



MICLYN EXPRESS OFFSHORE LIMITED
(Registration Number 42388)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

MICLYN EXPRESS OFFSHORE LIMITED

REPORT AND FINANCIAL STATEMENTS

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MICLYN EXPRESS OFFSHORE LIMITED

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group as set out on pages 4 to 87 are drawn up so as to give a true and fair view of the state of affairs of the Group as at 30 June 2014 and of the results, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

ON BEHALF OF THE BOARD OF DIRECTORS



.....
Nathaniel Childres



.....
Diederik Christiaan de Boer

14 October 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

MICLYN EXPRESS OFFSHORE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Miclyn Express Offshore Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 87.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

MICLYN EXPRESS OFFSHORE LIMITED

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Public Accountants and
Chartered Accountants
Singapore

14 October 2014

MICLYN EXPRESS OFFSHORE LIMITED
Consolidated statement of comprehensive income
for the year ended 30 June 2014

	Notes	Year ended 30 June 2014 US\$'000	(Restated) Year ended 30 June 2013 US\$'000
Revenue	5	244,497	231,897
Cost of sales		(150,627)	(143,852)
Gross profit		93,870	88,045
Other gains and losses	7	10,549	2,000
Administration expenses	8	(36,433)	(36,594)
Finance costs	10	(22,416)	(9,278)
Other expenses	11	(56)	(34)
Share of profit from joint ventures	20	9,422	5,979
Profit before tax	12	54,936	50,118
Income tax expense	13	(5,510)	(2,659)
PROFIT FOR THE YEAR		49,426	47,459
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(2,347)	(5,922)
Other comprehensive expense for the year, net of tax		(2,347)	(5,922)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		47,079	41,537
Profit attributable to:			
Owners of the Company		47,811	46,413
Non-controlling interests		1,615	1,046
		49,426	47,459
Total comprehensive income attributable to:			
Owners of the Company		45,464	40,491
Non-controlling interests		1,615	1,046
		47,079	41,537

See accompanying notes to financial statements.

MICLYN EXPRESS OFFSHORE LIMITED

Consolidated statement of financial position
at 30 June 2014

	Notes	30 June 2014 US\$'000	(Restated) 30 June 2013 US\$'000	(Restated) 30 June 2012 US\$'000
Assets				
<i>Current assets</i>				
Cash and cash equivalents	14	19,259	14,567	14,469
Trade and other receivables	15	104,412	81,259	79,726
Loan to immediate holding company	16	139,165	-	-
Inventories and work-in-progress	17	7,417	5,770	5,911
Vessels held for sale	18	-	1,782	-
Total current assets		270,253	103,378	100,106
<i>Non-current assets</i>				
Investment in joint ventures	20	61,349	33,027	27,048
Property, plant and equipment	21	490,014	451,890	397,294
Intangible assets	22	60,557	59,740	63,274
Derivative financial instruments	23	2,317	-	-
Deferred tax assets	13	519	441	728
Total non-current assets		614,756	545,098	488,344
Total assets		885,009	648,476	588,450
Liabilities				
<i>Current liabilities</i>				
Trade and other payables	24	62,772	48,279	49,497
Borrowings	25	13,539	15,347	19,512
Current tax liabilities	13	3,968	1,604	6,044
Provisions	27	289	331	373
Total current liabilities		80,568	65,561	75,426
<i>Non-current liabilities</i>				
Borrowings	25	228,376	198,644	162,367
Provisions	27	450	741	1,051
Senior secured guaranteed bonds	28	151,212	-	-
Deferred tax liabilities	13	149	169	247
Total non-current liabilities		380,187	199,554	163,665
Total liabilities		460,755	265,115	239,091
Net assets		424,254	383,361	349,359
Equity				
<i>Capital and reserves</i>				
Share capital	29	-*	27,786	27,470
Share premium	30	-	162,613	156,524
Reserves	31	136,391	(46,837)	(41,544)
Retained earnings	32	287,610	238,271	206,427
Equity attributable to owners of the Company		424,001	381,833	348,877
Non-controlling interests	35	253	1,528	482
Total equity		424,254	383,361	349,359

* Amount is less than US\$1,000

See accompanying notes to financial statements.

MICLYN EXPRESS OFFSHORE LIMITED

Consolidated statement of changes in equity
for the year ended 30 June 2014

Notes	Share capital US\$'000	Share premium US\$'000	Other equity reserves US\$'000	Translation reserve US\$'000	Hedging reserve US\$'000	Share based payments reserve US\$'000	Retained earnings US\$'000	Attributable to owners of the Company US\$'000	Non- controlling interests US\$'000	Total US\$'000
Balance at 1 July 2012	27,470	156,524	(45,143)	1,875	-	1,724	206,427	348,877	482	349,359
Profit for the year	-	-	-	-	-	-	46,413	46,413	1,046	47,459
Other comprehensive income for the year, net of tax	-	-	-	(5,922)	-	-	-	(5,922)	-	(5,922)
Total comprehensive income for the year	-	-	-	(5,922)	-	-	46,413	40,491	1,046	41,537
Transactions with owners, recognised directly in equity										
Payment of dividends to shareholders	34	-	-	-	-	-	(14,569)	(14,569)	-	(14,569)
Issue of share capital	29, 30, 31(c)	316	6,089	-	-	(191)	-	6,214	-	6,214
Recognition of share-based payment	31(c)	-	-	-	-	820	-	820	-	820
Balance at 30 June 2013	27,786	162,613	(45,143)	(4,047)	-	2,353	238,271	381,833	1,528	383,361

See accompanying notes to financial statements.

MICLYN EXPRESS OFFSHORE LIMITED

Consolidated statement of changes in equity
for the year ended 30 June 2014

Notes	Share capital US\$'000	Share premium US\$'000	Other equity reserves US\$'000	Translation reserve US\$'000	Hedging reserve US\$'000	Share based payments reserve US\$'000	Retained earnings US\$'000	Attributable to owners of the Company US\$'000	Non- controlling interests US\$'000	Total US\$'000
Balance at 1 July 2013	27,786	162,613	(45,143)	(4,047)	-	2,353	238,271	381,833	1,528	383,361
Profit for the year	-	-	-	-	-	-	47,811	47,811	1,615	49,426
Other comprehensive income for the year, net of tax	-	-	-	(2,347)	-	-	-	(2,347)	-	(2,347)
Total comprehensive income for the year	-	-	-	(2,347)	-	-	47,811	45,464	1,615	47,079
Transactions with owners, recognised directly in equity										
Grant of cash-settled share option reserve to employees	31(c)	-	-	-	-	(1,236)	-	(1,236)	-	(1,236)
Recognition of share-based payment	31(c)	-	-	-	-	359	-	359	-	359
Issue of share capital	29,30	21	409	-	-	(430)	-	-	-	-
Adjustment for amalgamation	3.3,29, 30	(27,807)	(163,022)	-	-	-	-	-	-	-
Transfer to other equity reserve	31(a)	-	1,046	-	-	(1,046)	-	-	-	-
Effect of acquiring part of non- controlling interests in a subsidiary	31(a),32	-	(3,980)	-	-	-	1,528	(2,452)	(2,890)	(5,342)
Recognition of hedging reserve	31(d)	-	-	-	-	33	-	33	-	33
Balance at 30 June 2014	-	-	142,752	(6,394)	33	-	287,610	424,001	253	424,254

See accompanying notes to financial statements.

MICLYN EXPRESS OFFSHORE LIMITED

Consolidated statement of cash flows

For the year ended 30 June 2014

	<u>Notes</u>	Year ended 30 June 2014 US\$'000	(Restated) Year ended 30 June 2013 US\$'000
Cash flows from operating activities			
Profit for the year		49,426	47,459
Income tax expense recognised in profit or loss		5,510	2,659
Share of profit from joint ventures		(9,422)	(5,979)
Amortisation of provisions		(333)	(352)
Amortisation of vessels mob / demob expenditure	12	1,195	923
Amortisation of intangible assets		234	271
Amortisation of drydocking expenditure		5,052	3,709
Depreciation of property, plant and equipment		21,925	18,641
Property, plant and equipment written off		56	34
Allowance for doubtful debts		743	4,279
Gain on disposal of property, plant and equipment, net		(7,578)	(1,472)
Interest expense		22,092	9,033
Interest income		(99)	(74)
Expense recognised in respect of share-based payments		359	820
Unrealised currency translation (gain)/loss		(470)	115
		88,690	80,066
Movements in working capital			
Increase in trade and other receivables		(23,678)	(7,277)
(Increase)/decrease in inventories		(1,670)	128
Increase/(decrease) in trade and other payables		10,713	(1,975)
		74,055	70,942
Cash generated from operations		74,055	70,942
Income tax paid		(1,735)	(5,984)
Interest paid		(13,158)	(6,191)
		59,162	58,767
Net cash from operating activities		59,162	58,767
Cash flows from investing activities			
Interest received		99	74
Proceeds from disposal of property, plant and equipment		26,039	6,455
Payments for property, plant and equipment		(85,293)	(85,980)
Payments for intangible assets		(292)	(102)
Acquisition of investment in joint ventures		(18,900)	-
Acquisition of non-controlling interest in subsidiary		(6,870)	-
Loan to immediate holding company		(139,165)	-
		(224,382)	(79,553)
Net cash used in investing activities		(224,382)	(79,553)

MICLYN EXPRESS OFFSHORE LIMITED

Consolidated statement of cash flows

For the year ended 30 June 2014

	<u>Notes</u>	<u>Year ended</u> <u>30 June 2014</u> US\$'000	<u>(Restated)</u> <u>Year ended</u> <u>30 June 2013</u> US\$'000
Cash flows from financing activities			
Dividends paid to shareholders	34	-	(8,355)
Net proceeds from issue of bond	28	148,928	-
Upfront expenses due to bonds and borrowings		(5,853)	(2,788)
Settlement of share based payments		(1,236)	-
Net proceeds from borrowings	25	335,289	324,205
Repayments of borrowings	25	(307,387)	(292,093)
Net cash from financing activities		169,741	20,969
Net increase in cash and cash equivalents		4,521	183
Cash and cash equivalents at the beginning of the year		14,567	14,469
Effects of exchange rate changes on the balance of cash held in foreign currencies		171	(85)
Cash and cash equivalents at the end of the year	14	19,259	14,567

See accompanying notes to financial statements.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

1. General information

Miclyn Express Offshore Limited, ("the Company") was incorporated in Bermuda on 11 September 2009. The registered address is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is 3 HarbourFront Place, #11-01/04 HarbourFront Tower 2, Singapore 099254.

The Company and its subsidiaries ("the Group") are principally engaged as owners, charterers and marketers of offshore support vessels, crew/utility vessels, tugs, barges and coastal survey vessels and in crewboat operations and investment holding.

2. Adoption of new and revised accounting standards

On 1 July 2013, the group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations.

The new or revised International Financial Reporting Standards ("IFRS") and Interpretations of International Financial Reporting Standards, which became mandatory as of 1 July 2013, do not result in substantial changes to the Group's accounting policies except as disclosed below.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 supersedes IAS 31 Interests in Joint Ventures.

IFRS 11 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised IAS 28 Investments in Associates and Joint Ventures to account for a joint venture. The option to use proportionate consolidation method has been removed.

IFRS 11 takes effect from financial years beginning on or after 1 January 2013, with retrospective application subject to transitional provisions.

