRS(I)').

The Group's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ('US GAAP') in prior years.

2.2 First Adoption of IFRS and SFRS(I)

In adopting the new frameworks, the Group applied the transition requirements in IFRS 1 *First-time Adoption of IFRS* at 1 January 2022.

IFRS 1 generally requires that the Group applies IFRS that are effective as at 31 December 2022 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in IFRS 1. Except for the Group's election to regard the fair value of certain vessels as deemed cost on the date of transition, the application of the mandatory exceptions and optional exemptions in IFRS1 did not have any significant impact on the financial statements.

An explanation of how the transition to IFRS & SFRS(I) have affected the reported financial position, financial performance and cash flows is provided in Note 36.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.4 Functional and presentation currency

These consolidated financial statements are presented in United States Dollars ('US$') which is the Company's functional currency.

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS & SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements and significant estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 4.

Notes to the financial statements (cont.)

2 Basis of preparation (cont.)

2.6 Environment-related risks

The Group identified risks related to marine environmental factors and industry-led decarbonisation policies. Maritime activities affect the marine environment and the Group identifies better management of ballast water contamination, accidental oil spills and underwater noise pollutions to be key strategies. International Maritime Organisation (IMO) targets to halve international shipping GHG emissions by 2050 may also impact the Group's strategy and its financial performance.

In assessing the impact of these risks on the Group's financial statements, the Group considers if there are near- to medium-term financial impacts arising from the aforementioned risks. Presently, the Group incurs certain operating or capital expenditures to mitigate such risks and policies. The Group assessed the financial impact of such operating and capital expenditures to be insignificant for the current year.

Notwithstanding, there remains the risk that evolving demands for stronger protection over the environment, evolving laws and regulations, and evolving decarbonisation policies may have a significant impact to the Group's financial performance in the future. The Group will continue to monitor and assess the potential impact of such developments on its operation and financial performance.

2.7 New standards and amendments

The Group applied the following IFRSs & SFRS(I)s, amendments to and interpretations of IFRS & SFRS(I) for the annual period beginning on 1 January 2022:

- Amendment to IFRS 16 & SFRS(I) 16: COVID-19 Related Rent Concessions beyond 30 June 2021
- Amendments to IFRS 3 & SFRS(I) 3: Reference to the Conceptual Framework
- Amendments to IFRS 16 & SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended use
- Amendments to IAS 37 & SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRSs & SFRS(I)s 2018 -2020

The application of these amendments to standards and interpretations did not have a material effect on the consolidated financial statements

3 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening IFRS & SFRS(I) statements of financial position as at 1 January 2021 for the purposes of the transition to IFRS & SFRS(I). The accounting policies have been applied consistently by Group entities, except as explained in note 2.7 which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note 3.1(ii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,
- over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.1 Basis of consolidation (cont.)

(i) Business combination (cont.)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Non-controlling interests ('NCI') that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by IFRS & SFRS(I).

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

For acquisitions that are accounted for as asset purchases, if the sum of the individual fair values of the identifiable assets and liabilities differs from the transaction price, the transaction price is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition.

Equity-settled transactions are measured based on the fair value of the shares issued, under the share-based payment guidance of IFRS 2 *Share-based Payment* & SFRS(I) 2 *Share-based Payment*.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been aligned with the policies adopted by the Group.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in the statement of comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the foreign exchange rates at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a condition for their intended use;
- when the Group has an obligation to remove the asset, an estimate of the costs of dismantling and removing the items; and
- capitalised borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment, including dry-docking, is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are delivered and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

	Estimated useful life
Vessels	30 years
Dry docking costs	2–5 years
Office equipment[1]	4 years
Computers[1]	4 years
Furniture and fittings[1]	4 years
Office renovation[1]	5 years

The residual values and the 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 revisions are recognised in profit or loss when changes arise.

3.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss ('FVTPL').

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1. Classified as other assets in Note 16

Notes to the financial statements (cont.)

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3 Significant accounting policies (cont.)

3.4 Financial instruments (cont.)

(ii) Classification and subsequent measurement (cont.)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the Manager's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.4 Financial instruments (cont.)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

The Group classifies non-derivative financial liabilities into other financial liabilities. Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Other financial liabilities comprise trade and other payables and borrowings.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position but, retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by the interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.4 Financial instruments (cont.)

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(vii) Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis on whether the hedging relationship meets the hedge effectiveness requirements under IFRS 9 *Financial Instruments* & SFRS(I) 9 *Financial Instruments*.

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.

The Group has entered into interest rate swaps that qualified as a cash flow hedge under IFRS 9 *Financial Instruments* & SFRS(I) 9 *Financial Instruments* for the Group's exposure to interest rate risk on its borrowings. This contract entitles the Group to receive interest at floating rates on notional principal amounts and obliges the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss.

The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

The Group's management strategies and hedge documentation are aligned with the requirements of IFRS 9 *Financial Instruments* & SFRS(I) 9 *Financial Instruments* and are thus treated as continuing hedges.

Hedges directly affected by interest rate benchmark reform

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.4 Financial instruments (cont.)

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from the interest rate benchmark reform is no longer present with respect to the timing and the amount of the contractual cash flows of the respective item or instruments or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description if the hedging instrument

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by using an approach other than changing the basis for determining the contract cash flows of the hedging instrument;
- the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group also amends the formal hedge documentation by the end of the reporting period during which a change required by the interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

The amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or period during the hedged expected future cash flows affect profit or loss.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.4 Financial instruments (cont.)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(viii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 *Income Taxes* & SFRS (I) 1-12 *Income Taxes*.

3.5 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.5 Leases (cont.)

As a lessee (cont.)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Where the basis for determining future lease payments changes as required by interest rate benchmark reform (see note 3.4(iii)), the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities separately from other liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term lease. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 *Revenue from Contracts with Customers* & SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

3.6 Inventories

Inventories comprise of bunkers, victualing and bonded stores remaining on board. They are carried at cost which 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.

3.7 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ('ECLs') on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.7 Impairment (cont.)

(i) Non-derivative financial assets (cont.)

General approach (cont.)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ('CGU') exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.8 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Management whose members are responsible for allocating resources and assessing performance of the operating segments.

3.9 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale (held for distribution) are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.10 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:

Rendering of services

Revenues are generated from both time and voyage charters.

Revenue from time chartering is recognised on a straight-line basis over the period of hire in accordance with the ship charter hire agreement. Revenue from voyage chartering is recognised based on the percentage of completion basis. Load-to-discharge basis is used in determining the percentage of completion for voyage chartering. Under the load-to-discharge method, voyage charter revenue is recognised evenly over the period from the point of loading of the current voyage to the point of discharge of the voyage.

Contract liabilities relate to charter revenue received in advance. When the customer pays the consideration before the service is rendered, a contract liability will be recognised as advance from the customer.

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 charter, 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.

Relet income represents chartering income earned on vessels sub-chartered by the Group on a relet arrangement. Vessels under the relet arrangement are leased by the Group to be sub-chartered to an external party under short-term contracts.

The Group has vessels which participate in commercial pools. The earnings allocated to vessels are aggregated and divided on the basis of a weighted scale, or pool point system, which reflects comparative voyage results on hypothetical benchmark routes. The pool point system considers various factors such as size, fuel consumption, class notation and other capabilities. Pool revenue is recognised when a vessel has participated in a pool during the period and the amount of pool revenue for the period can be estimated reliably.

Commissions are paid by the Group for both time charters and voyage charters and are recognised on a 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 exceeds 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 recognised when the right to receive payments is established.

Ship management service revenue

Fees from the provision of the Company's ship management services are recognised over time when the services have been rendered or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services provided.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.11 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Finance income and finance costs

Finance income comprises interest income and net gain on financial derivatives.

Finance costs comprises interest expense on loans and borrowings, amortisation of debt-related transactions costs and net loss on financial derivatives.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

3.13 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as The Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(b) Employee leave entitlement

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

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan and grants share options to the Group's employees. The value of the employee services received in exchange for the grant of share options are recognised as an expense with a corresponding increase in the share-based compensation reserve as a contribution from the intermediate holding corporation over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the share options granted on the date of grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to vest on the vesting dates under the share-based compensation plan.

At each balance sheet date, the Group revises its estimates of the number of share awards that are expected to vest 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-based compensation reserve over the remaining vesting period. When the share awards under the share-based compensation plan are released, the shared-based compensation reserve is transferred to retained earnings.

3.14 Taxation

Tax expenses comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* & SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.14 Taxation (cont.)

Deferred tax is not recognised for (i) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and (ii) temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3.15 Government grant

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the periods in which expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised.

Government grants relating to assets are deducted against the carrying amount of the assets.

3.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.17 Dividends

Interim dividends are recognised in the financial year in which they are declared payable and final dividends are recognised when the dividends are approved for payment by the directors and shareholders respectively.

3.18 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Notes to the financial statements (cont.)

3 Significant accounting policies (cont.)

3.19 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements. None of these are expected to have a significant impact on the financial statements of the Group.

4 Critical judgement and significant estimation uncertainties

(a) Impairment of vessels

The carrying amount of the vessels is reviewed for impairment at each reporting date whether there is any objective evidence or indication that the values of the property, plant and equipment may be impaired. If any such indication exists, the Group will estimate the recoverable amount of these assets and write down the assets to the recoverable amount. The assessment of the recoverable amount of these vessels is based on the greater of its fair value less cost to sell and value-in-use calculations, with each vessel being regarded as one cash generating unit. The recoverable amount of vessels is estimated predominantly based on independent third-party broker valuations.

The independent valuers used a valuation technique based on recent vessel sales and other comparable market data. These are regarded as Level 2 fair values under the fair value hierarchy of IFRS 13 *Fair Value Measurement* & SFRS(I) 13 *Fair Value Measurement*. The Group has assessed that the brokers had the required competency and capability to perform the valuation. The Group has also considered the appropriateness of the valuation methodologies and assumptions used by the brokers. In assessing the value-in-use calculations, the Group used cash flow projections based on financial budgets approved by management.

Changes to these brokers' estimates may significantly impact the impairment charges recognised and future changes may lead to reversals of currently recognised impairment charges. See note 16 for further disclosures.

For the year ended 31 December 2022, the Group assessed that there were no indicators of impairment for its fleet of vessels, including rights of use assets and capitalised dry-dock costs. In the year, the Group recognised impairment charge of US$4,400,823 for certain vessels classified for sale at the year end. The impairment charge was made based on these vessels' fair value less cost to sell.

In 2021, the Group had recognised an impairment charge of US$6,595,220 on its vessels which resulted in the carrying amount of vessel as at 31 December 2021 to reduce to US$827,126,636.

In performing the impairment assessment of the carrying amount of the vessel, as disclosed in Note 16, the recoverable amount of the vessel is determined using value-in-use ('VIU') calculation.

Significant judgements are used to estimate the growth rate, fleet utilisation rate and pre-tax discount rates applied in computing the recoverable amount of the vessel. In making these estimates, management has relied on past performance and its expectations of market development in the industry. Specific estimates are disclosed in Note 16.

If the estimated pre-tax discount rate, revenue growth rate, operating expense growth rate and fleet utilisation rate applied to the discounted cash flows for the vessel had been individually adjusted, holding all else constant, the Group would have recognised an additional impairment charge/(reversal of) impairment in the prior financial year shown respectively below.

