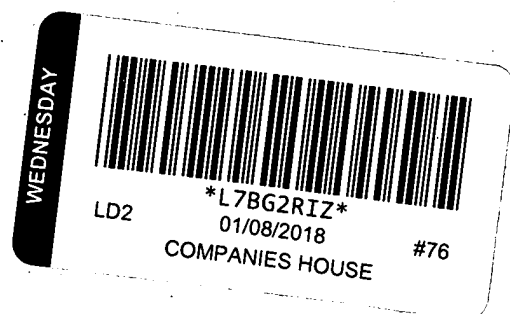


# “K” Line Holding (Europe) Limited

## Report and Financial Statements

31 March 2018



## Contents

|  | Page(s) |
|--|---------|
| Company Information                      | 2       |
| Strategic Report                         | 3 – 4   |
| Directors' Report                        | 5       |
| Statement of Directors' Responsibilities | 6       |
| Independent Auditors' Report             | 7 – 9   |
| Income statement                         | 10      |
| Balance Sheet                            | 11      |
| Statement of Changes in Equity           | 12      |
| Notes to the Financial Statements        | 13 – 20 |

## Company Information

### Directors

A Misaki  
D. Arai

### Secretary

B Y Ramlalsing

### Independent Auditors

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

### Bankers

Mizuho Bank Limited  
30 Old Bailey  
London EC4M 7AU

### Registered Office

6th Floor  
200 Aldersgate Street  
London EC1A 4HD

Registered No. 5005018

## Strategic report

The Directors present their Strategic report for the financial year ended 31 March 2018.

### Results and dividends

The profit for the financial year amounted to £9,310,871 (year ended 31 March 2017 profit – £6,655,465).

On 22 Feb 2018, an amount of £19,758,368 was paid to Kawasaki Kisen Kaisha, Limited in respect of a final dividend (year ended 31 March 2017 – £NIL).

### Principal activities and review of the business

The Company is an investment holding and financing company. Investments are principally held in respect of wholly-owned shipping and general shipping agency companies in the UK. Details of the investments held by the Company are set out in Note 10 to the financial statements.

Business reviews in respect of the Company’s principal UK investments for the year ended 31 March 2018 are included in the individual financial statements of the companies listed in Note 10 to the financial statements with the exemption of those which meet the definition of “small” company under the Companies Act 2006.

The Company’s key financial performance indicators during the year were as follows:

|                               | <i>Year ended<br/>31 March<br/>2018<br/>£000</i> | <i>Year ended<br/>31 March<br/>2017<br/>£000</i> | <i>Change<br/>%</i> |
|-------------------------------|--|--|---------------------|
| Profit for the financial year | 9,311  | 6,655  | 40%                 |
| Total Shareholders’ funds     | 52,282   | 62,730   | (17%)               |
| Cash at bank and in hand      | 1,653  | 357  | 363%                |

The profit for the financial year is principally attributed to dividends received from its subsidiaries, associates and unlisted investments during the year of £9,320,671 (2017: £3,123,881). The cash balance increased by 363% which is attributed to repayment of loan from “K” Line TRS S.A and dividends received.

### Financial risks and uncertainties

#### Principal risks

The principal risks and uncertainties facing the Company include the cyclical nature of the shipping industry in which its investments operate, in the UK and globally. The carrying value of the investments is reviewed by the Directors annually against the investments’ underlying business performance and net assets.

As the Company is a non-trading holding and financing company, key financial indicators are limited, but include exchange risk management and the cost of financing.

The Company’s trading and financial transactions are principally GBP sterling denominated. Consequently, the financial statements are prepared in GBP sterling.

#### Legislative risks

In the UK and Europe, the main legislative risks are EU competition law, employment law, UK Bribery Act and tax laws. These standards are subject to continuous revision; however, they are not expected to have a material impact on the ability of the Company to generate a profit. The implication of Brexit is unclear at the moment and will be continually monitored.

## Strategic report (continued)

### Financial risks and uncertainties (continued)

#### Treasury operations and financial instruments

The Company operates a treasury function which is responsible for managing the liquidity, credit and market/price risks associated with the company's activities.