On adoption, a jointly controlled entity may be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. For arrangements that are joint ventures and were previously proportionately consolidated as jointly controlled entities, the group will have to adopt equity accounting.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

2. Adoption of new and revised accounting standards (continued)

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures (continued)

The application of IFRS 11 has changed the accounting of the group's investments in joint ventures, which were classified as jointly controlled entities under IAS 31 and had been accounted for using the proportionate consolidation method. Under IFRS 11, the joint ventures are accounted for using the equity method, resulting in aggregation of the group's proportionate share of the joint ventures net assets and items of profit or loss and other comprehensive income into a single line item which are presented in the consolidated statement of financial position and consolidated statement of comprehensive income as 'investment in joint venture' and 'share of profits (loss) of joint venture' respectively.

The adoption of IFRS 11 results in a decrease in total assets and total liabilities, and reclassifications of certain profit or loss line items.

The change in accounting for the group's investments in joint ventures has been applied in accordance with the relevant transitional provisions set out in IFRS 11. Comparative amounts have been restated accordingly. The initial investment as at 1 July 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the group had previously consolidated. The impact of the changes to comparative figures is disclosed in Note 42.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities.

IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. The definition of control under IFRS 10 includes the following three elements:

- a) power over an investee;
- b) exposure, or rights, to variable returns from its involvement with the investee; and
- c) ability to use its power over the investee to affect the amount of the investor's returns.

All three elements must be met for an investor to have control over an investee.

With regard to the first criterion, IFRS 10 states that an investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities of the investee, which are the activities that significantly affect the returns of the investee (not merely financial and operating activities as set out in the previous version of IAS 27).

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

2. Adoption of new and revised accounting standards (continued)

IFRS 10 Consolidated Financial Statements (continued)

With regard to the second criterion, IFRS 10 requires that, in assessing control, only substantive rights (i.e. rights that the holder has the practical ability to exercise) are considered. For a right to be substantive, the right needs to be currently exercisable at the time when decisions about the relevant activities need to be made.

IFRS 10 contains extensive guidance that aims to help deal with complicated issues, including:

- Whether or not an investor has control over an investee when the investor has less than the majority of the voting right of the investee. For example, a private entity has a 48% equity interest in a listed investee. A question arises as to whether the private entity has 'de facto' control over the investee. IFRS 10 does not give any bright line, although it does include a number of illustrative examples some of which indicate that the 'control' conclusion is clear in certain scenarios; and
- Whether or not a decision maker has control over an investee. For example, a fund manager manages a fund and has discretion over some key activities of the fund. A question arises as to whether the fund manager has control over the fund it manages. To answer this question, IFRS 10 requires an analysis as to whether the fund manager is acting as a principal or an agent. If a fund manager is acting as a principal for a fund it manages, it should consolidate the fund. Conversely, if a fund manager is merely acting as an agent, it should not consolidate the fund.

With the new definition of control and extensive guidance on whether an investor has control over an investee, the application of IFRS 10 may have significant impact on many entities' financial statements which may result in:

- investees that were previously not consolidated (e.g. associates or other investees) may have to be consolidated under IFRS 10; and
- investees that were previously consolidated subsidiaries may not have to be consolidated under IFRS 10.

In addition, where entities have special purpose entities (which are broadly the same as 'structured entities' under the new Standard), they should reassess whether or not they have control over them in accordance with the requirements of IFRS 10. The level of effort required to determine the impact would depend on the information available, the complexity of the operation, and the passage of time from the date control was first acquired to the date of transition.

Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. For example, where an entity applies IFRS 10 for the first time when it prepares its consolidated financial statements for the year ending 31 December 2013, the date of initial application is 1 January 2013.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

2. Adoption of new and revised accounting standards (continued)

IFRS 10 Consolidated Financial Statements (continued)

No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12).

IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interests in other entities and the effects of those interests on its financial statements.

Management anticipates that the adoption of IFRSs and amendments to IFRS and IAS relevant to the group that were issued but not effective will not have a material impact on the financial statements of the group in the period of their initial adoption.

3. Significant accounting policies

3.1 Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

The financial statements comprise the consolidated financial statements of the Group.

The financial statements were authorised for issue by the directors on 14 October 2014.

3.2 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that are measured at revaluated amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.2 Basis of preparation (continued)

Fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date, regardless of whether the prices is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value of measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS2, leasing transactions that are within the scope of IAS17, and measurements that have some similarities to fair value but not fair value, such as net realisable value in IAS2 or value in use in IAS36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Accounting for Amalgamation

On 16 December 2013, Miclyn Express Offshore Limited ("MEOL") announced an amalgamation with Manta 2 Holdings Limited (a wholly-owned subsidiary of Manta Holding Limited, an entity jointly owned by two existing significant shareholders of MEOL), in accordance with the Companies Act 1981 of Bermuda and the Amalgamation Agreement dated 13 November 2013 entered into amongst MEOL, Manta 2 Holdings Limited and Manta Holdings Limited. Subsequently, Manta Holdings Limited became the parent of MEOL (the "Amalgamation").

In substance, the transaction was an administrative restructuring of MEOL Group to facilitate MEOL Group's delisting from the Australian Securities Exchange ("ASX") and the raising of debt financing.

The major implications of the accounting for the Amalgamation are that the consolidated financial statements are prepared in the name of the amalgamated company, MEOL and the comparatives are provided as though the transaction represents a continuation of the financial statements of MEOL Group and accordingly:

1. the assets and liabilities are recognised and measured in these condensed consolidated financial statements at the carrying amounts of the existing MEOL Group;
2. the retained earnings and other equity balances recognised in these consolidated financial statements are the existing retained earnings and other equity balances of MEOL Group;

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.3 Accounting for Amalgamation (continued)

3. the amount recognised as issued equity instruments in these consolidated financial statements is that of Manta 2 Holdings Limited and the previous issued equity recorded in the MEOL Group financial statements immediately before the Amalgamation are transferred to other equity reserves; and
4. comparative information presented in these consolidated financial statements is that of MEOL Group.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassess whether or not it control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When a Company has less than a majority of the voting right of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.4 Basis of consolidation (continued)

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their assumed fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into the replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal Groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in the profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.5 Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date of the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

The policy described above is applied to all business combinations that have taken place on or after 1 July 2010.

3.6 Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.6 Interests in joint ventures (continued)

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the joint venture. When the group's share of losses of a joint venture exceeds the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect of the group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the relevant assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.6 Interests in joint ventures (continued)

The group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in a joint venture but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the group entity transaction with a joint venture of the group, profits or losses resulting from the transactions with the joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the group.

3.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.8 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for rendering of services in the ordinary course of the Group's activities, net of goods and services tax, rebates and discounts, where applicable, and after eliminating sales within the Group. Revenue is recognised as follows:

Chartering revenue

Revenue from chartering contracts is recognised on a time proportionate basis. Probable losses on voyages are provided in full at the time such losses can be estimated. Amounts receivable or payable arising from profit share arrangements are accrued based on estimates of amounts earned as at the reporting date. Deferred revenue is recorded when payments are received in advance for the Group's services. As a related service is rendered, revenue is recognised.

Pipe transportation projects

Revenue and profits from pipe transportation projects are recognised based on the percentage of completion as at the end of the reporting period by reference to the proportion of cost incurred to date in relation to the estimated total costs for the respective contracts, provided that the outcome can be reliably estimated.

Provision is made in full for estimated losses on uncompleted contracts and liquidated damages in the year in which such losses are anticipated, regardless of the stage of completion of the contracts.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.9 Revenue recognition (continued)

Rendering of services

Revenue from services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

Revenue from short-term shipbuilding contracts is recognised when the service is rendered.

Mobilisation/demobilisation income

Mobilisation and demobilisation income is recognised upon completed delivery of services.

Wharfages and commission income

Wharfages and commission income is recognised when the service is rendered.

Ship management income

Revenue from management contracts is recognised on a time-proportionate basis. Deferred revenue is recorded when payments are received in advance for these services.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.10 Leases (continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see Note 3.12 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.11 Foreign currency transactions and translation

The consolidated financial statements are presented in United States dollar, which is the Company's functional currency. Each entity within the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.11 Foreign currency transactions and translation (continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; are described in the hedging accounting policies below;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into United States dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.13 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

3.14 Employee leave entitlement

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

3.15 Share-based payments

The Group previously issued equity-settled share-based payments to certain employees.

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 33.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.15 Share-based payments (continued)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.16 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.16 Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its asset and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on the net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of business combinations, the tax effect is included in the accounting for the business combination.

3.17 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any 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, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.17 Property, plant and equipment (continued)

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amounts of the replaced components are written off to the statement of comprehensive income. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated using the straight-line method to allocate the cost less its residual values estimated by the management so as to write-off items of property, plant and equipment over their estimated useful lives.

The estimated useful lives of assets are summarised as follows:

Vessels – Barges	-	20 years
Vessels – Others	-	25 years
Vessels – Equipment	-	3 to 5 years
Drydocking	-	2.5 to 5 years
Leasehold land	-	Over the remaining lease period of 22 years
Buildings	-	20 years
Furniture and fittings	-	3 to 10 years
Office equipment	-	3 to 5 years
Motor vehicles	-	10 years
Plant and machinery	-	2.5 to 5 years

No depreciation is provided on vessels under construction.

The depreciation method, estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the statement of comprehensive income during the financial year in which it is incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge is taken for depreciation in respect of these assets.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.18 Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives of licences are 5 years.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3.19 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash generating units, or otherwise they are also allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.19 Impairment of tangible and intangible assets excluding goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.20 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted-average basis. Cost of work-in-progress comprises raw materials, direct labour, sub-contractors' costs, other direct cost and related production overheads but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less all estimated cost of completion and cost necessary to make the sale.

3.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.22 Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 140 days (2013: 112 days), as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.22 Financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.23 Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.23 Financial liabilities and equity instruments issued by the Group (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transactions costs, and are subsequently measured at amortised cost, using the effective interest method.

For interest bearing bank loans and bonds, any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.24 Fair value estimation for financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortised cost, approximate their fair values.

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of each reporting period.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as estimated discounted cash flows, are also used to determine the fair values of the financial instruments.

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.25 Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk including foreign exchange forward contracts and interest rate swaps. Details of derivative financial instruments are disclosed in Note 24 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the profit and loss statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the profit and loss statement depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised liabilities or firm commitments (fair value hedges) or hedges of foreign currency risk of firm commitments (cash flow hedges). A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months from the balance sheet date and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 23 contain details of the fair values of the derivative instruments used for hedging purposes.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

3. Significant accounting policies (continued)

3.25 Derivative financial instruments and hedge accounting (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the profit and loss statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

3.26 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

3.27 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand that is readily convertible to a known amount of cash and is subject to an insignificant risk of change in value.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following are the critical judgements, apart from those involving estimates that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

The Group recognises revenue from ship repair services over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed. Significant judgement is required in determining the appropriate stage of completion and estimating a reasonable contribution margin for revenue and costs recognition.

Key sources of estimation of uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Allowance for doubtful debts

The policy for allowance for doubtful debts of the Group is based on the evaluation of recoverability and on management's judgement. A considerable amount of judgement is required in assessing the expected ultimate realisation of these receivables, including the credit-worthiness of each customer. Management has assessed the recoverability of gross trade receivables of US\$94,790,000 (2013: US\$76,758,000) (Note 15) and considered that an allowance for doubtful debts amounting to US\$943,000 (2013: US\$5,469,000) was required.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation of uncertainty (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was US\$59,992,000 (2013: US\$59,233,000). Details of the impairment review calculation are provided in Note 22.