2021

Estimates	Changes in estimate	Additional/(reversal of) impairment[1]
Pre-tax discount rate	1% higher/lower	US$1,534,537/ (US$1,674,496)
Revenue growth rate	1% lower/higher	US$1,478,690/ (US$1,618,649)
Operating expense growth rate	1% higher/lower	US$1,379,326 / (US$1,519,285)
Vessel utilisation rate	1% lower/higher	US$1,174,627 / (US$1,314,586)

1. after considering for deemed costs adopted for certain vessels at 1 January 2021

(b) Useful life and residual values of vessel

The Group determines the estimated useful life, residual values and related depreciation charge for its vessel. The residual value is estimated as the lightweight tonnage of the vessel multiplied by the expected scrap value per ton. The useful life estimate is based on the historical experience of the actual useful lives of vessels of similar nature and functions.

These estimates could change significantly as a result of technical innovations, competitor actions, conditions of the vessel, market conditions and other regulatory requirements. Management will change the depreciation charge where the useful life is different from previously estimated.

If the useful life of the vessel is decreased by one year from management's estimate, the Company's profit or loss will decrease by approximately US$8,204,339 (2021: US$3,798,473).

Notes to the financial statements (cont.)

5 Revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services in the following major revenue streams. All revenues are recognised over time.

	2022 US$	2021 US$
Revenue from:		
- Time charters	182,612,212	134,729,242
- Voyage charters	167,587,866	182,986,538
- Ship management services	4,779,856	4,141,975
- Relet income	5,225,725	5,504,688
- Others	1,158,927	1,762,917
	361,364,586	329,125,360

Revenue is derived from vessels operating on an international platform with individual vessels calling at various ports across the globe. The Group does not consider the domicile of its customers as a relevant decision-making guideline and hence does not consider it meaningful to allocate revenue to specific geographical locations.

The Group applies the practical expedient in paragraph 121 of IFRS 15 *Revenue from Contracts with Customers* & SFRS(I) 15 *Revenue from Contracts with Customers* and does not disclose information about its remaining performance obligation if:

(a) the performance obligation is part of a contract that has an original expected duration of one year or less; or

(b) the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

6 Other income

	2022 US$	2021 US$
Sundry income	680,562	445,782
Rental income	175,936	307,440
Insurance recoveries	–	2,322,482
Claims from charterer	131,813	321,500
Interest income from fixed deposits	259,887	4,803
Service level fee	110,021	–
	1,358,219	3,402,007

7 Other losses

	2022 US$	2021 US$
Gain on disposal of property, plant and equipment	37,271	78,212
Foreign currency exchange losses	(268,356)	(122,313)
	(231,085)	(44,101)

8 Vessel operating expenses

	2022 US$	2021 US$
Crew expenses	62,068,153	62,785,351
Messing and stores expenses	13,315,677	13,119,583
Insurance expenses	4,093,369	4,280,292
Maintenance and repairs expenses	19,134,568	21,110,709
Technical management fees	165,568	667,966
Vessel takeover and delivery expenses	396,473	291,483
Dry-docking costs	279,317	529,775
Pandemic-related and other expenses	9,772,597	7,284,634
Others	5,097,207	2,164,556
	114,322,929	112,234,349

Notes to the financial statements (cont.)

9 General and administrative expenses

	Note	2022 US$	2021 US$
Employee benefits expenses (including directors' remuneration):			
- Salaries, bonuses and other costs		**18,798,662**	18,049,936
- Contributions to defined contribution plans		**1,283,455**	1,437,795
Directors' fees		**244,971**	206,375
Legal and professional fees		**2,280,032**	1,996,279
Information technology costs		**1,782,987**	1,347,275
Employee share option expenses	27	**148,046**	55,452
Rental and utilities expenses		**632,181**	249,957
Consultancy expenses		**468,812**	331,812
Travelling and entertainment expenses		**731,153**	247,480
Recruitment costs		**229,963**	113,271
Allowance for doubtful debts	13	**–**	33,745
Insurance		**245,307**	215,072
Shared service support fees		**1,030,275**	2,287,020
Others		**1,353,343**	1,315,444
		29,229,187	27,886,913

10 Finance expenses

	Note	2022 US$	2021 US$
Interest expense on leases		**1,054,904**	1,580,431
Interest expense on borrowings		**17,359,034**	16,334,530
Amortisation of deferred finance costs	22	**1,239,788**	1,095,472
		19,653,726	19,010,433

11 Income taxes

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.

Income tax expense

	2022 US$	2021 US$
Tax expense attributable to profit is made up of:		
- Current income tax	**395,386**	1,011,817
(Over)/under provision in prior financial years		
- Current income tax	**(589,615)**	(23,054)
- Deferred income tax	**3,916**	(1,414)
	(190,313)	987,349

On 1 March 2021, the Company redomiciled from British Virgin Islands to Singapore and its income will be subject to the statutory tax rate of 17% thereon. The Group also has significant operations in Singapore with a statutory tax rate of 17% (2021: 17%).

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

	2022 US$	2021 US$
Profit before income tax	**21,177,342**	12,962,763
Tax calculated at statutory rate of 17% (2021: 17%)	**3,600,148**	2,203,670
Effects of:		
- Different tax rates in other countries	**9,003**	50,519
- Effects of concessionary tax rate	**(61,498,605)**	(54,879,234)
- Expenses not deductible for tax purposes	**58,284,840**	53,636,862
- Over-provision in prior financial years	**(585,699)**	(24,468)
Tax charge	**(190,313)**	987,349

The results of the Group are mainly derived from the operations of vessels registered in Singapore. Under the laws of the countries of the Company and its subsidiaries' incorporation and/or vessels' registration, the Group is entitled to tax incentives on international shipping income.

Notes to the financial statements (cont.)

12 Cash and cash equivalents

	Group			Company		
	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$	**31 December 2022 US$**	31 December 2021 US$	1 January 2021 US$
Cash at bank	**62,072,292**	41,142,554	46,949,645	**4,494,375**	4,868,235	5,498,239
Cash on board vessels	**731,670**	660,811	515,954	**–**	–	–
	62,803,962	41,803,365	47,465,599	**4,494,375**	4,868,235	5,498,239

Acquisition of assets

On 11 March 2021, the Group completed the asset acquisition of Lauritzen Kosan A/S to combine their fleet and business activities. The consideration is satisfied by the issuance of 45,894,406 ordinary shares for a purchase consideration of US$147,265,640. The fair value of gross assets of Lauritzen Kosan is concentrated substantially in a group of similar identifiable assets. Thus, the acquisition of Lauritzen Kosan meets the concentration test under IFRS 3 *Business Combinations* & SFRS(I) 3 *Business Combinations* and is accounted for as an acquisition of assets in the consolidated financial statements.

The consideration transferred for the acquisition of Lauritzen Kosan was allocated based on the following approach:

(a) Identifiable assets acquired and liabilities assumed which IFRS & SFRS(I) requires an initial measurement approach other than cost are first identified and measured in accordance to IFRS & SFRS(I);

(b) Purchase consideration is allocated to the asset and liabilities identified in (a) based on their relative fair values at the date of acquisition.

The determination of the fair value of consideration for the shares, as at date of acquisition are regarded as Level 3 fair values under the fair value hierarchy of IFRS 13 *Fair Value Measurement* & SFRS(I) 13 *Fair Value Measurement*.

Notes to the financial statements (cont.)

12 Cash and cash equivalents (cont.)

Acquisition of assets (cont.)

Asset acquisition in 2021: identifiable assets acquired and liabilities assumed

The aggregate effects of the acquisition on the cash flows of the Group were as follows:

	Note	US$
Cash and cash equivalents		16,216,934
Trade and other receivables		9,022,535
Inventories		1,030,068
Property, plant and equipment	16	306,215,375
Right-of-use assets	16	3,439,476
Borrowings	22	(174,859,665)
Lease liabilities		(3,715,905)
Trade and other payables		(10,083,178)
Total identifiable net assets acquired		147,265,640
Total purchase consideration settled via issue of shares		(147,265,640)
Cash and cash equivalents acquired, representing net cash inflow on acquisition		16,216,934

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13 Trade and other receivables, net

	Group			Company		
	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$	**31 December 2022 US$**	31 December 2021 US$	1 January 2021 US$
Current						
Trade receivables from:						
- Non-related corporations	**33,415,879**	28,262,675	12,121,907	**–**	–	–
Less: Allowance for doubtful debts	**–**	(33,745)	(138,321)	**–**	–	–
Trade receivables, net of allowance	**33,415,879**	28,228,930	11,983,586	**–**	–	–
Other receivables (non-trade)						
- Subsidiaries	**–**	–	–	**354,073,506**	353,607,160	200,601,287
GST recoverable	**622,014**	483,550	323,296	**–**	–	–
Prepayments	**2,355,724**	3,142,500	1,553,655	**13,919**	21,485	54,589
Deposits	**181,936**	324,918	59,125	**–**	–	–
Sundry debtors	**7,172,428**	10,279,070	2,159,102	**–**	–	–
	43,747,981	42,458,968	16,078,764	**354,087,425**	353,628,645	200,655,876
Non-current						
Deposits	**102,889**	226,815	462,828	**–**	–	–

Amount due from sundry debtors with third parties are unsecured, interest-free and are generally on 60 days' terms.

Non-trade amount due from related corporations are unsecured, interest-free and repayable on demand.

Notes to the financial statements (cont.)

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14 Inventories

	Group		
	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Bonded stores	**45,682**	52,444	67,657
Bunkers	**7,095,866**	5,209,648	2,319,596
Victualing	**75,402**	108,122	101,197
	7,216,950	5,370,214	2,488,450

The cost of inventories recognised as an expense and included in 'Voyage expenses' amounted to US$68,737,753 (2021: US$35,763,945).

15 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 3.64% (2021: 0.22%) per annum.

In 2021, US$7,550,000 additional restricted cash was placed due to the additional loan drawn down by the Group to finance the acquisition of vessels. (Note 22).

Notes to the financial statements (cont.)

16 Property, plant and equipment, net

	Note	Vessels US$	Dry-docking costs US$	Right-of-use assets - Vessels US$	Other assets US$	Right-of-use assets - Office space US$	Total US$
2022							
Cost							
Beginning of financial year		954,712,931	43,767,720	57,657,175	4,166,325	4,158,770	1,064,462,921
Classified as held for sale		(45,893,171)	(5,491,994)	–	–	–	(51,385,165)
Additions		935,749	13,262,870	26,489,285	1,734,040	1,099,322	43,521,266
Disposals and write-offs		(10,392,640)	(11,154,180)	(20,619,529)	(1,235,740)	(4,158,770)	(47,560,859)
End of financial year		899,362,869	40,384,416	63,526,931	4,664,625	1,099,322	1,009,038,163
Accumulated depreciation and impairment							
Beginning of financial year		127,586,297	13,035,164	36,361,780	3,742,092	3,436,703	184,162,036
Classified as held for sale		(3,842,536)	(1,503,732)	–	–	–	(5,346,268)
Depreciation charge		43,431,036	15,313,846	12,902,989	399,031	634,629	72,681,531
Disposals and write-offs		(5,369,986)	(10,206,272)	(19,898,297)	(1,235,740)	(4,071,332)	(40,781,627)
End of financial year		161,804,811	16,639,006	29,366,472	2,905,383	–	210,715,672
Net book value							
End of financial year		737,558,058	23,745,410	34,160,459	1,759,242	1,099,322	798,322,491

Notes to the financial statements (cont.)