The Company has established a risk and financial management framework whose primary objectives are to mitigate the exposure of the Company to risks that hinder the achievement of the Company's performance objectives with support from its immediate and ultimate parent company Kawasaki Kisen Kaisha Limited and its group companies. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages its cash flow in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

#### Foreign currency risk

To the extent that intercompany loan agreements are entered into in currencies different to that of the functional currency, there is an exposure to movements in exchange rates. The Company principally has Euro denominated intercompany loan assets as at the reporting date.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts where necessary. The Company does not suffer from significant bad debt expense.

By order of the Board



B Y Ramlalsing

Company Secretary

Date: 19 June 2018

## Directors' report

The Directors present their Directors' report and audited financial statements of "K" Line Holding (Europe) Limited (the "Company") for the financial year ended 31 March 2018.

### Directors

The Directors who served the Company during the year and as at the date of this report are as follows:

A Misaki (Appointed on 2 Oct 2017)  
D. Arai  
Y Nakagawa (Resigned on 30 Sep 2017)  
H Shinkai (Resigned on 23 Nov 2017)

### Dividends and financial risk management

Dividend and financial risk management disclosures are included on Strategic Report on pages 3 and 4.

### Future developments

The Company's overall business is expected to continue in the same direction over the coming year and to the same extent as for the year ended 31 March 2018.

### Going concern

The business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to price, credit, liquidity and cash flow risk are described in the business review above.

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors continue to adopt the going concern basis in preparing the financial statements.

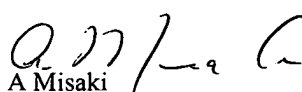
### Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Directors and the Company's auditors, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board

  
A Misaki

Managing Director

Date: 19 June 2018

## Statement of Directors' responsibilities

The directors are responsible for preparing the Report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## ***Independent auditors' report to the members of "K" Line Holding (Europe) Limited***

### **Report on the financial statements**

#### **Our opinion**

In our opinion, "K" Line Holding (Europe) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2018; the Income statement, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.



## ***Independent auditors' report to the members of "K" Line Holding (Europe) Limited***

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' responsibilities for the audit of the financial statements***

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## ***Independent auditors' report to the members of "K" Line Holding (Europe) Limited***

### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

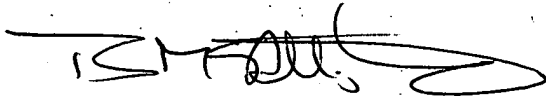
### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Timothy McAllister (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

19 June 2018

## Income statement

for the year ended 31 March 2018

|  |      | Year ended<br>31 March<br>2018 | Year ended<br>31 March<br>2017 |
|--|------|--------------------------------|--------------------------------|
|  | Note | £                              | £                              |
| Administrative expenses                |      | <u>(63,818)</u>                | <u>(148,445)</u>               |
| <b>Operating loss</b>                  | 2    | (63,818)                       | (148,445)                      |
| Gain on sale of investment securities  | 10   | –                              | 71,840                         |
| Gain on sale of subsidiary             | 10   | –                              | 3,364,424                      |
| Income from participating interests    | 8    | 9,320,674                      | 3,123,881                      |
| Interest receivable and similar income | 6    | 56,699                         | 55,850                         |
| Interest payable and similar expenses  | 7    | <u>–</u>                       | <u>187,915</u>                 |
| <b>Profit before taxation</b>          |      | <u>9,313,552</u>               | <u>6,655,465</u>               |
| Tax on profit                          | 9    | <u>(2,681)</u>                 | <u>–</u>                       |
| <b>Profit for the financial year</b>   |      | <u>9,310,871</u>               | <u>6,655,465</u>               |

All amounts relate to continuing activities.

The notes on pages 13 to 20 form an integral part of these financial statements.