Insurance claims

Insurance claims relate mainly to claims for damages sustained by the Group's vessels which have been lodged with the insurer. The insurance claims are made based on the estimates of Group's claims recoverable under the insurance policies in place.

The carrying amount of the claims is disclosed in Note 15.

Impairment of vessels

Vessels (including drydocking) with net carrying amount of US\$466,896,000 (2013: US\$397,652,000) were subject to an impairment review in the financial year ended 30 June 2014. The impairment review involves comparing the recoverable amount of each individual asset class, namely "Offshore Support Vessels", "Crew/Utility Vessels", "Tugs", "Barges", and "Coastal Survey Vessels", as each asset class has been determined to be the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets, otherwise known as cash generating unit, against its carrying value.

Recoverable amount is defined as the higher of the value in use and fair value less cost to sell. Value in use is the present value of the future cash flows expected to be derived from the cash generating unit, including terminal value. Fair value is the amount obtainable from the sale of the cash generating unit in an arm's length transaction between knowledgeable, willing parties. The fair value was based on valuation reports prepared by independent third party valuers which represent an appraisal of the vessels' present day indicative market value in each of the cash generating units.

For the financial years ended 30 June 2014 and 30 June 2013, value in use assessment was not carried out as the fair values less costs to sell of the class of assets, were assessed by the external valuer to be higher than the carrying amount.

Management is of the opinion that the fair values of the vessels as at 30 June 2014 are reasonable. Should there be future development that will impact on the fair values; adjustments will be made in the next reporting period, where appropriate.

The carrying values of vessels are disclosed in Note 21.

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation of uncertainty (continued)

Residual values and useful lives of property, plant and equipment

The Group reviews the residual values and useful lives of property, plant and equipment at the end of each reporting period, in accordance with the accounting policy stated in Note 3.

Significant judgement is required in determining the residual values and useful lives of property, plant and equipment. In determining the residual values and useful lives of vessels, the Group considers the scrap steel market price, the expected usage, maintenance and repair cost, technical or commercial obsolescence and legal or similar limits to the use of plant and equipment.

The Group adopts a policy of depreciating the cost of its vessels, after allowing for residual values, over an assumed economic life span of 20 to 25 years from the date of initial delivery of a vessel from the shipyard. However, the assumptions regarding economic life span and the estimated residual values may differ from the original estimates. Such differences will impact depreciation prospectively from the year in which the estimated economic useful life or the residual value changes.

The carrying values of property, plant and equipment are disclosed in Note 21.

Taxation in different jurisdictions

The Group is subject to income taxes in a number of jurisdictions. In determining income tax liabilities, management is required to estimate the deductibility of certain expenses and the amount of capital allowances available in each tax jurisdiction.

Management has estimated its income tax liabilities in all the jurisdictions in which it operates, and the amounts recorded as at 30 June 2014 are considered reasonable.

Fair value of share-based payment

The fair value was assessed by an independent third party valuer. The valuer used a combination of Monte-Carlo simulation technique and Binomial model. Based on the valuation report, an expense of US\$359,000 (2013: US\$820,000) was recognised. Details of the variables used in the valuation are set out in Note 33.

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Notes to financial statements
for the year ended 30 June 2014

5. Revenue

The following is an analysis of the Group's revenue for the year:

	Year ended 30 June 2014	(Restated) Year ended 30 June 2013
	US\$'000	US\$'000
Charter revenue	183,073	179,858
Mobilisation/demobilisation income	5,765	8,791
Ship management income	3,250	6,001
Project pipe transportation	42,509	36,766
Vessel customization income	9,049	-
Ship repair income	253	376
Radio and Communications revenue	307	105
Moorings revenue	291	-
	<u>244,497</u>	<u>231,897</u>

See Note 6 below for an analysis of revenue by operating segments.

6. Segmental information

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on the category of vessels generating charter revenue. The principal categories of revenue are Offshore Support Vessels, Crew/utility Vessels, Tugs, Barges, Coastal Survey Vessels, Third party Vessels and Project pipe transportation.

During the current reporting period, the Group has reclassified its previously reported shipyard services segment related to chartering activities across the respective categories of vessels. Accordingly, the prior year segmental information has been restated.

The Group's reportable segments under IFRS 8 are therefore Offshore Support Vessels, Crew/utility Vessels, Tugs, Barges, Coastal Survey Vessels, Third party Vessels and Project pipe transportation:

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Notes to financial statements
for the year ended 30 June 2014

6. Segmental information (continued)

Offshore support vessels	- Transportation and various support services across the entire offshore oil and gas cycle
Crew/utility vessels	- Transportation of personnel and supplies to and from oil and gas production platforms
Tugs	- Transportation of barges to and from work locations
Barges	- Transportation of oilfield equipment, heavy steel structures, raw materials and/or accommodation for personnel working at offshore sites
Coastal survey vessels	- Near-shore civil construction and oil/gas field exploration, development and production support
Third party vessels	- Chartering of vessels from the market, to charter out to customers, vessel upgrading, vessel reinstatement and ship management
Project pipe transportation	- Provision of offshore transportation solutions and equipment

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Notes to financial statements
for the year ended 30 June 2014

6. Segmental information (continued)

Information regarding the Group's reportable segments is presented below.

(i) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Segment revenue		Segment profit/(loss)	
	(Restated)		(Restated)	
	Year ended 30 June 2014	Year ended 30 June 2013	Year ended 30 June 2014	Year ended 30 June 2013
	US\$'000	US\$'000	US\$'000	US\$'000
Offshore support vessels	99,266	72,456	41,063	33,723
Crew/utility vessels	50,457	45,660	22,468	18,743
Tugs	27,379	34,206	8,058	11,408
Barges	11,393	15,427	5,789	10,001
Coastal survey vessels	2,063	5,549	(84)	370
Third party vessels	21,075	31,163	5,257	8,274
Project pipe transportation	42,509	36,766	11,274	5,422
Others	253	376	45	104
	254,395	241,603	93,870	88,045
Eliminations	(9,898)	(9,706)	-	-
Total	244,497	231,897	93,870	88,045
Other gains and losses			10,549	2,000
Central administration costs and directors' salaries			(36,433)	(36,594)
Finance costs			(22,416)	(9,278)
Other expenses			(56)	(34)
Share of profit from joint ventures			9,422	5,979
Profit before tax			54,936	50,118
Income tax expense			(5,510)	(2,659)
Consolidated profit for the year			49,426	47,459

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Notes to financial statements
for the year ended 30 June 2014

6. Segmental information (continued)**(i) Segment revenue and results (continued)**

Revenue and results reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and Directors' salaries and finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(ii) Segment assets and liabilities

	30 June 2014	(Restated) 30 June 2013
	US\$'000	US\$'000
Segment assets		
Offshore support vessels	314,114	293,865
Crew/utility vessels	202,388	178,475
Tugs	47,736	45,482
Barges	49,549	49,068
Coastal survey vessels	4,390	4,410
Project pipe transportation	9,086	5,977
Total segment assets	627,263	577,277
Unallocated	257,746	71,199
Consolidated assets	885,009	648,476
Segment liabilities		
Offshore support vessels	26,285	14,941
Crew/utility vessels	12,859	12,774
Tugs	8,876	11,865
Barges	1,456	-
Coastal survey vessels	359	3,219
Project pipe transportation	814	2,556
Total segment liabilities	50,649	45,355
Unallocated	410,106	219,760
Consolidated liabilities	460,755	265,115

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Notes to financial statements
for the year ended 30 June 2014

6. Segmental information (continued)**(ii) Segment assets and liabilities (continued)**

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than “cash and cash equivalents”, “other receivables and prepayments”, “intangible assets”, “deferred tax assets” and certain “property, plant and equipment” used for administrative purposes. Goodwill has been allocated to reportable segments as described in Note 23. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- all liabilities are allocated to reportable segments other than “borrowings”, “other financial liabilities” and “current and deferred taxation”. Liabilities for which reportable segments are jointly liable are allocated in proportion to the cost of sales incurred.

(iii) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	Year ended 30 June 2014	(Restated) Year ended 30 June 2013	Year ended 30 June 2014	(Restated) Year ended 30 June 2013
	US\$'000	US\$'000	US\$'000	US\$'000
Offshore support vessels	13,254	10,264	21,064	52,321
Crew/utility vessels	6,895	5,961	47,500	11,899
Tugs	1,702	1,419	1,644	6,192
Barges	3,116	2,582	6,450	10,690
Coastal survey vessels	273	384	766	727
Project pipe transportation	112	38	201	81
Unallocated	1,859	1,973	7,960	4,172
	<u>27,211</u>	<u>22,621</u>	<u>85,585</u>	<u>86,082</u>

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Notes to financial statements
for the year ended 30 June 2014

6. Segmental information (continued)**(iv) Geographical information**

The Group's vessels are deployed in four principal geographical areas - Asia, Australia, Middle East & Africa and Other inter-regional.

The Group's revenue from external customers and information about its segment assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	Year ended 30 June 2014	(Restated) Year ended 30 June 2013	30 June 2014	(Restated) 30 June 2013
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Based on location where revenue was generated</u>				
Asia:				
Indonesia	30,474	13,815	214	11,836
Malaysia	27,756	30,026	35	-
Singapore	3,668	492	95,820	66,486
Thailand	33,797	32,034	-	-
Rest of Asia	6,888	11,031	3,464	-
Other inter-regional ⁽¹⁾	3,038	5,309	-	-
Australia	91,029	83,561	28,596	28,432
Middle East & Africa	47,847	55,629	311	269
	244,497	231,897	128,440	107,023
Vessels ⁽²⁾	-	-	451,439	387,477
Vessels in construction/ work in progress ⁽²⁾	-	-	14,757	36,091
Drydocking costs ⁽²⁾	-	-	15,457	10,175
Vessel plant and equipment ⁽²⁾	-	-	4,663	4,332
Others	-	-	-	-
	244,497	231,897	614,756	545,098

MICLYN EXPRESS OFFSHORE LIMITED

Notes to financial statements
for the year ended 30 June 2014

6. Segmental information (continued)

(iv) Geographical information (continued)

- (1) Other inter-regional revenue is earned in international waters. In the current year, the revenue generated from external customers for “other inter-regional” segment has been separately disclosed.
- (2) The management consider that the nature of the Group’s business precludes a meaningful allocation of vessel and related assets to specific geographical segments as defined under IFRS 8. These vessels, together with the related drydocking costs and vessel equipment are primarily chartered across geographic markets.

(v) Information about major customers

Included in Group’s revenue are:

- Revenue from Offshore Support Vessels and Crew/utility Vessels of US\$31,113,000 (2013: US\$27,222,000) derived from a customer;
- Revenue from Offshore Support Vessels, Tugs, Barges and Third Party Vessels of US\$Nil (2013: US\$19,299,000) derived from a customer;
- Revenue from Offshore Support Vessels, Crewboats, Barges and Project Pipe Transportation of US\$27,182,000 (2013: US\$40,764,000) derived from another customer.