16 Property, plant and equipment, net (cont.)

	Note	Vessels US$	Dry-docking costs US$	Right-of-use assets - Vessels US$	Other assets US$	Right-of-use assets - Office space US$	Total US$
2021							
Cost							
Beginning of financial year		629,461,835	20,824,630	49,388,763	4,415,776	4,158,770	708,249,774
Classified as held for sale		(24,157,982)	(2,046,522)	–	–	–	(26,204,504)
Acquisition of assets	12	298,114,375	8,101,000	3,439,476	–	–	309,654,851
Additions		62,684,614	20,573,420	12,409,251	258,790	–	95,926,075
Disposals and write-offs		(11,389,911)	(3,684,808)	(7,580,315)	–	–	(22,655,034)
Grants received		–	–	–	(508,241)	–	(508,241)
End of financial year		954,712,931	43,767,720	57,657,175	4,166,325	4,158,770	1,064,462,921
Accumulated depreciation and impairment							
Beginning of financial year		89,618,920	5,703,629	26,274,870	3,526,025	2,348,768	127,472,212
Classified as held for sale		(4,819,855)	(1,029,239)	–	–	–	(5,849,094)
Depreciation charge		40,406,693	11,867,801	17,216,053	216,067	1,087,935	70,794,549
Impairment losses		6,595,220	–	–	–	–	6,595,220
Disposals and write-offs		(4,214,681)	(3,507,027)	(7,129,143)	–	–	(14,850,851)
End of financial year		127,586,297	13,035,164	36,361,780	3,742,092	3,436,703	184,162,036
Net book value							
End of financial year		827,126,634	30,732,556	21,295,395	424,233	722,067	880,300,885

Notes to the financial statements (cont.)

16 Property, plant and equipment, net (cont.)

(a) Vessels with carrying amount of US$709,532,550 (2021: US$791,618,870; 1 January 2021: US$501,511,832) have been pledged as collaterals for the borrowings described under Note 22 and the amortised dry-docking costs relating to these vessels are US$21,416,406 (2021: US$26,878,218; 1 January 2021: US$13,306,018).

(b) The carrying amount of vessels held under leases was US$14,885,874 (2021: US$21,249,669; 1 January 2021: US$22,727,244) and the amortised dry-docking cost was US$1,099,277 (2021: US$1,895,771; 1 January 2021: US$1,523,513) as at the balance sheet date.

(c) On 11 March 2021, the Group took delivery of 21 vessels through an acquisition of assets (Note 12). The payments for the acquisition were satisfied by the Group's issuance of shares (Note 26) and drawdown of a loan facility from financial institutions.

(d) On 17 September 2021, the Group took delivery of a vessel 'Bow Gallant' and the payment to take delivery was satisfied by the drawdown of a loan facility from financial institutions and by the Group's issuance of shares (Note 26).

(e) On 5 October 2021, the Group took delivery of a vessel 'Bow Guardian' and the payment to take delivery was satisfied by the drawdown of a loan facility from financial institutions and by the Group's issuance of shares (Note 26).

(f) On 1 December 2021, the Group exercised the option to purchase the vessel 'Epic Sardinia', that was under a lease and the payments for the acquisition were satisfied by the Group's cash balances and drawdown of a loan facility from financial institutions.

(g) The assessment of recoverable amounts of the vessels were based on the higher of fair value less cost to sell and value-in-use calculation, with each vessel being regarded as one cash generating unit. In determining the valuation of vessels for the year ended 31 December 2021, the value-in-use method was used. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rates stated below. An impairment charge of US$6,595,220 is included in the statement of comprehensive income in the prior financial year.

Management have determined the forecasted revenue, operating expense growth rate and fleet utilisation rate based on past performance and its expectation of the market developments. The discount rate used was pre-tax and reflected specific risks relevant to the industry in which the Company operates.

The table below summarises the key assumptions determined by management in the value-in-use calculations:

	2021
Pre-tax discount rate*	8%
Revenue growth rate	2%
Operating expense growth rate	2%
Vessel utilisation rate^	98.5%

*Pre-tax discount rate applied to the pre-tax cash flow projections.

^Net of planned and unplanned off-hires.

17 Asset held for sale

	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Vessels	**41,695,000**	18,175,000	8,563,500

For the year-ended 31 December 2022, the Group committed to the sale of five vessels, hence these vessels were reclassified as 'asset held for sale' in the financial statements. Efforts to sell the vessels have started in the financial year and sales are expected in 2023. The loss for write-downs of these vessels to the lower of its carrying amount and its fair value less cost to sell has been included in the profit and loss. Two of the vessels have been delivered to the buyer on 4 January 2023 and 25 January 2023, respectively.

For the year-ended 31 December 2021, the Group committed to the sale of two vessels, hence these vessels were reclassified as 'asset held for sale' in the financial statements. The loss for write-downs of these vessels to the lower of its carrying amount and its fair value less cost to sell has been included in the profit and loss. On 28 February 2022, one of the vessels has been delivered to the buyer. On 13 December 2022, the other vessel was delivered to the buyer.

The independent valuers used a valuation technique based on comparable market data. These are regarded as Level 2 fair values. The fair value measurement for the assets held for sale has been categorised as a Level 2 fair value under the fair value hierarchy of IFRS 13 *Fair Value Measurement* & SFRS(I) 13 *Fair Value Measurement*.

Notes to the financial statements (cont.)

18 Leases – The Group as a lessee

Nature of the Group's leasing activities

Property

The Group leases office premises for the purpose of office operations.

Vessels

The Group leases vessels from non-related corporations under non-cancellable lease agreements. The leases have varying terms, options to purchase and extension rights.

Carrying amounts

Right-of-use assets

	Group		
	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Property	**1,099,322**	722,067	1,810,002
Vessels	**34,160,459**	21,295,395	23,113,893
	35,259,781	22,017,462	24,923,895

(a) Lease expense not capitalized in lease liabilities

	2022 US$	2021 US$
Lease expense – short-term leases	**186,108**	60,129
Lease expense – low-value leases	**16,923**	10,695
Lease expense – non-lease component for vessel	**12,951,129**	4,565,923
Lease expense – others	**80,845**	120,048
	13,235,005	4,756,795

(b) Total cash outflow for all the leases in 2022 was US$17,302,690 (2021: US$23,525,083).

(c) Additions of ROU assets during the financial year 2022 was US$27,588,607 (2021: US$12,409,251).

(d) The weighted average remaining lease term and weighted average discount rate for its vessels is 2.75 (2021: 2.78) years and 3.18% (2021: 2.97%), respectively.

(e) Future cash outflow which are not capitalized in lease liabilities

i. Extension options

The leases for certain vessels contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimize operational flexibility in terms of managing the assets used in the Group's operations. All of the extension options are exercisable by the Group and not by the lessor.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of US$12,714,226 (2021: US$2,500,000).

ii. Purchase options

The leases for the vessels contain purchase options, for which the exercise price had not been included in lease liabilities as the Group is not reasonably certain to exercise these purchase options. The Group considers market-based factors and any significant economic incentive to exercise the purchase options. The purchase options are exercisable by the Group according to the charter party agreements and are not obligatory.

iii. Short-term leases

Short-term leases that have lease terms of 12 months or less were not included in lease liabilities as the remaining lease term does not extend more than 12 months from the end of the previously determined lease term.

Notes to the financial statements (cont.)

18 Leases – The Group as a lessee (cont.)

Right-of-use assets (cont.)

(f) The following table shows the maturity analysis of the undiscounted lease payments due after the reporting date:

	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Group			
1st Year	**13,174,137**	16,063,852	17,705,943
2nd Year	**6,494,962**	8,937,100	8,249,508
3rd Year	**17,725,477**	1,800,000	6,397,100
4th Year	**2,176,505**	1,800,000	1,800,000
5th Year	**1,088,252**	1,632,150	1,800,000
Thereafter	**–**	–	1,632,150
	40,659,333	30,233,102	37,584,701
Less: Future finance charges	**(1,309,316)**	(1,312,877)	(2,457,720)
Less: Deferred finance costs	**(248)**	(1,787)	(3,216)
Lease liabilities	**39,349,769**	28,918,438	35,123,765
Current	**12,499,297**	15,176,842	16,317,154
Non-current	**26,850,472**	13,741,596	18,806,611
Lease liabilities	**39,349,769**	28,918,438	35,123,765

The Group leases vessels from third parties. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets. The Group is not reasonably certain to exercise these purchase options.

Lease liabilities of the Group are secured over the leased vessels.

19 Leases – The Group as a lessor

Nature of the Group's leasing activities – Group as a lessor

The Group leased out their vessels to non-related parties for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Group			
1st Year	**89,639,149**	92,485,698	52,601,301
2nd Year	**2,379,067**	13,309,643	12,273,131
3rd Year	**–**	–	2,359,333
	92,018,216	105,795,341	67,233,765

Revenue from charter hire services are disclosed in Note 5.

Nature of the Group's leasing activities – Group as an intermediate lessor

Subleases – classified as operating leases

The Group acts as an intermediate lessor under arrangements in which it sub-leases out office premises and vessels to non-related parties for monthly lease payments. The sub-lease periods do not form a major part of the remaining useful lives of the underlying assets and accordingly, the sub-leases are classified as operating leases.

Income from subleasing the office premises amounting to US$175,936 (2021: US$307,440) and subleasing vessels amounting to US$34,293,602 (2021: US$19,112,950) were recognised within 'other income' and 'time charter revenue', respectively.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Group			
1st Year	**12,995,230**	1,376,656	5,440,146
2nd Year	**–**	–	176,616
Total undiscounted lease payments to be received	**12,995,230**	1,376,656	5,616,762

Notes to the financial statements (cont.)

20 Trade and other payables

	Group			Company		
	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$	**31 December 2022 US$**	31 December 2021 US$	1 January 2021 US$
Current						
Trade payables to:						
- Related corporations	**–**	–	14,859	**–**	–	–
- Non-related corporations	**14,795,151**	13,573,320	5,316,393	**8,627**	9,819	36,235
Non-trade payables to:						
- Subsidiaries	**–**	–	–	**5,324,916**	5,414,265	5,604,005
- Non-related corporations	**225,533**	622,140	915,222	**–**	–	–
	15,020,684	14,195,460	6,246,474	**5,333,543**	5,424,084	5,640,240
Accrued operating expenses	**21,055,232**	17,936,376	9,213,788	**128,470**	80,889	55,055
Accrued staff costs	**3,019,526**	2,735,767	1,754,514	**–**	–	–
	39,095,442	34,867,603	17,214,776	**5,462,013**	5,504,973	5,695,295
Non-current						
Deposits	**–**	–	72,170	**–**	–	–

Non-trade amount due to non-related corporations are unsecured, interest-free and are generally payable within 30 to 90 days' terms. Non-trade amount due to subsidiaries are unsecured, interest-free and repayable on demand.

Notes to the financial statements (cont.)

21 Contract liabilities

	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Group			
Advances received from customers	**21,640,486**	21,708,663	9,624,103

(i)Changes in the contract liabilities balances during the year are as follows:

	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Group			
Revenue recognised that was included in the contract liability balance at the beginning of the year	**(21,708,663)**	(9,624,103)	(10,357,980)
Increases due to cash received, excluding amounts recognised as revenue during the year	**21,640,486**	21,708,663	9,624,103

Contract liabilities relate to charter revenue received in advance as at the financial year end. Revenue from time charter will be recognised on a straight-line basis over the period of hire in accordance with the ship charter hire agreement.

22 Borrowings

	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Group			
Current	**70,227,704**	58,583,953	31,264,023
Non-current	**328,244,689**	405,517,987	282,016,760
	398,472,393	464,101,940	313,280,783

The movement of borrowings during the year was as follows:

	Note	**31 December 2022 US$**	31 December 2021 US$	1 January 2021 US$
Group				
Beginning of financial year		**464,101,940**	313,280,783	337,774,732
Acquisition of assets	12	**–**	174,859,665	–
Additions		**–**	189,270,000	9,750,000
Repayments of long-term borrowings		**(67,087,949)**	(212,235,888)	(34,993,280)
Amortisation of deferred finance costs	10	**1,239,788**	1,095,472	809,448
Transaction cost		**–**	(2,364,628)	(136,431)
Write-off of deferred finance costs		**218,614**	196,536	76,314
End of financial year		**398,472,393**	464,101,940	313,280,783

Current deferred finance costs of US$1,168,841 (2021: US$1,250,869) and non-current deferred finance costs of US$1,840,781 (2021: US$3,272,976) for 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 10.

During the financial year, the Group classified five vessels as held for sale which resulted in a write-off of unamortised finance costs of US$218,614 with the borrowings that were extinguished in profit and loss. At the date of this report, the loans of two vessels sold were fully repaid.

For the financial year ended 31 December 2021, the Group sold a vessel and two vessels as held for sale which resulted in a write-off of unamortised finance costs of US$196,536 associated with the borrowings that were extinguished in profit and loss. The loans of these vessels sold were fully repaid.

Notes to the financial statements (cont.)

22 Borrowings (cont.)

On 13 September 2021, the Group had secured a loan agreement for borrowings totalling US$20,270,000 to finance the acquisition of two vessels. The loan was subsequently drawn down on 17 September 2021 and 5 October 2021 separately. On 23 November 2021, a supplemental agreement was secured for an additional loan of US$14,000,000 to finance the acquisition of one vessel. The loan was subsequently drawn down on 26 November 2021.

Interest rate:	1.95% per annum plus 3M-LIBOR
Payment term :	20 fixed consecutive quarterly instalments, plus a final lump sum repayment as final settlement

The borrowings are secured by the following:

(i) First priority mortgage on all vessels;

(ii) First priority general assignment of the insurances, earnings, charters and requisition compensation claims for each vessel;

(iii) First priority assignment of the vessels' insurances, including but not limited to Hull & Machinery, Protection & Indemnity and War Risks;

(iv) First priority charge of shares of the Borrower;

(v) First priority charge over the Earnings Account, the Retention Account and the Deposit Account;

(vi) First priority assignment of the benefits arising from the Master Agreement entered into by the Borrower;

(vii) Full subordination undertakings on any shareholder loans/Guarantors' debt to the Borrower; and

(viii) Unconditional and irrevocable on demand guarantees from BW Epic Kosan Ltd. and BW Epic Kosan Opco II Pte. Ltd. with respect to the loan agreement and all other customary security documents deemed necessary.

On 11 March 2021, the Group had drawn down loans from a loan agreement for borrowings totalling US$155,000,000 to partially finance the acquisition of 17 vessels. The key terms of the loan agreement are as follows:

Interest rate:	2% per annum plus 3M-LIBOR
Payment term:	20 fixed consecutive quarterly instalments, plus a final lump sum repayment as final settlement

The borrowings are secured by the following:

(i) First priority mortgage on all vessels;

(ii) First priority general assignment of the insurances, earnings, charters and requisition compensation claims for each vessel;

(iii) First priority assignment of the vessels' insurances, including but not limited to Hull & Machinery, Protection & Indemnity and War Risks;

(iv) First priority charge of shares of the Borrower;

(v) First priority charge over the Earnings Account, the Retention Account and the Deposit Account;

(vi) First priority assignment of the benefits arising from the Master Agreement entered into by the Borrower;

(vii) Full subordination undertakings on any shareholder loans/Guarantors' debt to the Borrower; and

(viii) Unconditional and irrevocable on demand guarantees from BW Epic Kosan Ltd. and BW Epic Kosan Opco II Pte. Ltd. with respect to the loan agreement and all other customary security documents deemed necessary.

Notes to the financial statements (cont.)

22 Borrowings (cont.)

On 11 March 2021, upon the asset acquisition of Lauritzen Kosan A/S, the Group had assumed a loan facility totalling US$4,080,465, which was used for the financing of a vessel in the fleet of Lauritzen Kosan A/S. The key terms of the loan agreement are as follows:

Interest rate: 12.55% per annum

Payment term: Monthly instalments, subject to a purchase obligation on the term end date 8 August 2023.

The borrowings are secured by the following:

(i) First priority assignment of the vessel's insurances, earnings and requisition compensation claims; and

(ii) Unconditional and irrevocable on demand guarantee from BW Epic Kosan Ltd.

On 11 March 2021, upon the asset acquisition of Lauritzen Kosan A/S, the Group had assumed a loan facility totalling US$4,509,492, which was used for the financing of a vessel in the fleet of Lauritzen Kosan A/S. The key terms of the loan agreement are as follows:

Interest rate: 11.52% per annum

Payment term: Monthly instalments, subject to a purchase obligation on the term end date of 13 November 2023.

The borrowings are secured by the following:

(i) First priority assignment of the vessel's insurances, earnings and requisition compensation claims;

(ii) Unconditional and irrevocable on demand guarantee from BW Epic Kosan Ltd.

On 11 March 2021, upon the asset acquisition of Lauritzen Kosan A/S, the Group had assumed a loan facility totalling US$4,852,154, which was used for the financing of a vessel in the fleet of Lauritzen Kosan A/S. The key terms of the loan agreement are as follows:

Interest rate: 9.50% per annum

Payment term: Monthly instalments, subject to a purchase obligation on the term end date 5 January 2024.

The borrowings are secured by the following:

(i) First priority assignment of the vessel's insurances, earnings and requisition compensation claims;

(ii) Unconditional and irrevocable on demand guarantee from BW Epic Kosan Ltd.

On 11 March 2021, upon the asset acquisition of Lauritzen Kosan A/S, the Group had assumed a loan facility totalling US$4,911,555, which was used for the financing of a vessel in the fleet of Lauritzen Kosan A/S. The key terms of the loan agreement are as follows:

Interest rate: 10.90% per annum

Payment term: Monthly instalments, subject to a purchase obligation on the term end date 16 February 2024.

The borrowings are secured by the following:

(i) First priority assignment of the vessel's insurances, earnings and requisition compensation claims;

(ii) Unconditional and irrevocable on demand guarantee from BW Epic Kosan Ltd.

Notes to the financial statements (cont.)

22 Borrowings (cont.)

On 24 October 2019, the Group had drawn down loans from a refinancing arrangement for facilities totalling US$175,437,500 for the purpose of refinancing 19 vessels belonging to the Group. On 15 November 2019, the Group had drawn down an additional loan from the facility, amounting to US$15,975,000, to finance the acquisition of a vessel. On 27 October 2020, the Group had drawn down an additional loan from the facility, amounting to US$9,750,000, to finance the acquisition of a vessel.

The key terms of the loan agreement are as follows:

Interest rate:	2% per annum plus 3M-LIBOR
Payment term:	20 fixed consecutive quarterly instalments, plus a final lump sum repayment as final settlement

The borrowings are secured by the following:

(i) First priority mortgage on all vessels;

(ii) First priority general assignment of the insurances, earnings, charters and requisition compensation claims for each vessel;

(iii) First priority assignment of the vessels' insurances, including but not limited to Hull & Machinery, Protection & Indemnity and War Risks;

(iv) First priority charge over the Earnings Account, the Retention Account and the Deposit Account;

(v) First priority charge of shares of the Borrowers;

(vi) First priority assignment of the benefits arising from the Master Agreement entered into by the Borrowers;

(vii) Full subordination undertakings on any shareholder loans/Guarantors' debt to the Borrowers; and

(viii) Unconditional and irrevocable on demand guarantees from BW Epic Kosan Ltd. and BW Epic Kosan Opco II Pte. Ltd. with respect to the Loan Agreement and all other customary security documents deemed necessary.

On 5 September 2019, the Group had drawn down loans from two refinancing arrangements for a facility totalling US$30,500,000 for the purpose of refinancing two vessels belonging to the Group. The key terms of the loan agreement are as follows:

Interest rate:	6.13% per annum
Payment term:	10 years with purchase options exercisable for the first time after five years and subsequently on each anniversary of the delivery date, subject to a purchase obligation on the 10th anniversary of the delivery date

The borrowings are secured by the following:

(i) First priority assignment of the vessels' insurances, including but not limited to Hull & Machinery, Protection & Indemnity and War Risks;

(ii) Unconditional and irrevocable on demand guarantee from BW Epic Kosan Ltd.

On 11 July 2019 and 23 July 2019, the Group had drawn down loans from a loan agreement for borrowings totalling US$63,900,000 to partially finance the acquisition of four vessels. The key terms of the loan agreement are as follows:

Interest rate:	1.95% per annum plus 3M-LIBOR
Payment term:	28 fixed consecutive quarterly instalments, plus a final lump sum repayment as final settlement

The borrowings are secured by the following:

(i) First priority mortgage on all vessels;

(ii) First priority general assignment of the insurances, earnings, charters and requisition compensation claims for each vessel;

(iii) First priority assignment of the vessels' insurances, including but not limited to Hull & Machinery, Protection & Indemnity and War Risks;

(iv) First priority charge over the Earnings Account and the Retention Account;

(v) First priority charge of shares of the Borrower;

(vi) First priority assignment of the benefits arising from the Master Agreement entered into by the Borrower;

(vii) Full subordination undertakings on any shareholder loans/Guarantors' debt to the Borrower; and

(viii) Unconditional and irrevocable on demand guarantees from BW Epic Kosan Ltd. and BW Epic Kosan Opco II Pte. Ltd. with respect to the loan agreement and all other customary security documents deemed necessary.

Notes to the financial statements (cont.)

22 Borrowings (cont.)

On 18 October 2018, the Group had drawn down loans from a refinancing arrangement for a facility totalling US$14,700,000 for the purpose of refinancing 1 vessel belonging to the Group. The key terms of the loan agreement are as follows:

Interest rate: 6% to 7.69% per annum depending on the period when the purchase option is exercised

Payment term: 11 years with purchase options exercisable for the first time after six years and subsequently on each anniversary of the delivery date, subject to a purchase obligation on the 11th anniversary of the delivery date

The borrowings are secured by the following:

(i) First priority assignment of the vessels' insurances, including but not limited to Hull & Machinery, Protection & Indemnity and War Risks;

(ii) Unconditional and irrevocable on demand guarantee from BW Epic Kosan Ltd.

On 26 April 2018, the Group had drawn down loans from a loan agreement for borrowings totalling US$1,644,307 resulting from the finance lease restructures of three vessels belonging to the Group. The loans were fully repaid in 2021. The key terms of the loan agreement are as follows:

Interest rate: 1.95% per annum

Payment term: 42 fixed consecutive monthly instalments

The borrowings were secured by an unconditional and irrevocable on demand guarantee from BW Epic Kosan Ltd.

On 28 March 2018, the Group had drawn down a loan from a refinancing arrangement for a facility totalling US$15,000,000 for the purpose of refinancing one vessel belonging to the Group. The key terms of the loan agreement are as follows:

Interest rate: 6.05% per annum

Payment term: 10 years with purchase options exercisable for the first time after five years and subsequently on each anniversary of the delivery date to purchase the vessel at the end of the term

The borrowings are secured by the following:

(i) First priority assignment of the vessels' insurances, including but not limited to Hull & Machinery, Protection & Indemnity and War Risks;

(ii) Unconditional and irrevocable on demand guarantee from BW Epic Kosan Ltd.