7. Other gains and losses

	Year ended 30 June 2014 US\$'000	(Restated) Year ended 30 June 2013 US\$'000
Rental income	82	680
Management income	12	57
Gain on disposal of property, plant and equipment	7,578	1,472
Amortisation of provisions (Note 27)	333	352
Scrap sales	202	303
Sundry income	826	299
Interest income	99	74
Net foreign exchange gain/(loss)	1,417	(1,237)
	<u>10,549</u>	<u>2,000</u>

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Notes to financial statements
for the year ended 30 June 2014

8. Administration expenses

	Year ended 30 June 2014 US\$'000	(Restated) Year ended 30 June 2013 US\$'000
Employee-related expenses (Note 9)	23,634	24,290
Professional fees	2,644	2,673
Rental expenses	1,673	1,611
Depreciation of property, plant and equipment	1,139	1,093
Allowance for doubtful debt	743	4,279
Others	6,600	2,648
	<u>36,433</u>	<u>36,594</u>

9. Employee-related expenses

	Year ended 30 June 2014 US\$'000	(Restated) Year ended 30 June 2013 US\$'000
Wages and salaries	16,211	15,877
Allowance and benefits	5,984	6,233
Employer's contribution to defined contribution plans	1,071	959
Share-based payments (Note 33)	359	820
Directors' remuneration	9	401
	<u>23,634</u>	<u>24,290</u>

10. Finance costs

	Year ended 30 June 2014 US\$'000	(Restated) Year ended 30 June 2013 US\$'000
Interest expense arising from:		
Bank loans	6,597	6,144
Interest expense (related party)	55	38
Bond	10,660	-
Other finance costs	79	63
	<u>17,391</u>	<u>6,245</u>
Amortisation of debt upfront fee	4,701	2,788
Total interest expense	<u>22,092</u>	<u>9,033</u>
Commitment fee in relation to bank facility	324	245
	<u>22,416</u>	<u>9,278</u>

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Notes to financial statements
for the year ended 30 June 2014

11. Other expenses

	Year ended 30 June 2014 US\$'000	(Restated) Year ended 30 June 2013 US\$'000
Property, plant and equipment written off	56	34

12. Profit before tax

Profit before tax has been arrived at after charging/(crediting):

	Year ended 30 June 2014 US\$'000	(Restated) Year ended 30 June 2013 US\$'000
Depreciation and amortisation:		
Depreciation of property, plant and equipment	21,925	18,641
Amortisation of drydocking expenditure	5,052	3,709
Amortisation of intangible assets	234	271
	27,211	22,621
Amortisation of vessels mob / demob expenditure	1,195	923
Directors' fees	9	401
Charter hire expense	7,111	6,785
Net foreign exchange (gain)/loss	(1,417)	1,237
Cost of inventories recognised as expense in cost of sales	634	768

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Notes to financial statements
for the year ended 30 June 2014

13. Income taxes

	Year ended 30 June 2014	(Restated) Year ended 30 June 2013
	US\$'000	US\$'000
Tax expense comprises:		
Current tax expenses in respect of the current year	4,314	2,557
Adjustments recognised in the current year in relation to prior years	(25)	(843)
Deferred tax expense relating to the origination and reversal of temporary differences	38	180
Foreign withholding tax paid	1,183	765
	<u>5,510</u>	<u>2,659</u>

The expense for the year can be reconciled to the accounting profit as follows:

	Year ended 30 June 2014	(Restated) Year ended 30 June 2013
	US\$'000	US\$'000
Profit before tax	<u>54,936</u>	<u>50,118</u>
Tax at the domestic income tax rate of 17%* (2013: 17%)	9,339	8,520
Tax exempt income	(7,626)	(6,780)
Effect of different tax rates of subsidiaries		
Tax effect of operating profits in other jurisdictions	1,233	477
Non-deductible expenses	1,368	340
Foreign withholding tax	1,183	765
Deferred tax assets recognised	38	180
Adjustments recognised in the current year in relation to the prior years	(25)	(843)
Total tax expense	<u>5,510</u>	<u>2,659</u>

* The tax rate used represents the domestic tax rate of Singapore, the country in which the Company is domiciled.

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13. Income taxes (continued)

In accordance with the provisions of the Singapore Income Tax Act ("the Act") and Singapore's Approved International Shipping Enterprise Incentive ("AIS"), the operating profits from shipping activities of vessels plying international waters are tax-exempt. The exemption is subject to the Group meeting the terms and conditions set out in Section 13A of the Act and AIS (approved since 1 February 2011). In addition, income tax is chargeable on interest received during the financial year which is treated as a separate source of income for tax purposes.

	30 June 2014	(Restated) 30 June 2013
	US\$'000	US\$'000
Current liabilities		
Current tax liabilities	3,968	1,604

Deferred tax balances

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation US\$'000	Provision for staff benefits US\$'000	Total US\$'000
At 1 July 2012	247	(728)	(481)
(Credit)/Charge to profit or loss	(58)	238	180
Exchange differences	(20)	49	29
At 30 June 2013	169	(441)	(272)
Credit to profit or loss	(17)	(114)	(131)
Exchange differences	(3)	36	33
At 30 June 2014	149	(519)	(370)

The following is the analysis of the deferred tax assets and liabilities balances for presentation purposes:

	Year ended 30 June 2014	(Restated) Year ended 30 June 2013	(Restated) Year ended 30 June 2012
	US\$'000	US\$'000	US\$'000
Deferred tax assets	519	441	728
Deferred tax liabilities	(149)	(169)	(247)
	370	272	481

The realisation of the future income tax benefits from tax loss carry forwards is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

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14. Cash and cash equivalents

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Cash and bank balances	19,259	14,567	14,469

15. Trade and other receivables

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Trade receivables	94,790	76,758	66,566
Allowance for doubtful debts	(943)	(5,469)	(1,449)
	93,847	71,289	65,117
Trade balances due from:			
Related parties (Note 41)	272	602	609
	94,119	71,891	65,726
Non-trade balances due from:			
Related parties (Note 41)	1,874	1,585	1,691
Shareholders of joint ventures	-	10	10
	1,874	1,595	1,701
Advances	1,213	1,693	4,472
Deposits	1,644	751	1,464
Prepayments	3,574	3,346	3,333
Insurance claims (i)	368	840	2,442
Other receivables	1,522	1,021	290
Tax recoverable	98	122	298
	104,412	81,259	79,726

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15. Trade and other receivables (continued)

- (i) The insurance claims as at 30 June 2014 are for damages sustained by 12 (2013: 13) vessels which have been lodged with the insurer. Management is of the view that these claims are recoverable under the insurance policies in place.

The average days sales outstanding as at 30 June 2014 are 142 days (2013: 112 days). No interest is charged on overdue trade receivables. The Group recognises allowance for doubtful debts against specific identified trade receivables with outstanding balances more than 90 days, determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of past due but not impaired:

	30 June 2014 US\$'000	(Restated) 30 June 2013 US\$'000	(Restated) 30 June 2012 US\$'000
< 90 days	32,759	29,241	22,102
> 90 days	14,349	17,399	6,848
	<u>47,108</u>	<u>46,640</u>	<u>28,950</u>

Movement in allowance for doubtful debts:

	30 June 2014 US\$'000	(Restated) 30 June 2013 US\$'000	(Restated) 30 June 2012 US\$'000
Balance at beginning of year	5,469	1,449	939
Allowance during the year	743	4,279	511
Amounts written off during the year	(5,269)	(259)	(1)
Balance at end of the year	<u>943</u>	<u>5,469</u>	<u>1,449</u>

In 2013, the Group made an allowance for doubtful debts of US\$4,234,000 for receivables and deposits in full which were unlikely to be recovered as a result of the Group's cessation of operations in Iran. During the financial year ended 30 June 2014, the Group wrote off the above allowance for doubtful debts as the likelihood of recovery was deemed remote.

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15. Trade and other receivables (continued)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit is initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the Group's customer base.

Ageing of impaired trade receivables:

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
< 90 days	726	575	533
90 to 120 days	87	567	255
> 120 days	130	4,327	661
	943	5,469	1,449

16. Loan to immediate holding company

The Group entered into an agreement to provide a loan facility in the aggregate up to US\$150 million to Manta Holdings Limited, the immediate holding Company of the Group which expires on 12 December 2023. The loan is unsecured, interest-free and repayable on demand.

17. Inventories and work-in-progress

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Raw materials	692	635	500
Spare parts and consumables	5,918	4,413	4,552
Bunkers and lube oil	807	380	671
Work-in-progress	-	342	188
	7,417	5,770	5,911

18. Vessels held for sale

On 28 June 2013, the Group entered into an agreement to sell a crew/utility vessel to an external party for a consideration of US\$2,200,000. Accordingly, the vessel to be sold was classified as vessels held for sale and was classified as a current asset on the statement of financial position. As at 30 June 2013, the vessel had a net carrying value of US\$1,782,000.

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19. Subsidiaries

The details of significant subsidiaries as at 30 June 2014 are as follows:

<u>Name of subsidiaries and country of incorporation and operation</u>	<u>Principal activities</u>	<u>30 June 2014</u>	<u>Effective equity interest held</u>	<u>30 June 2012</u>
		%	30 June 2013 %	%
MEO Finance Company Limited Bermuda	Investment holding	100	100	100
Miclyn Offshore Pte Ltd Singapore	Investment holding, owner and charterer of vessels	100	100	100
Miclyn Express Offshore Pte Ltd Singapore	Investment holding, chartering and management of vessels	100	100	100
Miclyn Shipbuilding & Engineering Pte Ltd Singapore	Ship building and ship repair	100	100	100
Miclyn Offshore (Middle East & Africa) FZE United Arab Emirates	Marketing offshore vessels and providing support services	100	100	100
Airmat Singapore Pte Ltd Singapore	Owner and charterer of vessels and barges	100	100	100
Entrons (Singapore) Pte Ltd Singapore	Owner and charterer of vessels and barges	100	100	100
Girino Enterprise Pte Ltd Singapore	Owner and charterer of vessels and barges	100	100	100
Express Offshore Solutions Pte Ltd ⁽ⁱ⁾ Singapore	Provision of offshore transportation solutions and equipment	100	70	70
Ken-Mok Engineering & Fabricators Pte Ltd Singapore	Owner and charterer of vessels and barges	100	100	100
Koleth (S) Pte Ltd Singapore	Owner and charterer of vessels and barges	100	100	100

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19. Subsidiaries (continued)

<u>Name of subsidiaries and country of incorporation and operation</u>	<u>Principal activities</u>	<u>Effective equity interest held</u>		
		<u>30 June 2014</u>	<u>30 June 2013</u>	<u>30 June 2012</u>
		<u>%</u>	<u>%</u>	<u>%</u>
Maldives Fishery Pte Ltd Singapore	Owner and charterer of vessels and barges	100	100	100
Ticwink Pte Ltd Singapore	Owner and charterer of vessels and barges	100	100	100
Offshore Charters Pte Ltd Singapore	Ship management, owner and charterer of vessels	100	100	100
Stardazz Pte Ltd Singapore	Owner and charterer of vessels and barges	100	100	100
Blansco Sdn Bhd Malaysia	Owner and charterer of vessels and barges	100	100	100
Express Offshore Transport Limited Hong Kong	Owner and charterer of vessels and barges	100	100	100
Express Offshore Transport (UAE) LLC ⁽ⁱⁱ⁾ United Arab Emirates	Owner and charterer of vessels and barges	100	100	100
PT. Loh & Loh Construction Indonesia	Shipyard owner	100	100	100
Miclyn Express Offshore (L) Bhd Malaysia	Owner and charterer of vessels & barges	100	100	100
Samson Maritime Holdings Pty Ltd Australia	Investment holding	100	100	100
Jisco Sdn Bhd Brunei ⁽ⁱⁱⁱ⁾	Owner and charterer of vessels and barges	70	-	-
MEO Jisco Marine Sdn Bhd Brunei ⁽ⁱⁱⁱ⁾	Owner and charterer of vessels and barges	70	-	-

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19. Subsidiaries (continued)

- (i) On 29 January 2014, the Group signed an agreement with the non-controlling shareholders of its pipe transportation subsidiary, Express Offshore Solutions Pte Ltd (“EOS”) for the purchase of the remaining 30% shareholding in the company for a total consideration of US\$6,870,000.