On 7 September 2017, the Group had drawn down a loan from a refinancing arrangement for a facility totalling US$29,000,000 for the purpose of refinancing one vessel belonging to the Group. The key terms of the loan agreement are as follows:

Interest rate: 4.80% per annum

Payment term: 10 years with purchase options exercisable for the first time after three years and subsequently on each anniversary of the delivery date

The borrowings are secured by the following:

(i) First priority assignment of the vessels' insurances, including but not limited to Hull & Machinery, Protection & Indemnity and War Risks;

(ii) Unconditional and irrevocable on demand guarantee from BW Epic Kosan Ltd.

Notes to the financial statements (cont.)

22 Borrowings (cont.)

On 21 October 2016, the Group had drawn down a loan from a refinancing arrangement for a facility totalling US$29,750,000 for the purpose of refinancing one vessel belonging to the Group. The key terms of the loan agreement are as follows:

Interest rate:	3.98% per annum
Payment term:	seven years with a purchase option exercisable any time after five years

The borrowings are secured by the following:

(i) First priority assignment of the vessels' insurances, including but not limited to Hull & Machinery, Protection & Indemnity and War Risks;

(ii) Unconditional and irrevocable on demand guarantee from BW Epic Kosan Ltd.

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

Group

Issue date	Maturity date	**31 December 2022 US$**	31 December 2021 US$	1 January 2021 US$
21 October 2016	21 October 2023	**13,543,615**	14,688,400	15,835,948
07 September 2017	07 August 2027	**14,558,330**	15,689,419	16,767,567
28 March 2018	28 March 2028	**9,767,021**	10,978,302	12,118,673
26 April 2018	31 October 2021	**–**	–	401,731
18 October 2018	31 October 2029	**10,113,954**	11,106,296	12,025,406
11 July 2019	01 July 2026	**35,355,978**	39,255,978	27,454,910
23 July 2019	01 July 2026	**11,827,717**	13,127,717	43,155,978
05 September 2019	05 September 2029	**22,902,374**	25,248,194	14,427,717
24 October 2019	24 October 2024	**111,109,951**	129,741,154	150,422,791
15 November 2019	24 October 2024	**11,918,096**	13,216,876	14,515,656
27 October 2020	24 October 2024	**7,130,952**	8,334,659	9,538,358
11 March 2021	11 March 2026	**116,620,885**	139,775,027	–
13 September 2021	17 September 2026	**16,588,479**	20,218,424	–
23 November 2021	27 November 2026	**12,985,048**	13,767,938	–
11 March 2021	8 August 2023	**1,230,632**	2,859,188	–
11 March 2021	13 November 2023	**1,700,886**	3,299,343	–
11 March 2021	5 January 2024	**1,977,563**	3,600,903	–
11 March 2021	16 February 2024	**2,150,533**	3,717,967	–
		401,482,014	468,625,785	316,664,735

The weighted-average interest rates on the above outstanding borrowings were 4.32% (2021: 3.74%) per annum.

Some of the Group's loan agreements are subjected to financial 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. As at 31 December 2022 and 2021 and 1 January 2021, the Group was in compliance with all of its financial covenants.

As of 31 December 2022 and 2021, all borrowing facilities have been drawn.

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

Notes to the financial statements (cont.)

22 Borrowings (cont.)

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

	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
1st year	**89,506,701**	58,583,953	31,264,023
2nd year	**145,318,981**	73,348,937	31,243,801
3rd year	**32,963,205**	144,127,224	44,000,430
4th year	**102,889,554**	41,265,011	128,488,599
5th year	**15,728,682**	120,497,087	12,024,537
6th year	**7,439,777**	15,728,682	38,839,772
7th year	**7,635,114**	7,439,777	15,728,682
8th year	**–**	7,635,114	7,439,777
9th year	**–**	–	7,635,114
	401,482,014	468,625,785	316,664,735

23 Derivative financial instruments

	Contract notional amount US$	Derivative asset US$	Derivative liability US$
Group			
31 December 2022			
Derivatives held for hedging			
Cash flow hedges			
- Interest rate swaps	248,396,975	17,741,924	–
- Bunker swaps	70,887	–	67,073
Total		17,741,924	67,073
Less: Current portion		(7,864,238)	(67,073)
Non-current portion		9,877,686	–
31 December 2021			
Derivatives held for hedging			
Cash flow hedges			
- Interest rate swaps	285,351,542	1,878,609	2,049,785
- Bunker swaps	839,794	460,661	–
Total		2,339,270	2,049,785
Less: Current portion		(2,339,270)	(2,049,785)
Non-current portion		–	–
1 January 2021			
Derivatives held for hedging			
Cash flow hedges			
– Interest rate swaps	173,458,373	–	6,300,953
– Bunker swaps	4,806,700	322,444	–
Total		322,444	6,300,953
Less: Current portion		(322,444)	–
Non-current portion		–	6,300,953

Interest rate swaps are transacted to hedge variable quarterly interest payments on borrowings. Bunker swaps are transacted to hedge the exposure of bunker prices due to variability of the prices.

Fair value gains and losses on the interest rate swaps recognized in the other comprehensive income are reclassified to profit or loss as part of interest expense over the period of the borrowings.

Notes to the financial statements (cont.)

24 Deferred tax

Deferred 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 tax assets and liabilities is as follows:

Deferred income tax assets

	Group		
	Accelerated depreciation US$	Provisions US$	Total US$
2022			
At 1 January 2022	**–**	**104,270**	**104,270**
Charged to profit or loss	**–**	**(104,270)**	**(104,270)**
At 31 December 2022	**–**	**–**	**–**
2021			
At 1 January 2021	–	102,856	102,856
Charged to profit or loss	–	1,414	1,414
At 31 December 2021	–	104,270	104,270

Deferred income tax liabilities

	Group		
	Accelerated depreciation US$	Provisions US$	Total US$
2022			
At 1 January 2022	**101,378**	**(1,024)**	**100,354**
Charged to profit or loss	**(101,378)**	**1,024**	**(100,354)**
At 31 December 2022	**–**	**–**	**–**
2021			
At 1 January 2021, 31 December 2021	101,378	(1,024)	100,354

25 Investments in subsidiaries

	Company		
	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Equity investments at cost			
Beginning and end of financial year	**202,299,343**	202,299,343	202,299,343

At the balance sheet date, the details of the subsidiaries are disclosed in Note 35 to the financial statements.

26 Share capital

Issued and fully paid common share capital with no par value	Issued no. of ordinary shares	Share capital US$	Additional paid-in capital US$
Company			
2022			
Beginning and end of financial year	159,467,033	567,988,619	–
2021			
Beginning of financial year	106,616,349	1,066,163	398,832,567
Reclassification due to re-domiciliation on 1 March 2021	–	398,832,567	(398,832,567)
Issuance of shares	52,850,684	168,089,889	–
End of financial year	159,467,033	567,988,619	–

Prior to the re-domiciliation, the Company's share capital comprised fully paid-up 106,616,349 ordinary shares at par value of US$0.01, amounting to a total of US$1,066,163 and additional paid-in capital amounting US$398,832,567, in accordance with the British Virgin Islands Companies Act.

Upon re-domiciliation of the Company to Singapore on 1 March 2021, the Company's ordinary shares of 106,616,349 have no par value in accordance with the Companies Act in Singapore.

Accordingly, the additional paid-in capital of US$398,832,567 (pre-domiciliation) has been reflected as part of the Company's share capital.

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.

On 11 March 2021, the Company issued and allocated 45,894,406 ordinary shares to Lauritzen Kosan A/S and to an existing joint venture owned 50% by Lauritzen Kosan A/S, which amounted to US$147,265,640, as the purchase consideration paid for the acquisition of certain assets. As a result of the transaction, Lauritzen Kosan A/S became a shareholder of the Company.

Notes to the financial statements (cont.)

26 Share capital (cont.)

On 17 September 2021 and 5 October 2021, the Company issued and allocated 6,889,611 ordinary shares to Odfjell Gas Shipowning AS, which amounted to US$20,643,500, as part of the purchase consideration paid for two ethylene carriers. As a result of the transaction, Odfjell Gas Shipowning AS became a shareholder of the Company.

On 20 September 2021, the Company issued and allocated 66,667 ordinary shares at a subscription price of US$2.05 which amounted to US$136,667, arising from the exercise of share options by the employee, which was granted in January 2016 (Note 27).

The shares issued in 2021 rank pari passu in all respects with the previously issued shares.

27 Share option reserve

	Group and Company		
	31 December 2022 US$	31 December 2021 US$	1 January 2021
Beginning of financial year	**4,928,304**	4,916,934	4,671,798
BW Epic Kosan Ltd Share Option Plan			
- Value of employee services	**148,046**	55,452	245,136
- Exercise of share options	**–**	(44,082)	–
- Cancellation of share options	**(191,108)**	–	–
End of financial year	**4,885,242**	4,928,304	4,916,934

Employee share options

Pursuant to the BW Epic Kosan 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.

On 1 March 2022, pursuant to the BW Epic Kosan Share Option Plan, the Company granted additional share options (Grant 8) to key management personnel who are in service at the date of grant. The details of the share options are as follows:

- The exercise price of the share options granted is at US2.40 (NOK 21.83)
- The validity period of the share options from 1 March 2022 to 29 February 2028 (both date inclusive)
- The vesting of 100% of the share options is on 1 March 2025.

Modification of share-based payment arrangements

On 26 June 2019, the Company modified the BW Epic Kosan Ltd Share Option Plan.

The details of the modification of the share option plan are as follows:

- Cancelled the share options granted in March 2013 and December 2013
- Decreased the vesting period for the employee share options granted in January 2016, January 2017 and August 2017 from five to three years and reduced the exercise price from US$2.25 to US$2.05
- Decreased the vesting period for the employee share options granted in January 2018 from five to three years and reduced the exercise price from US$1.85 to US$1.79
- Decreased the vesting period for the employee share options granted in January 2019 from five to three years and reduced the exercise price from US$1.75 to US$1.72

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

On 14 January 2022, the Company modified the BW Epic Kosan Ltd Share Option Plan.

The details of the modification of the share option plan are as follows:

- 30% of the outstanding share options under Grant 3 be cancelled on expiry on 14 January 2022
- Option holders be paid the actual difference between the volume-weighted average price of the shares in USD over a month prior to expiry and the exercise price of US$2.05 for each share option cancelled
- Increased the vesting period of the remaining 70% of the share options under Grant 3 to 14 January 2023

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.

Notes to the financial statements (cont.)

27 Share option reserve (cont.)

Employee share options (cont.)

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	Exercised during the year	At the end of the year	Exercise price US$
2022							
Grant 3	**2,556,534**	**–**	**–**	**(766,958)**	**–**	**1,789,576**	**1.88**
Grant 4	**310,702**	**–**	**–**	**–**	**–**	**310,702**	**1.88**
Grant 5	**33,333**	**–**	**–**	**–**	**–**	**33,333**	**1.88**
Grant 6	**339,177**	**–**	**–**	**–**	**–**	**339,177**	**1.62**
Grant 7	**280,078**	**–**	**–**	**–**	**–**	**280,078**	**1.55**
Grant 8	**–**	**637,870**	**–**	**–**	**–**	**637,870**	**2.46**
Total	**3,519,824**	**637,870**	**–**	**(766,958)**	**–**	**3,390,736**	
2021							
Grant 3	2,623,201	–	–	–	(66,667)	2,556,534	2.05
Grant 4	310,702	–	–	–	–	310,702	2.05
Grant 5	33,333	–	–	–	–	33,333	2.05
Grant 6	339,177	–	–	–	–	339,177	1.79
Grant 7	280,078	–	–	–	–	280,078	1.72
Total	3,586,491	–	–	–	(66,667)	3,519,824	

The number of options vested and exercisable as at 31 December 2022 was 619,225 (2021: 3,239,746).

Notes to the financial statements (cont.)

27 Share option reserve (cont.)

Employee share options (cont.)

	2022	2021
Number of share options to be vested		
- 1st year	–	280,078
- 2nd year	–	–
- 3rd year	637,870	–
	637,870	280,078

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 realized by persons who receive equity awards.

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

In 2022, the assumptions used for the estimation of fair value of the share options at grant date are as follows:

	2022
Weighted average expected term	4.5 years
Dividend yield	3.83%
Risk-free interest rate	1.16% to 2.52%
Weighted average volatility	53.23%

The fair value of the options granted in 2022 was estimated to be US$527,335 under Level 3 fair value inputs. The amount of unvested awards to be recognized on a straight-line basis over the vesting period as at 31 December 2022 is US$381,341 (2021: US$2,056).

28 (a) Currency translation reserve

	Group		
	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Currency translation reserve	(304,697)	(223,735)	(178,388)

Movements:

Currency translation reserve

	Group		
	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Beginning of financial year	(223,735)	(178,388)	(192,675)
Net currency translation differences of financial statements of foreign subsidiaries	(80,962)	(45,347)	14,287
End of financial year	(304,697)	(223,735)	(178,388)

The translation reserve comprises all foreign differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Notes to the financial statements (cont.)

28 (b) Hedging reserve

	Group		
	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Hedging reserve	**17,674,851**	289,485	(5,978,509)

Movements

Hedging reserve

	Group		
	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Beginning of financial year	**289,485**	(5,978,509)	(119,198)
Fair value gains/(losses)	**17,385,366**	6,267,994	(5,859,311)
End of financial year	**17,674,851**	289,485	(5,978,509)

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

29 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the financial year.

	Group	
	2022 US$	2021 US$
Net profit attributable to equity holders of the Company	**21,367,655**	11,975,414
Weighted average number of common shares outstanding		
Issued ordinary shares at 1 January	**159,467,033**	106,616,349
Effect of shares issued during the year	**–**	39,984,408
Weighted-average number of ordinary shares during the year	**159,467,033**	146,600,757
Basic earnings per share (US$ per share)	**0.134**	0.082

Diluted earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the financial year, after adjusting for all dilutive potential ordinary shares. The potential common shares arising from the Company's equity-settled, share-based compensation plan does not have a material impact on the computation of basic earnings per share.

	Group	
	2022 US$	2021 US$
Net profit attributable to equity holders of the Company	**21,367,655**	11,975,414
Weighted average number of ordinary shares (basic)	**159,467,033**	146,600,757
Effect of unvested share options held	**637,870**	280,078
Weighted average number of ordinary shares (diluted) during the year	**160,104,903**	146,880,835
Diluted earnings per share (US$ per share)	**0.133**	0.082

Notes to the financial statements (cont.)

30 Related parties

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:

(a) Transactions with related parties

	2022 US$	2021 US$
Rendering of services to related corporations		
Time charters	**2,779,589**	2,650,829
Voyage charters	**–**	672,230
Support services	**110,021**	–
Expenses paid/payable to related corporations		
Expenses paid on behalf of related corporations	**466,346**	153,005,873
Insurance and risk management services	**200,000**	120,000
Bunker brokerage services	**257,477**	196,327
Office facilities	**446,212**	32,858
Internal audit services	**28,037**	–
Shared support services	**1,030,275**	2,287,202

(b) Key management personnel compensation

	2022 US$	2021 US$
Directors' fees	**244,971**	206,375
Salaries and other employee benefits	**2,626,439**	2,374,454
Employer's contribution to defined contribution plans, including Central Provident Fund	**48,850**	241,826
Salaries and other employee benefits	**2,920,260**	2,822,655

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Board of Directors of the Group is considered as key management personnel of the Group.

31 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk.

The financial risk management of the Group is handled by management as part of its operations. The risk management team identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

(a) Market risk

(i) Currency risk

The Group's business operations are not exposed to significant foreign currency risks as most of its transactions are denominated in United States Dollar ('USD'). The majority of the Group's financial assets and financial liabilities are denominated in USD.

(ii) Interest rate risk

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

The Group's bank borrowings are at variable rates. The Group has entered into interest rate swaps to swap floating interest rates to fixed interest rates for certain portions of the bank borrowings (Note 22). If the US$ interest rates increase/decrease by 10 basis points (2021: 10 basis points) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by approximately US$555,790 (2021: US$170,682) as a result of higher/lower interest expense on these borrowings; the other comprehensive income will be lower/higher by approximately US$1,288,381 (2021: US$908,273).

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2022 was indexed to US dollar LIBOR. The alternative reference rate for the US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). US dollar LIBOR is expected to be discontinued after June 2023. The Group is in the process of implementing appropriate fallback provisions progressively for all US dollar LIBOR indexed exposures.

Notes to the financial statements (cont.)

31 Financial risk management (cont.)

(a) Market risk (cont.)

(ii) Interest rate risk (cont.)

The Group holds derivatives for risk management purposes, some of which are designated in hedging relationships. These derivatives have floating legs that are mainly indexed to various IBORs. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. While ISDA has provided fallback provisions for the cessation of IBOR, the Group plans to negotiate the modifications of the derivatives in conjunction with the hedged instruments to minimise hedge ineffectiveness.

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

As at 1 January 2022 and at 31 December 2022, the Group does not yet have any contracts with appropriate fallback clauses.

As at 31 December 2022, the Group has transitioned from US LIBOR to SOFR (i.e. alternative benchmark) for three of its interest rate swaps and a hedged USD denominated secured bank loan liabilities maturing in 2026. As at the date of transition, the notional amount of the interest rate swaps amounted to US$23,623,238 and the principal amount of the reformed bank loan amounted to US$31,495,852. As at 31 December 2022, the carrying amount of the reformed interest rate swaps amounted to US$1,948,767 and the carrying amount of the reformed bank loan amounted to US$29,571,728. The Group's remaining hedged items and hedging instruments as at the reporting date are indexed to US LIBOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with counterparties as usual.

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2022.

The Group's cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. However, there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may impact the hedging relationship. The Group applies the amendments to IFRS 9 *Financial Instruments* & SFRS(I) 9 *Financial Instruments* issued in December 2019 to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's major classes of financial assets are cash and cash equivalents and trade and other receivables. The Company's major classes of financial assets are cash and cash equivalents and other receivables due from related corporations.

(i) Financial assets that are neither past due nor impaired

The Group performs periodic credit evaluations of its charterers and has policies in place to ensure that services are rendered to charterers with appropriate credit histories. The Group has also implemented policies to ensure cash funds are deposited with internationally recognised financial institutions with good credit ratings.

For amounts due from related parties, the Group has assessed the credit risk to be minimal. The Group applied the general 12-month approach and considered the financial position, liquidity position and financial performance of these related parties to reach a qualitative assessment of the credit risk of these counterparties. There is no other class of financial assets that is past due and/or impaired except for trade receivables (Note 13).

Notes to the financial statements (cont.)

31 Financial risk management (cont.)

(b) Credit risk (cont.)

(ii) Financial assets that are past due and/or impaired

The age analysis of trade receivables past due and/or impaired are as follows:

	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Group			
1 – 30 days past due	**7,647,057**	3,937,954	3,165,134
31- 60 days past due	**1,166,553**	587,497	1,165,359
61 – 90 days past due	**640,507**	844,584	599,909
Over 90 days past due	**1,375,554**	2,916,468	672,097
	10,829,671	8,286,503	5,602,499

The Group recognised an impairment loss of US$Nil (2021: US$33,745), which is illustrated in note (iii) below.

For trade receivables, the Group has applied the simplified approach permitted under IFRS 9 *Financial Instruments* & SFRS(I) 9 *Financial Instruments* to measure the loss allowance based on lifetime expected credit losses ('ECLs') at initial recognition of trade receivables. The loss allowance of trade receivables is determined based on actual historical credit experience and expected future economic conditions. There are no trade receivables individually determined to be impaired in current financial year.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

The Group has no financial assets that are subject to more than immaterial credit losses where the expected credit loss model has been applied.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and a marginal probability of default rate based on the average credit rating of the customers has been applied to reflect the current and forward-looking information.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write off when a customer has a high possibility of a significant increase in the risk of default and there is no reasonable expectation of recovery. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(iii) Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	31 December 2022 US$	31 December 2021 US$	1 January 2021 US$
Group			
Balance at 1 January	**33,745**	138,321	–
Impairment loss recognised	**–**	33,745	138,321
Write back	**(33,745)**	(138,321)	–
Balance at 31 December	**–**	33,745	138,321

(iv) Non-trade amount due from related corporations

The Company held non-trade receivables due from related corporations of US$354,073,506 (2021: US$353,607,160; 1 January 2021: US$200,601,287). These balances are amount paid on behalf for related corporations. The Company uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, and cash flow projections and available press information, if available). There is no significant increase in credit risk for those exposures. Therefore, impairment on these balances have been measured on the 12 month expected credit loss basis; and the amount of the allowance is insignificant.

(v) Deposits and sundry debtors

Deposits and amount due from sundry debtors are considered to be low credit risk and subject to immaterial credit loss. The Group uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, and cash flow projections and available press information, if available). There is no significant increase in credit risk for those exposures. Therefore, impairment on these balances have been measured on the 12 month expected credit loss basis; and the amount of the allowance is insignificant.

Notes to the financial statements (cont.)

31 Financial risk management (cont.)

(b) Credit risk (cont.)

(vi) Cash and cash equivalents

The Group and the Company held cash and cash equivalents of US$62,803,962 (2021: US$41,803,365; 1 January 2021: US$47,465,599) and US$4,494,375 (2021: US$4,868,235; 1 January 2021: US$5,498,239), respectively with financial institutions that have high credit ratings and other counterparties which are considered to have low credit risk. The cash balances are measured on 12-months expected credit losses and subject to immaterial credit losses.

(c) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year US$	Between 1 and 2 years US$	Between 2 and 5 years US$	After 5 years US$
Group				
At 31 December 2022				
Trade and other payables	**39,095,442**	**–**	**–**	**–**
Borrowings	**104,200,418**	**155,838,505**	**162,745,929**	**19,058,000**
Lease liabilities	**13,848,977**	**6,842,750**	**21,277,710**	**–**
Derivative financial liabilities	**67,073**	**–**	**–**	**–**
	157,211,910	**162,681,255**	**184,023,639**	**19,058,000**
At 31 December 2021				
Trade and other payables	34,867,603	–	–	–
Borrowings	89,125,395	111,096,375	272,475,573	–
Lease liabilities	16,063,852	8,937,100	5,232,150	–
Derivative financial liabilities	2,049,785	–	–	–
	142,106,635	120,033,475	277,707,723	–
At 1 January 2021				
Trade and other payables	17,214,776	72,170	–	–
Borrowings	47,933,998	43,323,330	216,169,967	63,302,984
Lease liabilities	17,549,543	8,249,508	9,997,100	1,632,150
Derivative financial liabilities	–	6,300,953	–	–
	82,698,317	57,945,961	226,167,067	64,935,134
Company				
At 31 December 2022				
Trade and other payables	**5,462,013**	**–**	**–**	**–**
At 31 December 2021				
Trade and other payables	5,504,973	–	–	–
At 1 January 2021				
Trade and other payables	5,695,295	–	–	–

Notes to the financial statements (cont.)