The following schedule shows the effects of changes in the Group’s ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owner of the parent:

	30 June 2014 US\$'000
Amounts paid on changes in ownership interest in subsidiary	6,870
Non-controlling interest acquired	(2,890)
Difference recognised in equity reserves (Note 31)	3,980

- (ii) A certain proportion of the equity interest of the Group was held through nominees.

- (iii) Incorporated during the financial year.

20. Joint ventures

	30 June 2014 US\$'000	(Restated) 30 June 2013 US\$'000	(Restated) 30 June 2012 US\$'000
Investment in joint ventures	39,884	20,984	20,984
Share of post-acquisition profit, net of dividend received	21,465	12,043	6,064
	61,349	33,027	27,048

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20. Joint ventures (continued)

The details of the joint ventures are as follows:

Name of joint ventures and country of incorporation and operation	Principal activities	30 June 2014	Effective equity interest held	
		%	30 June 2013	30 June 2012
			%	%
Uniwise Holdings Limited Thailand	Investment holding	37.5	37.5	37.5
Uniwise Offshore Limited Thailand	Offshore support vessel business	50.0	50.0	50.0
Alliance Offshore Service Limited Hong Kong	Ship owner and charterer	50.0	50.0	50.0
Alliance Offshore Services Pte Ltd Singapore	Owner and charterer of vessels and barges	50.0	50.0	50.0
Uniwise Marine Services Holdings Limited Thailand *	Investment holding	37.5	-	-
Uniwise Towage Limited Thailand *	Offshore support vessel business	50.0	-	-

* Acquired during the half-year for combined consideration of US\$18,900,000.

Summarised financial information in respect of the Group's material joint venture entity is set out below:

Uniwise Offshore Limited

	30 June 2014 US\$'000	30 June 2013 US\$'000	30 June 2012 US\$'000
Current assets	9,282	9,385	14,157
Non-current assets	96,524	88,066	61,031
Current liabilities	(12,295)	(18,058)	(11,336)
Non-current liabilities	(14,545)	(24,492)	(19,791)

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20. Joint ventures (continued)**Uniwise Offshore Limited (continued)**

	Year ended 30 June 2014 US\$'000	Year ended 30 June 2013 US\$'000	Year ended 30 June 2012 US\$'000
Revenue	30,140	25,430	21,341
Profit for the year	11,361	10,480	7,817

The above profit for the year include the following:

Depreciation and amortisation	(4,976)	(4,131)	(3,017)
Interest income	6	12	44
Interest expense	(668)	(678)	(635)
Income tax expense	(230)	(499)	(327)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	30 June 2014 US\$'000	30 June 2013 US\$'000	30 June 2012 US\$'000
Net assets of the joint venture	78,966	54,901	44,061
Proportion of the Group's ownership interest in the joint venture	50%	50%	50%
Carrying amount of the Group's interest in the joint venture	39,483	27,451	22,031

Uniwise Towage Limited

	30 June 2014 US\$'000	30 June 2013 US\$'000	30 June 2012 US\$'000
Current assets	9,655	-	-
Non-current assets	24,982	-	-
Current liabilities	(2,922)	-	-
Non-current liabilities	(3,262)	-	-

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20. Joint ventures (continued)**Uniwise Towage Limited (continued)**

	Year ended 30 June 2014 US\$'000	Year ended 30 June 2013 US\$'000	Year ended 30 June 2012 US\$'000
Revenue	9,853	-	-
Profit for the year	4,122	-	-

The above profit for the year include the following:

Depreciation and amortisation	(1,525)	-	-
Interest income	15	-	-
Interest expense	(103)	-	-
Income tax expense	(400)	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	30 June 2014 US\$'000	30 June 2013 US\$'000	30 June 2012 US\$'000
Net assets of the joint venture	28,453	-	-
Proportion of the Group's ownership interest in the joint venture	50%	-	-
Carrying amount of the Group's interest in the joint venture	14,227	-	-

Aggregate information of joint ventures that are not individually material

	Year ended 30 June 2014 US\$'000	Year ended 30 June 2013 US\$'000	Year ended 30 June 2012 US\$'000
The Group's share of profit for the year	3,362	1,478	4,310
Aggregate carrying amount of the Group's interests in these joint ventures	7,639	5,576	5,017

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21. Property, plant and equipment

	Vessels US\$'000	Drydocking US\$'000	Leasehold land and building US\$'000	Furniture and fittings US\$'000	Office equipment US\$'000	Motor vehicles US\$'000	Plant and machinery US\$'000	Vessel under construction/ work in progress US\$'000	Total US\$'000
Cost:									
At 1 July 2011	270,294	8,055	7,699	561	1,001	695	6,886	33,703	328,894
Additions	65,059	4,313	1,491	85	1,286	160	1,203	26,983	100,580
Acquisition of a subsidiary	20,725	45	-	145	154	244	628	171	22,112
Disposals	(912)	(37)	-	-	(4)	(47)	(280)	-	(1,280)
Write-off	-	-	-	-	-	-	(32)	-	(32)
Exchange differences	(518)	(17)	(408)	(14)	(31)	(20)	(193)	(197)	(1,398)
Transfer	22,948	391	-	-	-	-	-	(23,339)	-
At 30 June 2012	377,596	12,750	8,782	777	2,406	1,032	8,212	37,321	448,876
Additions	32,213	3,453	2,047	96	2,580	46	1,409	44,136	85,980
Disposals	(11,385)	(155)	-	-	-	(24)	(237)	-	(11,801)
Write-off	(34)	-	-	-	(15)	-	-	-	(49)
Transfer to vessels held for sale	(2,280)	(90)	-	-	-	-	(135)	-	(2,505)
Exchange differences	(1,541)	(13)	(557)	(17)	(147)	(60)	(354)	(98)	(2,787)
Transfer	40,087	3,046	2,162	(360)	-	-	333	(45,268)	-
At 30 June 2013	434,656	18,991	12,434	496	4,824	994	9,228	36,091	517,714
Additions	37,411	6,817	125	192	901	63	1,785	37,999	85,293
Disposals	(9,060)	(539)	(12,493)	(265)	(617)	(232)	(4,605)	14	(27,797)
Write-off	(767)	(1,060)	-	(8)	(110)	(18)	(916)	-	(2,879)
Exchange differences	(1,688)	(83)	(8)	-	23	22	69	7	(1,658)
Transfer	53,940	3,659	59	-	19	-	1,677	(59,354)	-
At 30 June 2014	514,492	27,785	117	415	5,040	829	7,238	14,757	570,673

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21. Property, plant and equipment (continued)

	Vessels US\$'000	Drydocking US\$'000	Leasehold land and building US\$'000	Furniture and fittings US\$'000	Office equipment US\$'000	Motor vehicles US\$'000	Plant and machinery US\$'000	Vessel under construction/ work in progress US\$'000	Total US\$'000
Accumulated depreciation and impairment:									
At 1 July 2011	20,772	2,865	1,579	270	417	165	3,845	-	29,913
Depreciation for the year	13,694	2,467	347	66	499	200	1,447	-	18,720
Acquisition of a subsidiary	3,592	13	-	8	82	89	222	-	4,006
Disposals	(170)	(28)	-	-	(1)	(35)	(217)	-	(451)
Write-off	-	-	-	-	-	-	(11)	-	(11)
Exchange differences	(243)	(14)	(91)	(47)	(11)	(13)	(176)	-	(595)
At 30 June 2012	37,645	5,303	1,835	297	986	406	5,110	-	51,582
Depreciation for the year	16,673	3,709	768	76	609	155	360	-	22,350
Disposals	(6,409)	(170)	-	-	-	(12)	(225)	-	(6,816)
Write-off	-	-	-	-	(15)	-	-	-	(15)
Transfer to vessels held for sale	(563)	(25)	-	-	-	-	(135)	-	(723)
Exchange differences	(167)	(1)	(58)	(13)	(61)	(40)	(214)	-	(554)
At 30 June 2013	47,179	8,816	2,545	360	1,519	509	4,896	-	65,824
Depreciation for the year	18,832	5,052	426	81	700	129	1,757	-	26,977
Disposals	(2,215)	(473)	(2,959)	(215)	(177)	(134)	(3,163)	-	(9,336)
Write-off	(767)	(1,060)	-	(7)	(55)	(18)	(916)	-	(2,823)
Exchange differences	24	(7)	-	(1)	-	-	1	-	17
At 30 June 2014	63,053	12,328	12	218	1,987	486	2,575	-	80,659
Carrying amount:									
At 30 June 2014	451,439	15,457	105	197	3,053	343	4,663	14,757	490,014
At 30 June 2013	387,477	10,175	9,889	136	3,305	485	4,332	36,091	451,890
At 30 June 2012	339,951	7,447	6,947	480	1,420	626	3,102	37,321	397,294

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21. Property, plant and equipment (continued)

The carrying amount of the Group's motor vehicles includes an amount of US\$55,000 (2013: US\$13,000) secured under finance leases.

During the financial year ended 30 June 2014, the Group has pledged the property, plant and equipment of certain subsidiaries amounting to US\$420,648,000 (2013: US\$395,862,000) to secure banking facilities granted to the Group (Note 25).

22. Intangible assets

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
<u>Composition:</u>			
Goodwill (Note (a))	59,992	59,233	62,598
Licences (Note (b))	565	507	676
	<u>60,557</u>	<u>59,740</u>	<u>63,274</u>

(a) Goodwill

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Cost and carrying amount:			
Balance at beginning of year	59,233	62,598	51,423
Deemed divestment of a joint venture	-	-	(18,587)
Arising from acquisition of a subsidiary	-	-	28,554
Effect of foreign currency exchange differences	759	(3,365)	1,208
Balance at end of the year	<u>59,992</u>	<u>59,233</u>	<u>62,598</u>

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22. Intangible assets (continued)

(a) Goodwill (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units ("CGUs") identified according to business segments.

A segment-level summary of the goodwill allocation is as follows:

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Offshore support vessels	17,055	16,578	18,690
Crew/utility vessels	32,884	32,882	32,889
Tugs/barges	10,053	9,773	11,019
Total	59,992	59,233	62,598

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of each CGU is determined through value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to charter rates, direct costs and terminal value of equity during the financial year.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGU. The growth rates are based on industry growth forecasts. Changes in charter rates and direct costs are based on expectations of future changes in the market. The management estimates a terminal value on equity based on the perpetuity growth model. Discount rate, growth rate and long-term growth rate of 10.9%, 3.0% and 3.0% (2013: 10.5%, 3.0% and 3.0%) are applied to the forecasted cash flows.

If management's estimate of discount rate increases or decreases by 0.5% (2013: 0.5%), the effect on the value in use will be as follows:

	30 June 2014		(Restated) 30 June 2013		(Restated) 30 June 2012	
	Increase	(Decrease)	Increase	(Decrease)	Increase	(Decrease)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Crew/utility vessels	(21,931)	24,978	(16,584)	19,637	(27,211)	34,744
Offshore support vessels	(41,177)	46,855	(41,895)	49,668	(47,480)	60,616
Tugs/barges	(6,299)	7,153	(11,668)	13,829	(20,093)	25,654

Based on the value in use calculations, management are of the opinion that the above is not likely to cause an impairment loss on goodwill.