31 Financial risk management (cont.)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend paid, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings.

The Group monitors capital based on a total asset divided by net debt. The Group and the Company are also required by the banks to maintain a total assets-to-net debt ratio of not less than 140%. The Group's and the Company's strategy, which was unchanged from the previous financial year, is also to maintain total assets-to-net debt ratio of not less than 140% for the Group and the Company

The Group is in compliance with all other externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

(e) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

		Fair value measurements using		
	Fair value US$	Quoted prices in active markets for identical assets (Level 1) US$	Significant other observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$
Group				
As of 31 December 2022				
Assets				
Derivative financial instruments	17,741,924	–	17,741,924	–
Total	17,741,924	–	17,741,924	–
Liabilities				
Derivative financial instruments	(67,073)	–	(67,073)	–
Total	(67,073)	–	(67,073)	–
As of 31 December 2021				
Assets				
Derivative financial instruments	2,339,270	–	2,339,270	–
Total	2,339,270	–	2,339,270	–
Liabilities				
Derivative financial instruments	(2,049,785)	–	(2,049,785)	–
Total	(2,049,785)	–	(2,049,785)	–
As of 1 January 2021				
Assets				
Derivative financial instruments	322,444	–	322,444	–
Total	322,444	–	322,444	–
Liabilities				
Derivative financial instruments	(6,300,953)	–	(6,300,953)	–
Total	(6,300,953)	–	(6,300,953)	–

Notes to the financial statements (cont.)

31 Financial risk management (cont.)

(e) Fair value measurements (cont.)

The fair value of interest rate and bunker swaps is calculated as the present value of the future estimated cash flows. This instrument is included in Level 2.

The carrying amounts of the Group's current financial assets and financial liabilities are a reasonable approximation of their respective fair values due to the short-term maturity of these financial instruments.

(f) Financial instruments

The financial assets and liabilities shown in the statement of financial position are classified as follows:

	Financial assets at amortised cost US$	Other financial liabilities US$	Fair value - hedging instruments US$	Total carrying amount US$
Group				
31 December 2022				
Financial assets				
Trade and other receivables*	40,873,132	–	–	40,873,132
Cash and cash equivalents	62,803,962	–	–	62,803,962
Restricted cash	15,676,783	–	–	15,676,783
Derivative financial instruments	–	–	17,741,924	17,741,924
Financial liabilities				
Trade and other payables	–	(39,095,442)	–	(39,095,442)
Borrowings	–	(398,472,393)	–	(398,472,393)
Derivative financial instruments	–	–	(67,073)	(67,073)
31 December 2021				
Financial assets				
Trade and other receivables*	39,059,733	–	–	39,059,733
Cash and cash equivalents	41,803,365	–	–	41,803,365
Restricted cash	16,150,000	–	–	16,150,000
Derivative financial instruments	–	–	2,339,270	2,339,270
Financial liabilities				
Trade and other payables	–	(34,867,603)	–	(34,867,603)
Borrowings	–	(464,101,940)	–	(464,101,940)
Derivative financial instruments	–	–	(2,049,785)	(2,049,785)
1 January 2021				
Financial assets				
Trade and other receivables*	14,664,641	–	–	14,664,641
Cash and cash equivalents	47,465,599	–	–	47,465,599
Restricted cash	8,600,000	–	–	8,600,000
Derivative financial instruments	–	–	322,444	322,444
Financial liabilities				
Trade and other payables	–	(17,286,946)	–	(17,286,946)
Borrowings	–	(313,280,783)	–	(313,280,783)
Derivative financial instruments	–	–	(6,300,953)	(6,300,953)

* Exclude prepayments and GST recoverable

Notes to the financial statements (cont.)

31 Financial risk management (cont.)

(f) Financial instruments (cont.)

The financial assets and liabilities shown in the statement of financial position are classified as follows:

	Financial assets at amortised cost US$	Other financial liabilities US$	Fair value - hedging instruments US$	Total carrying amount US$
Company				
31 December 2022				
Financial assets				
Trade and other receivables*	354,073,506	–	–	354,073,506
Cash and cash equivalents	4,494,375	–	–	4,494,375
Financial liabilities				
Trade and other payables	–	(5,462,014)	–	(5,462,014)
31 December 2021				
Financial assets				
Trade and other receivables*	353,607,160	–	–	353,607,160
Cash and cash equivalents	4,868,235	–	–	4,868,235
Financial liabilities				
Trade and other payables	–	(5,504,973)	–	(5,504,973)
1 January 2021				
Financial assets				
Trade and other receivables*	200,601,287	–	–	200,601,287
Cash and cash equivalents	5,498,239	–	–	5,498,239
Financial liabilities				
Trade and other payables	–	(5,695,295)	–	(5,695,295)

*Exclude prepaid expenses

(g) Hedge accounting - Cash flow hedges

Notional amounts of cash flow hedges are disclosed in Note 23 to the financial statements. The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	Changes in the value of hedging instrument recognised in OCI US$	Hedge ineffectiveness recognised in profit or loss US$	Amount reclassified from hedging reserve to profit and loss US$	Line item in profit or loss affected by the reclassification US$
Group				
2022				
Interest rate risk				
Interest rate swaps	17,385,366	–	–	NA
2021				
Interest rate risk				
Interest rate swaps	6,267,994	20,122	–	NA
1 January 2021				
Interest rate risk				
Interest rate swaps	(5,859,311)	(46,332)	–	NA

Notes to the financial statements (cont.)

32 Segment information

The Group has a single reporting segment which is primarily engaged in operation of fully pressurised gas carriers, providing seaborne services for the transportation of liquified petroleum gas and petrochemicals.

Non-current assets comprise mainly vessels, operating on an international platform with individual vessels calling at various ports across the globe. The Group does not consider the domicile of its customers as a relevant decision-making guideline and hence does not consider it meaningful to allocate vessels and revenue to specific geographical locations.

33 Immediate holding corporation

The Company's immediate holding corporation is BW Group Limited, incorporated in Bermuda.

34 Dividends

On 24 May 2022, the Group declared an interim dividend of US$0.028219 per ordinary share in cash, amounting to an aggregate dividend of approximately US$4,500,000.

On 22 February 2023, the Group declared a dividend of US$0.03875 per ordinary share in cash, amounting to an aggregate dividend of approximately US$6,180,000.

On 11 February 2021, the Group declared an interim dividend of US$0.14069 per ordinary share in cash, amounting to an aggregate dividend of approximately US$14,999,854. The Group's declaration of dividends was made before the re-domiciliation of the Company from British Virgins Islands to Singapore.

Notes to the financial statements (cont.)

35 Details of subsidiaries held directly by the Company

Name of subsidiaries	Principal activities	Country of business/ incorporation	Equity holding 2022 %	2021 %
BW Epic Kosan Opco I Pte. Ltd. (a)	Investment Holding	Singapore	**100**	100
BW Epic Kosan Opco II Pte. Ltd. (a)	Investment Holding	Singapore	**100**	100
BW Epic Kosan (UK) Limited (b)	Provision of Commercial and Technical Management Services	United Kingdom	**100**	100
BW Epic Kosan Maritime Pte. Ltd. (a)	Provision of Commercial and Technical Management Services	Singapore	**100**	100
Botany Shipping Pte. Ltd. (g)	Vessel owning and chartering	Singapore	**–**	100
Epic Bali Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Baluan Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Barbados Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Beata Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Bonaire Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Borinquen Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Borneo Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Boracay Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Caledonia Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Camelot Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Curacao Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Gas Echo Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Gas Chartering Ltd. (c)	Vessel chartering	British Virgin Islands	**100**	100
Epic Gas Chartering Pte. Ltd. (a)	Vessel chartering	Singapore	**100**	100
BW Epic Kosan Vessels Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
BW Epic Kosan Vessels Two Pte. Ltd. (a) (d)	Vessel owning and chartering	Singapore	**100**	100
BW Epic Kosan Vessels Three Pte. Ltd. (a) (e)	Vessel chartering	Singapore	**100**	100
Epic Madeira Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Manhattan Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Salina Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Samos Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Sentosa Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Shikoku Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Sicily Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic St Agnes Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic St Croix Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100

Notes to the financial statements (cont.)

35 Details of subsidiaries held directly by the Company (cont.)

Name of subsidiaries	Principal activities	Country of business/ incorporation	Equity holding 2022 %	Equity holding 2021 %
BW Epic Kosan Vessels Four Pte. Ltd. (a) (f)	Vessel owning and chartering	Singapore	**100**	100
Epic St Ivan Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic St Thomas Pte. Ltd.. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Super League Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Vessels (Singapore) Pte. Ltd. (a)	Vessel chartering	Singapore	**100**	100
Epic York Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Bermuda Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
Epic Barnes Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
St. Kitts Shipping Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
St. Lucia Shipping Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
St. Martin Shipping Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100
St. Vincent Shipping Pte. Ltd. (a)	Vessel owning and chartering	Singapore	**100**	100

(a) Audited by KPMG LLP, Singapore

(b) Audited by local accounting firm

(c) Not required to be audited under the laws of the country of incorporation

(d) Formerly known as BWEK Chartering Pte. Ltd.

(e) Formerly known as Epic Sardinia Pte. Ltd.

(f) Formerly known as Epic St. George Pte. Ltd.

(g) Dissolved on 10 January 2022

Notes to the financial statements (cont.)

36 Explanation of transition to IFRS & SFRS(I)

In the current year, the Group has adopted the International Financial Reporting Standards and Singapore Financial Reporting Standards (International). In adopting the International Financial Reporting Standards and Singapore Financial Reporting Standards (International), the Group applied the specific transition requirements in IFRS 1 First-time Adoption of International Financial Reporting Standards & SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). These are the first financial statements of the Group and of the Company prepared in accordance with IFRS & SFRS(I).

In preparing the opening IFRS & SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with the United States Generally Accepted Accounting Principles ('US GAAP').

An explanation of how the transition from US GAAP to IFRS and SFRS(I) has affected the Group's consolidated statement of financial position and consolidated statement of comprehensive income is set out under the summary of quantitative impact.

Summary of quantitative impact

The following reconciliations summarises the impact on initial application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* & SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* on the Group's financial position as at 1 January 2021 and 31 December 2021 and the Group's statement of comprehensive income for the year ended 31 December 2021. There were no material adjustments to the Group's statement of cash flows arising on transition, other than the impact on depreciation and its corresponding impact on profit before taxation as noted on following page.

There were no material adjustments to the Company's financial position, statement of comprehensive income and statement of cash flows arising on transition.