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22. Intangible assets (continued)

(b) Licences

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Cost:			
Balance at beginning of year	1,369	1,267	1,267
Additions during the year	292	102	-
Balance at end of the year	1,661	1,369	1,267
Accumulated amortisation:			
Balance at beginning of year	(862)	(591)	(375)
Amortisation during the year	(234)	(271)	(216)
Balance at end of the year	(1,096)	(862)	(591)
Balance at end of the year	565	507	676

Licences represent the licence fees relating to the computer software.

23. Derivative financial instruments

	30 June 2014		30 June 2013		30 June 2012	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Forward foreign exchange contracts	<u>2,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The group utilises currency derivatives to hedge significant future transactions and cash flows. As at 30 June 2014, the Group is party to one forward foreign exchange contract which was entered into to hedge the foreign exchange movements in relation to the Singapore dollar denominated bond (Note 28).

At the end of the reporting period, the total notional amount of outstanding forward foreign contracts to which the company is committed is as follows:

	30 June 2014	30 June 2013	30 June 2012
	US\$'000	US\$'000	US\$'000
Forward foreign exchange contracts	<u>155,836</u>	<u>-</u>	<u>-</u>

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23. Derivative financial instruments (continued)

As at 30 June 2014, the total fair value of the forward foreign exchange contracts is estimated to be approximately US\$2,317,000 (2013: US\$Nil). The fair value of the forward foreign exchange contracts that are designated and effective as cash flow hedges amounting to US\$2,317,000 has been recognised in other comprehensive income.

The following table details the forward foreign currency contracts outstanding as at the end of the reporting period.

	Foreign Currency			Contract Value			Fair Value		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
	S\$'000	S\$'000	S\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Buy S\$	200,000	-	-	158,153	-	-	2,317	-	-

24. Trade and other payables

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Trade payables			
- Outside parties	20,156	23,938	25,271
- Related parties (Note 41)	492	59	1,165
	20,648	23,997	26,436
Non-trade payables:			
- Related parties (Note 41)	228	195	37
Other payables	7,252	1,735	2,606
Accrued expenses	32,144	20,855	20,418
Loans payable to related parties (Note 41)	2,500	1,497	-
	62,772	48,279	49,497

The average credit period for trade payables is 91 days (2013: 77 days). No interest is charged on overdue balances.

In 2014, the loans payable to related parties are unsecured, bear fixed interest rate of 3.0% (2013: 3.1%) and are repayable on demand.

Trade payables principally comprise amounts outstanding for trade purchases and are largely denominated in United States dollars.

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25. Borrowings

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Secured - at amortised cost			
Bank loans	241,893	213,991	181,879
Finance lease liabilities (Note 26)	22	-	-
	<u>241,915</u>	<u>213,991</u>	<u>181,879</u>
Current	13,539	15,347	19,512
Non-current	<u>228,376</u>	<u>198,644</u>	<u>162,367</u>
	<u>241,915</u>	<u>213,991</u>	<u>181,879</u>
Non-current portion is payable as follows:			
Later than 1 year	19,369	64,434	31,219
In the 2 nd to 5 th year inclusive	<u>209,007</u>	<u>134,210</u>	<u>131,148</u>
	<u>228,376</u>	<u>198,644</u>	<u>162,367</u>

Summary of bank loans:

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Balance at beginning of year	213,991	181,879	125,587
Acquisition of a subsidiary	-	-	8,692
Loans drawn during the financial year	335,289	324,205	65,314
Repayment of loans	<u>(307,387)</u>	<u>(292,093)</u>	<u>(17,714)</u>
Balance at end of year	<u>241,893</u>	<u>213,991</u>	<u>181,879</u>

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25. Borrowings (continued)

Summary of bank loan arrangements as at:

30 June 2014

Term loan facility amounting to US\$150,000,000 and a revolving credit facility amounting to US\$150,000,000 of which US\$248,500,000 was drawn as at 30 June 2014. The term loan facility is repayable on a semi-annual basis and both facilities mature in December 2018. The facilities had an effective interest rate of 5.53%. Interest is charged at LIBOR plus a fixed rate of 2.60% to 2.75% per annum. The undrawn portion of the revolving credit facility is subject to a commitment fee of 0.25%. The facilities are secured by pledges of share capital and assets of certain subsidiaries. The carrying amounts of assets pledged amounted to US\$420,648,000.

30 June 2013

Term loan facility amounting to US\$160,000,000 and a revolving credit facility amounting to US\$140,000,000 of which US\$57,213,800 was drawn. The term loan facility was repayable on a semi-annual, amortised basis with one year grace period. Both facilities matured in June 2018. The facilities had an effective interest rate of range 2.90% to 3.25%. Interest was charged at LIBOR plus a fixed rate of 2.75% - 3.0% per annum. The undrawn portion of the revolving credit facility was subject to a commitment fee of 1.0%. The facilities were secured by pledges of share capital and assets of certain subsidiaries. The carrying amounts of assets pledged were US\$466,330,000. All amounts were settled during the financial year ended 30 June 2014.

30 June 2012

Term loan facility amounting to US\$100,200,000 and a revolving credit facility amounting to US\$80,000,000 of which US\$65,000,000 was drawn. The term loan facility was repayable on a semi-annual, accelerating basis and both facilities matured in March 2015. The facilities had an effective interest rate of range 3.0% to 3.1%. Interest was charged at LIBOR plus a fixed rate of 2.75% per annum. The undrawn portion of the revolving credit facility was subject to a commitment fee of 1.0%. The facilities were secured by pledges of share capital and assets of certain subsidiaries. The carrying amounts of assets pledged were US\$306,712,000. All amounts were settled during the financial year ended 30 June 2014.

Term loan facility amounting to \$17,600,000 and an undrawn revolving credit facility amounting to \$5,800,000. Interest was charged at LIBOR plus 3.0% with the undrawn portion of the revolving credit facility subject to a commitment fee of 1.0%. Both facilities were repayable every quarter and matured in March 2015. The facilities were secured by pledges of share capital and assets of certain subsidiaries. All amounts were settled during the financial year ended 30 June 2014.

The carrying amounts of the borrowings above approximate their fair values. The fair value hierarchy for these financial instruments is Level 3.

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26. Obligations under finance lease

Leasing arrangements

Finance leases relate to vessel equipment with average lease terms of 3 years (Note 21). The Group has option to purchase the vehicle for a nominal amount at the conclusion of the lease arrangements. The Group's obligations under finance lease are secured by the lessors' title to the leased assets.

Finance lease liabilities

	Minimum lease payments			Present value of minimum lease payments		
	Year ended 30 June 2014	(Restated) Year ended 30 June 2013	(Restated) Year ended 30 June 2012	Year ended 30 June 2014	(Restated) Year ended 30 June 2013	(Restated) Year ended 30 June 2012
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount payable under finance lease:						
Within one year	8	-	-	8	-	-
Later than one year but not later than five years	14	-	-	14	-	-
Present value of lease obligation	22	-	-	22	-	-
Less: Future finance charges	-	-	-	-	-	-
	22	-	-			

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Included in the financial statements as:			
- current borrowings	8	-	-
- non-current borrowings	14	-	-
	22	-	-

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's finance lease obligations approximate their carrying amount.

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27. Provisions

Provisions represent the fair value of existing fixed rate contracts with customers at date of acquisition of subsidiaries. Amortisation is provided based on the remaining contract lease period of the off-market contracts, ranging from 5 to 9.5 years.

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Cost:			
Balance at beginning and end of year	4,700	4,700	4,700
Accumulated amortisation:			
Balance at beginning of year	3,628	3,276	2,704
Amortisation for the year	333	352	572
Balance at end of year	3,961	3,628	3,276
Carrying amount:			
Balance at end of year	739	1,072	1,424
Current	289	331	373
Non-current	450	741	1,051

28. Senior secured guaranteed bonds

On 12 December 2013, MEOL issued senior secured guaranteed bonds which mature on 12 December 2016 for SGD200.0 million (US\$158.2 million). The bonds bear interest at a fixed rate of 8.50% per annum and are payable semi-annually in arrears on 12 June and 12 December in each year. Payments on the bonds will be made without withholding or deduction for any taxes of Bermuda.

The bonds are secured by 96 existing vessels flagged in Australia, Indonesia, Panama, Malaysia and Singapore. As at 30 June 2014, the effective interest rate was 11.44%.

The fair value of the 8.5% senior secured guaranteed bonds at June 30, 2014 amounting to US\$166 million. The fair value of these financial liabilities was based on the quoted closing market prices on the last market day of the financial year. The fair value hierarchy for these financial instruments is Level 1.

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29. Share capital

	Number of shares (Par value at A\$0.1)	Share capital US\$'000
At 1 July 2012	278,516,000	27,470
Issued for settlement of interim dividend reinvestment plan ⁽¹⁾	2,898,000	304
Issued for settlement of share grants to employees ⁽²⁾	125,000	12
At 30 June 2013	281,539,000	27,786
	Number of shares (Par value at US\$0.1)	Share capital US\$'000
At 1 July 2013	281,539,000	27,786
Issue of share capital ⁽³⁾	216,000	21
Adjustment for amalgamation (Note 3.3)	(281,755,000)	(27,807)
Issue of share capital ⁽⁴⁾	1	-
At 30 June 2014	1	-*

* Amount is less than US\$1,000

On 16 December 2013, Miclyn Express Offshore Limited ("MEOL") announced an amalgamation with Manta 2 Holdings Limited (a wholly-owned subsidiary of Manta Holding Limited, an entity jointly owned by two existing significant shareholders of MEOL). As described in Note 3.3, on amalgamation, the amount recognised as issued equity instruments in these consolidated financial statements is that of Manta Holding 2 Limited, being US\$0.1 of share capital.

⁽¹⁾ On 19 April 2013, the Company issued 2,898,000 shares of the Company to participants in the Dividend Reinvestment Plan ("DRP") for the interim dividend at A\$2.041 per share.

⁽²⁾ On 26 September 2012, the Company issued 123,000 ordinary shares, determined by the market price (A\$1,450) for settlement of shares grant to employees.

On 31 May 2013, the Company issued 2,000 ordinary shares for settlement of shares grant to employees.

⁽³⁾ On 26 September 2013, there was an issue of 216,000 ordinary shares with par value of US\$0.09 (A\$0.10) of the Company for settlement of consideration relating to share-based payments.

⁽⁴⁾ On 16 December 2013, there was an issue of 1 ordinary share with par value of US\$0.10 of the Company as part of the amalgamation.

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30. Share premium

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Balance at the beginning of year	162,613	156,524	149,679
Issued for settlement of interim dividend reinvestment plan ⁽¹⁾	-	5,910	6,845
Issued for settlement of share grants to employees ⁽²⁾	-	179	-
Issued share capital ⁽³⁾	409	-	-
Adjustment for amalgamation (Note 3.3)	(163,022)	-	-
	-	162,613	156,524

- ⁽¹⁾ In 2012, the share premium of US\$6,845,000, determined by the market price (A\$1.87) in excess of the par value from the shares issued for settlement of consideration, was recorded.

On 19 April 2013, the share premium of US\$5,910,000, determined by the market price (A\$2.041) in excess of the par value from the shares issued to participants in the Dividend Reinvestment Plan ("DRP") for the interim dividend at AUD 2.0410 per share.

- ⁽²⁾ On 26 September 2012, the Company issued 123,000 ordinary shares, determined by the market price (A\$1,450) for settlement of shares grant to employees.
- ⁽³⁾ On 26 September 2013, there was an issue of 216,000 ordinary shares with par value of US\$0.09 (A\$0.10) of the Company, with a premium of US\$1.89 per share, for settlement of consideration relating to share-based payments.

31. Reserves

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
<u>Composition</u>			
Other equity reserves	142,752	(45,143)	(45,143)
Translation reserve	(6,394)	(4,047)	1,875
Share based payments reserve	-	2,353	1,724
Hedging reserve	33	-	-
	136,391	(46,837)	(41,544)

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31. Reserves (continued)

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
<u>Movements</u>			
(a) Other equity reserves			
Balance at the beginning of year	(45,143)	(45,143)	(45,143)
Adjustment for amalgamation	190,829	-	-
Transfer to other equity reserve	1,046	-	-
Acquisition of additional interest in a subsidiary (Note 19 (i))	(3,980)	-	-
Balance at end of year	142,752	(45,143)	(45,143)
(b) Translation reserve			
Balance at beginning of year	(4,047)	1,875	4,498
Exchange differences arising on translation of foreign operations	(2,347)	(5,922)	(2,623)
Balance at end of year	(6,394)	(4,047)	1,875
(c) Share based payments reserve			
Balance at beginning of year	2,353	1,724	615
Issue of share capital	(430)	(191)	-
Recognition of share-based payments (Note 33)	359	820	1,109
Transfer to other equity reserve	(1,046)	-	-
Settlement of share based payments	(1,236)	-	-
Balance at end of year	-	2,353	1,724
(d) Hedging reserve			
Balance at beginning of year	-	-	-
Recognition of hedging reserve	33	-	-
Balance at end of year	33	-	-

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32. Retained earnings

	30 June 2014 US\$'000	(Restated) 30 June 2013 US\$'000	(Restated) 30 June 2012 US\$'000
Balance at beginning of year	238,271	206,427	156,421
Net profit attributable to owners of the Company	47,811	46,413	65,502
Payment of dividends to shareholders (Note 34)	-	(14,569)	(15,496)
Effect of acquiring part of non-controlling interests in a subsidiary	1,528	-	-
Balance at end of year	287,610	238,271	206,427

33. Share-based payments**(a) Share option plan**

In 2013, the Group adopted an equity compensation plan ("Plan") to assist in the attraction, motivation, and retention of employees including Executive Directors ("Plan Participants") within the Company. The Plan enabled the Company to grant options ('Employee and Executive Options') to Plan Participants. Each Employee and Executive Option was a conditional entitlement to one Share, subject to the satisfaction of specified performance conditions. No amounts were paid or payable by the recipient on receipt of the option. The options carried neither rights to dividends nor voting rights. Options may be exercised at any time between the date of vesting and the date of their expiry. If the options remain unexercised after a period of 5 years from the date of grant, the options expire. Options forfeited if the employee leaves the Group before the options vested.

Under the Plan, the Group granted Employee and Executive Options to employees within the Group from time to time as determined by the Board in its discretion and in accordance with the rules of the Plan and applicable law. In respect of the initial grant of Employee and Executive options granted to the eligible Plan Participants, the grant date was the date of the Listing in March 2010.

An Employee and Executive Option vested and become exercisable to the extent that the performance conditions specified at the time of grant are satisfied. The Board had discretion under the Plan as to the terms upon which it offered options under the Plan, including the performance conditions.

It was proposed that the performance conditions attached to the initial grant of Employee and Executive Options involved an approximate three years employment service condition, earning per share ('EPS') growth target hurdles and comparative total shareholders return ('TSR') hurdle. In addition, the performance condition to be used to determine the number of TSR Employee and Executive Options that vest compares the TSR performance of the Company with the TSR performance of each of the individual entities in a comparator group of entities across the TSR performance. Broadly, TSR was the growth in share price plus dividend reinvested. The exercise price determined by the Board and usually equal the volume weighted average price of the Shares over the one week period up to and including the date of grant of the Employee and Executive Options.

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33. Share-based payments (continued)**(a) Share option plan (continued)**

As such, no Employee and Executive option vested unless the Plan Participant is employed on the date of the financial year 30 June 2013 result announcement.

As part of the administrative restructuring as described in Note 3.3, all share options vested and settled in cash during the current year.

Details of the share options outstanding during the year are as follows:

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	Number of share options		
Outstanding at the beginning of the year	2,858,635	2,850,437	2,049,154
Granted during the year	-	450,000	821,400
Forfeited during the year	(2,858,635)	(441,802)	(20,117)
Outstanding at the end of the year	-	2,858,635	2,850,437
Exercisable at end of the year	-	-	-

The fair value of the share options granted was as follows:

<u>Grant date</u>	<u>Fair value</u>
26 March 2010	A\$0.79
21 February 2011	A\$0.60
26 July 2011	A\$0.39
26 September 2011	A\$0.47
25 November 2011	A\$0.76
25 September 2012	A\$0.64

Options were priced using a combination of Monte-Carlo simulation technique and Binomial model.

The inputs into the valuation model as at the respective grants dates were as follows:

a)	Grant date: 26 March 2010	
	Share price	A\$1.90
	Exercise price	A\$1.90
	Expected volatility	50%
	Risk free rate	5.5%
	Expected dividend yield	2.5%

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33. Share-based payments (continued)**(a) Share option plan (continued)**

b)	Grant date: 21 February 2011	
	Share price	A\$1.69
	Exercise price	A\$1.90
	Expected volatility	50%
	Risk free rate	5.4%
	Expected dividend yield	2.5%
c)	Grant date: 26 July 2011	
	Share price	A\$1.44
	Exercise price	A\$1.90
	Expected volatility	50%
	Risk free rate	4.6%
	Expected dividend yield	3.0%
d)	Grant date: 26 September 2011	
	Share price	A\$1.41
	Exercise price	A\$1.70
	Expected volatility	50%
	Risk free rate	3.7%
	Expected dividend yield	3.0%
e)	Grant date: 25 November 2011	
	Share price	A\$1.83
	Exercise price	A\$1.70
	Expected volatility	50%
	Risk free rate	3.3%
	Expected dividend yield	3.0%
f)	Grant date: 24 September 2012	
	Share price	A\$2.20
	Exercise price	A\$2.44
	Expected volatility	40%
	Risk free rate	2.8%
	Expected dividend yield	2.5%

Expected volatility was determined by the valuer by reference to the volatility of peer group of the Group, comprising companies in the same industry that are listed on the Australian Stock Exchange ("ASX").

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33. Share-based payments (continued)**(b) Employee Retention Plan**

In 2012, the Group implemented a new equity based compensation plan, the Employee Retention Plan (“ERP”), to assist in the attraction, motivation and retention of employees. Eligible employees will be granted share rights to receive fully paid ordinary shares in the Company.

Under the plan, a profit-driven payment pool as determined by the Board and based on a percentage of the Company’s net profit after tax for each financial year will be established each year. The annual grant of shares was based on the profit-driven payment pool, divided by the Company’s volume weighted average price on the Australian Securities Exchange over the 1 month period after the date of announcement of the Company’s full-year financial results. The grant date of the shares was the first business day after the 1 month period for determining the volume weighted average price. The employees’ share rights vested in 2 tranches, 50% in 12 months and the remaining 50% in 24 months after the share grant date. All share grants not yet vested would lapse upon cessation of employment.

The Group recognised total expenses of US\$362,000 (2013: US\$820,000) related to equity-settled share based payment transaction during the year.

Details of the share rights outstanding during the year are as follows:

	30 June 2014	30 June 2013	30 June 2012
	Number of share rights		
Outstanding at the beginning of the year	336,339	292,615	-
Issued during the year	229,557	271,256	292,615
Released in the year	(565,896)	(125,543)	-
Forfeited during the year	-	(101,989)	-
Outstanding at the end of the year	-	336,339	292,615

As part of the administrative restructuring as described in Note 3.3, all share rights vested and settled in cash during the current year.

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34. Dividends

During the financial year ended 30 June 2014, the Group did not declare any dividend.

In 2013, the Group declared and paid an interim dividend of US\$0.022 per share as part of the Dividend Reinvestment Plan ("DRP") amounting to a total of US\$6,214,000, in respect of profits for the period from 1 July 2012 to 31 December 2012 by the issue of 2,898,000 shares (Note 30). No final dividend was declared / recommended by the Group for the financial year ended 30 June 2013.

In 2012, the Group proposed a final dividend of US\$0.03 per share amounting to a total of US\$8,355,000, in respect of profits for the period from 1 January 2012 to 30 June 2012. This dividend was recognised in the consolidated statement of changes in equity as an appropriation of retained earnings during the financial year ended 30 June 2013.

In 2012, the Group declared and paid interim dividend of US\$0.056 per share amounting to a total of US\$15,496,000, in respect of profits for the period from 1 January 2011 to 31 December 2011.

35. Non-controlling interests

	30 June 2014 US\$'000	(Restated) 30 June 2013 US\$'000	(Restated) 30 June 2012 US\$'000
Balance at beginning of year	1,528	482	408
Share of profit for the year	1,615	1,046	426
Disposal of interest in a subsidiary	-	-	56
Repayment of capital to non-controlling interest	-	-	(408)
Acquisition of non-controlling interest in subsidiary (Note 20(i))	(2,890)	-	-
Balance at end of year	253	1,528	482

36. Commitments

The Group had the following outstanding commitments:

	30 June 2014 US\$'000	(Restated) 30 June 2013 US\$'000	(Restated) 30 June 2012 UD\$'000
Capital commitments contracted but not provided for in respect of:			
Expenditure for vessels, contracted for	76,728	61,221	18,489

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37. Operating lease arrangementThe Group as lessee

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Minimum lease payments under operating leases recognised as an expense in the financial year	8,820	8,170	33,165

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	30 June 2014	(Restated) 30 June 2013
	US\$'000	US\$'000
Within one year	13,352	5,631
In the second to fifth year inclusive	2,878	1,034
	16,230	6,665

Operating lease payments represent rentals payable by the Group for its office/warehouse premises, equipment and vessels. These leases have different terms and terminate at various dates.

The Group as lessor

	30 June 2014	(Restated) 30 June 2013
	US\$'000	US\$'000
Charter revenue	183,077	179,858

At the end of the reporting period, the future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables, are as follows:

	30 June 2014	(Restated) 30 June 2013
	US\$'000	US\$'000
Within one year	89,164	94,565
In the second to fifth year inclusive	110,914	55,020
	200,078	149,585

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38. Contingent liabilities

As at 30 June 2014, subsidiaries of the Group have issued secured corporate guarantees to banks for borrowings of certain joint ventures amounting to US\$8,960,000 (2013: US\$9,800,000).

39. Financial instruments, financial risk and capital risk management

(a) Capital risk management policies and objectives

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 structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group is required to fulfil certain financial covenants under certain borrowing arrangements.