Consolidated statement of financial position

	Note	31 December 2021 US GAAP US$	Transition adjustments US$	IFRS/ SFRS(I) US$
ASSETS				
Current assets				
Cash and cash equivalents		41,803,365	–	41,803,365
Trade and other receivables, net		42,340,604	118,363	42,458,968
Inventories		5,370,214	–	5,370,214
Asset held for sale		18,175,000	–	18,175,000
Derivative financial instruments		2,339,270	–	2,339,270
Total current assets		110,028,453	118,363	110,146,817
Non-current assets				
Trade and other receivables, net		226,815	–	226,815
Restricted cash		16,150,000	–	16,150,000
Property, plant and equipment, net	A, B	859,036,850	(753,427)	858,283,423
Right-of-use assets		22,441,465	(424,003)	22,017,462
Deferred tax assets		104,271	–	104,270
Total non-current assets		897,959,401	(1,177,430)	896,781,970
Total assets		1,007,987,854	(1,059,067)	1,006,928,787
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables		34,867,603	–	34,867,603
Contract liabilities		21,708,663	–	21,708,663
Finance lease liabilities		2,973,863	(2,973,863)	–
Current income tax liabilities		933,447	–	933,447
Borrowings		58,583,953	–	58,583,953
Derivative financial instruments		2,049,785	–	2,049,785
Lease liabilities		12,202,979	2,973,863	15,176,842
Total current liabilities		133,320,293	–	133,320,293
Non-current liabilities				
Finance lease liabilities		4,478,766	(4,478,766)	–
Deferred tax liabilities		100,354	–	100,354
Borrowings		405,517,987	–	405,517,987
Lease liabilities		9,262,830	4,478,766	13,741,596
Total non-current liabilities		419,359,937	–	419,359,937
Total liabilities		552,680,230	–	552,680,230

	Note	31 December 2021 US GAAP US$	Transition adjustments US$	IFRS/ SFRS(I) US$
SHAREHOLDERS' EQUITY				
Share capital		567,988,619	–	567,988,619
Share option reserve		4,928,304	–	4,928,304
Accumulated other comprehensive losses		56,545	(56,545)	–
Currency translation reserve		–	(223,735)	(223,735)
Hedging reserve		–	289,485	289,485
Accumulated losses	A, B	(117,665,844)	(1,068,272)	(118,734,116)
Total shareholders' equity		455,307,624	(1,059,067)	454,248,557
Total liabilities and shareholders' equity		1,007,987,854	(1,059,067)	1,006,928,787

Consolidated statement of financial position (cont.)

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	Note	1 January 2021 US GAAP US$	 Transition adjustments US$	 IFRS/SFRS(I) US$
ASSETS				
Current assets				
Cash and cash equivalents		47,465,599	–	47,465,599
Trade and other receivables, net		16,618,693	(539,929)	16,078,764
Inventories		2,488,450	–	2,488,450
Asset held for sale		8,563,500	–	8,563,500
Derivative financial instruments		322,444	–	322,444
Total current assets		75,458,686	(539,929)	74,918,757
Non-current assets				
Trade and other receivables, net		462,828	–	462,828
Restricted cash		8,600,000	–	8,600,000
Property, plant and equipment, net	A, B	567,041,966	(11,188,299)	555,853,667
Right-of-use assets		25,795,085	(871,190)	24,923,895
Deferred tax assets		102,856	–	102,856
Total non-current assets		602,002,735	(12,059,489)	589,943,246
Total assets		677,461,421	(12,599,418)	664,862,003
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade and other payables		17,214,776	–	17,214,776
Contract liabilities		9,624,103	–	9,624,103
Finance lease liabilities		2,760,174	(2,760,174)	–
Current income tax liabilities		196,008	–	196,008
Borrowings		31,264,023	–	31,264,023
Lease liabilities		13,556,980	2,760,174	16,317,154
Total current liabilities		74,616,064	–	74,616,064
Non-current liabilities				
Trade and other payables		72,170	–	72,170
Finance lease liabilities		7,452,630	(7,452,630)	–
Deferred tax liabilities		100,354	–	100,354
Borrowings		282,016,760	–	282,016,760
Derivative financial instruments		6,300,953	–	6,300,953
Lease liabilities		11,353,981	7,452,630	18,806,611
Total non-current liabilities		307,296,848	–	307,296,848
Total liabilities		381,912,912	–	381,912,912
SHAREHOLDERS' EQUITY				
Share capital		1,066,163		1,066,163
Additional paid-in capital		398,832,567		398,832,567
Share option reserve		4,916,934	–	4,916,934
Accumulated other comprehensive losses		(6,156,904)	6,156,904	–
Currency translation reserve		–	(178,388)	(178,388)
Hedging reserve		–	(5,978,509)	(5,978,509)
Accumulated losses	A,B	(103,110,251)	(12,599,425)	(115,709,676)
Total shareholders' equity		295,548,509	(12,599,418)	282,949,091
Total liabilities and shareholders' equity		677,461,421	(12,599,418)	664,862,003

Consolidated statement of comprehensive income

		Year ended 31 December 2021		
	Note	US GAAP US$	Transition adjustments US$	IFRS/SFRS(I) US$
Revenue		329,125,360	–	329,125,360
Other income		3,402,007	–	3,402,007
Other losses		(3,854,333)	1,048,465	(2,805,868)
Expenses				
- Brokerage commissions		(6,247,555)	–	(6,247,555)
- Voyage expenses		(68,994,173)	–	(68,994,173)
- Bareboat charter hire expenses	C	(16,346,020)	15,916,399	(429,621)
- Time charter hire expenses		(7,509,329)	2,943,406	(4,565,923)
- Vessel operating expenses		(112,234,349)	–	(112,234,349)
- General and administrative expenses		(29,055,356)	1,168,443	(27,886,913)
- Finance expenses		(18,391,647)	(618,786)	(19,010,433)
- Depreciation	C	(53,458,881)	(17,335,668)	(70,794,549)
- Impairment loss on vessels	B	(15,004,114)	8,408,894	(6,595,220)
Total expenses		(327,241,424)	10,482,688	(316,758,736)
Profit before income tax		1,431,610	11,531,153	12,962,763
Income tax expense		(987,349)	–	(987,349)
Profit after tax		444,261	11,531,153	11,975,414
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		(54,545)	9,198	(45,347)
Cash flow hedges				
- Fair value gains		6,267,994	–	6,267,994
Other comprehensive income		6,213,449	9,198	6,222,647
Total comprehensive income		6,657,710	11,540,351	18,198,061

Consolidated statement of comprehensive income (cont.)

Transition adjustments

A. Fair value as deemed cost exemption for property, plant and equipment

The Group has elected to measure certain items of property, plant and equipment at fair value at the date of transition to IFRS and SFRS(I). At the date of transition to IFRS and SFRS(I), the aggregate of those fair values was US$305,796,667 and an increase of US$13,698,320 was recognised in property, plant and equipment. This amount has been recognised against retained earnings.

B.Impairment assessment for property, plant and equipment

The effect of the adoption of IFRS & SFRS(I) as at 1 January 2021 have been presented in the restated 1 January 2021 balances disclosed in the statement of changes in equity.

Under US GAAP, long-lived assets were reviewed for impairment when events or changes in circumstances indicated that their carrying value may exceed the sum of the undiscounted future cash flows expected from use and eventual disposal. No impairment was recognised as the undiscounted cash flows for the asset group were more than the asset group's carrying amount.

Under IFRS & SFRS(I), the recoverable amount is determined based on the higher of the asset's or cash generating unit's value-in-use (i.e. discounted cash flow) and fair value less costs to sell. At the date of transition to IFRS & SFRS(I), the Group determined that the recoverable amount of its vessels based on value in use was less than its carrying amount. The Group recognised accumulated impairment loss of US$27,986,748 at 1 January 2021, before the consideration of deemed costs election mentioned in note 36A. The Group applied deemed costs of US$13,698,319 to certain vessels as at 1 January 2021.

At 31 December 2021, the Group recognised adjustment of US$16,654,062 related to accumulated impairment losses for vessels upon transition to IFRS & SFRS(I). For the year ended 31 December 2021, reversal of impairment loss on vessels amounting to US$8,408,894 was recognised as a result of the transition to IFRS & SFRS(I).

C. Classification of depreciation of right-of-use assets

Under US GAAP, the Group's depreciation of right-of-use assets arising from lease arrangements were classified based on the deployment of the respective leased assets in the Group's operations. As such, the depreciation expenses of the respective right-of-use assets were presented in bareboat charter expenses, time charter expenses and general and administrative expenses.

Under IFRS & SFRS(I), the Group presents its expenses based on nature of these expenses, and consequently the Group presents depreciation of right-of-use assets as part of 'Depreciation' in the consolidated statement of comprehensive income.

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Pressurised
3-4,900 cbm

VESSEL NAME	BUILT
Epic Caledonia	2014
Epic Curacao	2014
Inge Kosan	2011
Monica Kosan	2011
Emily Kosan	2012
Helle Kosan	2010

Pressurised
5-6,900 cbm

VESSEL NAME	BUILT
Epic St. Ivan	2015
Epic St. Agnes	2015
Epic St. Croix	2014
Epic St. Thomas	2014
Cougar	2013
Epic St. Vincent	2008
Epic St. Kitts	2008
Epic St. Lucia	2008
Epic St. Martin	2008

Pressurised
7-8,900 cbm

VESSEL NAME	BUILT
BWEK Bornholm	2022
Epic Bali	2010
Epic Barnes	2002
Epic Bermuda	2001
Epic Borneo	2010
Epic Baluan	2017
Epic Beata	2011
Epic Bolivar	2002
Epic Bonaire	2016
Epic Boracay	2009
Epic Borinquen	2016
Epic Breeze	2020
Epic Burano	2002

Pressurised
9-12,000 cbm

VESSEL NAME	BUILT
Chelsea	2008
Epic Manhattan	2007
Epic Madeira	2006
Westminster	2011
Epic Salina	2017
Epic Samos	2016
Epic Shikoku	2016
Epic Sentosa	2016
Epic Sicily	2015
Epic Susak	2015
Epic Susui	2015
Epic Sula	2015
Epic Sunter	2015
Epic Sardinia	2017

Ethylene
5-6,900 cbm

VESSEL NAME	BUILT
Seapeak Camilla	2010
Seapeak Pan	2009
Seapeak Cathinka	2009

Ethylene
7-8,900 cbm

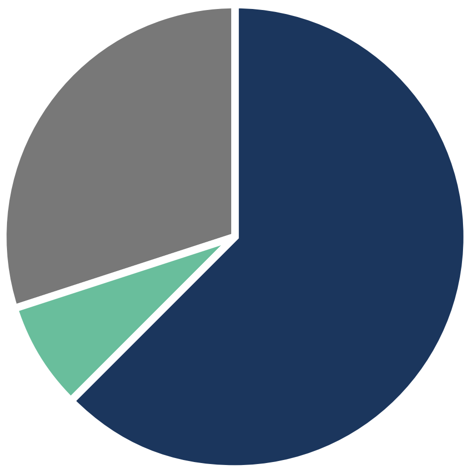
VESSEL NAME	BUILT
Henrietta Kosan	2008
Isabella Kosan	2007
Alexandra Kosan	2008
Leonora Kosan	2009
Helena Kosan	2007
Victoria Kosan	2009

Ethylene
9-12,000 cbm

VESSEL NAME	BUILT
BWEK Anholt	2008
Bow Guardian	2008
Stina Kosan	2008
Sophia Kosan	2008
Stella Kosan	2008
Kathrine Kosan	2008
Kamilla Kosan	2008
JBU Schelde	2008
Seapeak Napa	2003
Seapeak Unikum	2011
Seapeak Vision	2011

Semi-refrigerated
5-6,900 cbm

VESSEL NAME	BUILT
Tessa Kosan	1999
Tenna Kosan	1998
Tilda Kosan	1999
Tanja Kosan	1999
Tristar Dana	2010



Total vessels: 67
(As of 15th February 2023)

Pressurised	42
Semi-refrigerated	5
Ethylene	20

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