As at 30 June 2014, the Group is in compliance with all external imposed financial covenants pertaining to capital structure. The Group's overall strategy remains unchanged from the financial year ended 30 June 2013.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

(c) Categories of financial instruments

The following table sets out the financial instruments as at the end of each reporting period:

	30 June 2014	(Restated) 30 June 2013	(Restated) 30 June 2012
	US\$'000	US\$'000	US\$'000
Financial assets			
Cash and cash equivalents	19,259	14,567	14,469
Loans and receivables	100,740	77,791	76,095
Loan to immediate holding company	139,165	-	-
Derivative financial instruments	2,317	-	-
	<u>261,481</u>	<u>92,358</u>	<u>90,564</u>
Financial liabilities			
Trade and other payables	62,772	48,279	49,497
Borrowings	241,915	213,991	181,879
Senior secured guaranteed bonds	151,212	-	-
	<u>455,899</u>	<u>262,270</u>	<u>231,376</u>

The fair value of the Group's financial assets and financial liabilities approximate their carrying amounts except as disclosed in the notes to the financial statements.

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39. Financial instruments, financial risk and capital risk management (continued)

(d) Financial risk management policies and objectives

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. During the financial year ended 30 June 2014, the Group did not hedge its interest rate exposure.

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operation of the Group through internal risk reports which analyse exposures by degree and magnitude risks. These risks include market risk (including currency risk, fair value and cash flow interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effect of these risks by using derivative financial instruments to hedge significant risk exposures. The use of financial derivatives is governed by the Group policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliances with policies and exposure limits are reviewed by the management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purpose.

The Corporate Treasury function reports quarterly to the Group's risk management committee, an independent party that monitor risk and policies implemented to mitigate risk exposures.

(e) Market risk management

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates (Note 39(f)). The Group is also subject to interest rates risk (Note 39(g)).

During the financial year 30 June 2014, the Group is party to one forward foreign exchange contract which was entered into to hedge the foreign exchange movements in relation to the Singapore dollar denominated bond (Note 23).

(f) Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The Group reviews its exposure to foreign currency risk and puts in place hedges on a needs basis, assessed with reference to the size and certainty to each exposure.

During the financial year 30 June 2014, the Group is party to one forward foreign exchange contract which was entered into to hedge the foreign exchange movements in relation to the Singapore dollar denominated bond (Note 23).

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39. Financial instruments, financial risk and capital risk management (continued)

(f) Foreign currency risk management (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Singapore Dollar US\$'000	Australian Dollar US\$'000	Malaysian Ringgit US\$'000	United Arab Emirates Dirham US\$'000	Others US\$'000
The Group					
At 30 June 2014					
Financial assets					
Cash and cash equivalents	785	2,829	560	180	491
Trade and other receivables	131	14,247	77	1,866	18,748
Total assets	916	17,076	637	2,046	19,239
Financial liabilities					
Trade and other payables	(3,409)	(9,788)	(12,979)	(1,417)	(3,867)
Senior secured guaranteed bonds	(151,212)	-	-	-	-
Total liabilities	(154,621)	(9,788)	(12,979)	(1,417)	(3,867)
Net (Liabilities)/Assets	(153,705)	7,288	(12,342)	629	15,372

	Singapore Dollar US\$'000	Australian Dollar US\$'000	Malaysian Ringgit US\$'000	United Arab Emirates Dirham US\$'000	Others US\$'000
The Group					
At 30 June 2013 (Restated)					
Financial assets					
Cash and cash equivalents	711	1,226	1,244	345	332
Trade and other receivables	2,001	13,836	2,184	5,677	3,709
Total assets	2,712	15,062	3,428	6,022	4,041
Financial liabilities					
Trade and other payables	(7,808)	(5,173)	(871)	(1,641)	(2,125)
Total liabilities	(7,808)	(5,173)	(871)	(1,641)	(2,125)
Net (Liabilities)/Assets	(5,096)	9,889	2,557	4,381	1,916

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39. Financial instruments, financial risk and capital risk management (continued)**(f) Foreign currency risk management (continued)****Foreign currency sensitivity analysis**

The Group is mainly exposed to the following currencies: Singapore Dollars ("SGD"), Australian Dollar ("AUD"), Malaysian Ringgit ("MYR") and United Arab Emirates Dirham ("AED") (2013: Singapore Dollars ("SGD"), Australian Dollar ("AUD"), Malaysian Ringgit ("MYR") and United Arab Emirates Dirham ("AED")).

The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in the SGD, AUD, MYR and AED (2013: SGD, AUD, MYR and AED). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% (2013: 5%) change in foreign exchange rates. A positive number indicates an increase in profit and equity where the United States dollars strengthened 5% against the relevant currency. For a 5% (2013: 5%) weakening of the United States dollar against the relevant currency, there would be a comparable impact on the profit and equity, and the balances below would be negative.

If the SGD, AED, MYR and AUD change against the USD by 5% (2013: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	30 June 2014	30 June 2013
	← Increase / (Decrease) →	
	Profit or loss	Profit or loss
	US\$'000	US\$'000
SGD against USD	127	255
AED against USD	(31)	(219)
AUD against USD	(364)	(494)
MYR against USD	617	(128)

The impact to profit or loss is mainly attributable to the exposure outstanding on SGD and MYR payables and both AUD and AED receivables as at the end of the reporting period.

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39. Financial instruments, financial risk and capital risk management (continued)

(g) Cash flow and interest rate risk management

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The cash and cash equivalent balance at 30 June 2014 was US\$19,259,000 (2013: US\$14,567,000). The market sentiment is that interest rate is expected to continue to be low and the impact of any interest rate change has been assessed to be immaterial.

For the financial years ended 30 June 2014 and 30 June 2013, the Group's interest rate risk mainly arises from bank borrowings, which are at floating rates of interest pegged to LIBOR plus margin.

The Group did not enter into any interest rate hedging for its bank borrowings or fixed rate bond existing as at 30 June 2014 and 30 June 2013.

Interest rate sensitivity analysis

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in USD. If USD interest rates increase/decrease by 0.50% (2013: 0.50%) with all other variables including tax rate being held constant, the profit or loss will be lower/higher by US\$1,209,000 (2013: US\$1,070,000) as a result of higher/lower interest expense on these borrowings.

(h) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Monthly accounts receivable status meetings are each attended by at least one of the Chief Executive Officer, Chief Commercial Officer and Chief Financial Officer. There is an adequate credit management policy in place and there is no significant concentration of credit risk of trade debts.

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39. Financial instruments, financial risk and capital risk management (continued)**(h) Credit risk management (continued)**

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

There is no other class of financial assets that is past due and/or impaired except for trade receivables. As at 30 June 2014, trade receivables outstanding for more than 90 days is approximately US\$14,566,000 (2013: US\$22,293,000), out of which US\$217,000 (2013: US\$4,894,000) has been identified for impairment as at 30 June 2014. The majority of the balances are not impaired because these are from creditworthy customers in the oil and gas sector.

(i) Liquidity risk management

The Group manages liquidity risk by maintaining sufficient cash to enable it to meet normal operating commitments and having an adequate amount of committed credit facilities.

The table below analyses the maturity profile of the financial asset and liabilities of the Group based on contractual undiscounted cash flows.

	On demand or within 1 year US\$'000	Between 1 and 2 year US\$'000	Between 2 and 5 year US\$'000	Adjustments US\$'000	Total US\$'000
At 30 June 2014					
Financial liabilities					
Trade and other payables	62,772	-	-	-	62,772
Borrowings	21,328	26,766	225,914	(32,093)	241,915
Senior secured guaranteed bonds	-	159,712	-	(8,500)	151,212
Contingent liabilities	-	-	8,960	-	8,960
	84,100	186,478	234,874	(40,593)	464,859

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39. Financial instruments, financial risk and capital risk management (continued)**(i) Liquidity risk management (continued)**

	On demand or within 1 year US\$'000	Between 1 and 2 year US\$'000	Between 2 and 5 year US\$'000	Adjustments US\$'000	Total US\$'000
At 30 June 2013 (Restated)					
Financial liabilities					
Trade and other payables	48,279	-	-	-	48,279
Borrowings	22,298	70,527	145,855	(24,689)	213,991
	70,577	70,527	145,855	(24,689)	262,270
At 30 June 2012 (Restated)					
Financial liabilities					
Trade and other payables	49,497	-	-	-	49,497
Borrowings	24,308	30,844	144,302	(17,575)	181,879
	73,805	30,844	144,302	(17,575)	231,376

Financial assets

All the non-derivative financial assets are expected to be repayable within one year and non-interest bearing except for derivative financial instruments (Note 23).

(j) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- (i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

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39. Financial instruments, financial risk and capital risk management (continued)**(i) Fair values of financial assets and financial liabilities (continued)**

- (ii) the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Management is of the opinion that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values except as disclosed in the notes to the financial statement.

40. Key management personnel compensation**Compensation of directors and key management personnel**

The remuneration of directors and other members of key management during the year are as follows:

	Year ended 30 June 2014 US\$'000	Year ended 30 June 2013 US\$'000
Short term benefits	1,449	1,925
Share-based payments	513	503
Post employment benefits	28	29
Long term benefits	-	86
	<u>1,990</u>	<u>2,543</u>

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41. Related party transactions

Some of the Group's transactions and arrangements are with related parties on terms agreed between the parties and the effect of these transactions is reflected in these financial statements on that basis. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following transactions with related parties:

	Year ended 30 June 2014	(Restated) Year ended 30 June 2013
	US\$'000	US\$'000
<u>Joint-ventures of the Group</u>		
Charter hire income	(277)	(1,928)
Repair income	(103)	(159)
Management fee income	(1,019)	(1,166)
Interest income	(57)	(24)
Sundry income	(44)	(109)
Charter hire expenses	24	2,118
Repair expenses	21	21
Interest paid	122	1
Management fee expenses paid	1,033	890

42. Impact of adoption of IFRS 11 Joint Arrangements

Certain adjustments have been made to the previous years' financial statements to conform to the current year's presentation in connection with the adoption of IFRS 11 Joint Arrangements.

As a result, certain line items have been restated as follows:-

	Previously reported 30 June 2013	As restated 30 June 2013
	US\$'000	US\$'000
Condensed consolidated statement of financial position		
Non-current assets	561,751	545,098
Current assets	111,245	103,378
Non-current liabilities	(214,370)	(199,554)
Current liabilities	(75,201)	(65,561)
Net assets	383,425	383,361

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42. Impact of adoption of IFRS 11 Joint Arrangements (continued)

	Previously reported 30 June 2013 US\$'000	As restated 30 June 2013 US\$'000
Condensed consolidated statement of comprehensive income		
Revenue	245,338	231,897
Gross profit	96,211	88,045
Profit before tax	50,452	50,118
Income tax expense	(2,913)	(2,659)
Profit for the period	47,539	47,459
Other comprehensive income	(5,934)	(5,922)
Total comprehensive income for the period	41,605	41,537

	Previously reported 30 June 2013 US\$'000	As restated 30 June 2013 US\$'000
Condensed consolidated statement of cash flows		
Net cash from operating activities	67,420	60,767
Net cash used in investing activities	(94,498)	(79,553)
Net cash from financing activities	26,369	18,969
Net (decrease)/increase in cash and cash equivalents	(709)	183

If the Group had continued to account on a proportionate consolidation basis, revenue and gross profit for year ended 30 June 2014 would have amounted to US\$265,165,000 and US\$105,541,000 respectively.

The following amounts are the details of joint ventures which have been aggregated into cost of investment in joint ventures as a result of the adoption of IFRS 11 Joint Arrangement.

	30 June 2013 US\$'000	30 June 2012 US\$'000
Non-current assets	47,062	34,269
Current assets	7,742	10,080
Non-current liabilities	(12,631)	(9,896)
Current liabilities	(9,146)	(7,405)
Investment in joint ventures	33,027	27,048