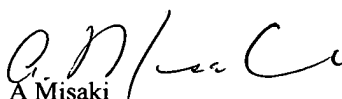
## Balance sheet

as at 31 March 2018

|   | <i>Note</i> | <i>31 March<br/>2018<br/>£</i> | <i>31 March<br/>2017<br/>£</i> |
|---|-------------|--------------------------------|--------------------------------|
| <b>Fixed assets</b>                                   |             |                                |                                |
| Investments   | 10          | <u>45,520,364</u>              | <u>45,520,364</u>              |
| <b>Current assets</b>                                 |             |                                |                                |
| Debtors   | 11          | 5,164,876                      | 16,873,526                     |
| Cash at bank and in hand                              |             | <u>1,653,380</u>               | <u>356,519</u>                 |
|   |             | 6,818,256                      | 17,230,045                     |
| <b>Creditors: amounts falling due within one year</b> | 12          | <u>(56,432)</u>                | <u>(20,724)</u>                |
| <b>Net current assets</b>                             |             | 6,761,824                      | 17,209,321                     |
| <b>Total asset less current liabilities</b>           |             | <u>52,282,188</u>              | <u>62,729,685</u>              |
| <b>Capital and reserves</b>                           |             |                                |                                |
| Called up share capital                               | 13          | 45,000,000                     | 84,880,603                     |
| Retained earnings / Accumulated losses                |             | 7,282,188                      | (22,150,918)                   |
| <b>Total shareholders' funds</b>                      |             | <u>52,282,188</u>              | <u>62,729,685</u>              |

The notes on pages 13 to 20 form an integral part of these financial statements

The financial statements on pages 10 to 20 were approved by the Board of Directors and signed on their behalf by:

  
A Misaki  
Managing Director

Date: 19 June 2018

## Statement of changes in equity

for the year ended 31 March 2018

|  | Called up<br>share capital<br>£ | Retained<br>earnings<br>£ | 'Total<br>shareholders'<br>fund'<br>£ |
|--|---------------------------------|---------------------------|---------------------------------------|
| At 1 April 2017                              | 84,880,603                      | (22,150,918)              | 62,729,685                            |
| Profit for the year                          | –                               | 9,310,871                 | 9,310,871                             |
| Dividend paid                                | –                               | (19,758,368)              | (19,758,368)                          |
| Capital reduction                            | (39,880,603)                    | 39,880,603                | –                                     |
| 'Total shareholders' funds' at 31 March 2018 | <u>45,000,000</u>               | <u>7,282,188</u>          | <u>52,282,188</u>                     |

|  | Called up<br>share capital<br>£ | Retained<br>earnings<br>£ | 'Total<br>shareholders'<br>fund'<br>£ |
|--|---------------------------------|---------------------------|---------------------------------------|
| At 1 April 2016                              | 84,880,603                      | (28,806,383)              | 56,074,220                            |
| Profit for the year                          | –                               | 6,655,465                 | 6,655,465                             |
| 'Total shareholders' funds' at 31 March 2017 | <u>84,880,603</u>               | <u>(22,150,918)</u>       | <u>62,729,685</u>                     |

## Notes to the financial statements (continued)

for the year ended 31 March 2018

## Notes to the financial statements

for the year ended 31 March 2018

### 1. Accounting policies

#### *General Information*

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 6th Floor, 200 Aldersgate Street, London, EC1A 4HD.

The principal activity of the Company continues to be investing in and financing wholly and partly owned shipping and general shipping agency companies in the UK.

#### *Statement of compliance*

The financial statements of "K" Line Holding (Europe) Limited have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The company is a wholly-owned subsidiary of Kawasaki Kisen Kaisha Limited and is included in the consolidated financial statements of Kawasaki Kisen Kaisha Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

#### *Summary of significant accounting policies*

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention.

#### *Exemptions for qualifying entities under FRS 102*

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows prepared by ultimate parent company, includes the Company's cash flows;
- ii) from providing the financial instruments disclosures set out in sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv);
- iv) from disclosing the Company key management personnel compensation in total, as required by FRS 102 paragraph 33.7.
- v) from the exemption available in Section 33.1A of FRS 102 from disclosing transactions with related parties.

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 1. Accounting policies (continued)

#### *Going concern*

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Investments*

Investments in subsidiaries, joint venture, associates and trade investments are stated at cost less provision for impairment. Impairment reviews are carried out if there is an indication of a reduction in value. Dividends from investments are recognised when received or approved for payment by the investee.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

#### *Taxation*

##### *i) Current tax*

Current tax is provided using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date on the excess of taxable income and allowable expenses.

##### *ii) Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

##### *i) Functional and presentation currency:*

The Company's functional and presentation currency is GBP.

##### *ii) Transactions and balances*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Gains and losses on exchange are dealt with in the statement of income and retained earnings.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held on call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within creditors in current liabilities.

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 1. Accounting policies (continued)

#### *Loans receivable*

Loans and receivables are non-derivative financial instruments which have a fixed or easily determinable value. They are recognised at cost, less any provisions for impairment in their value.

#### *Interest bearing loans and borrowings*

All interest bearing loans and borrowings are initially recognised at net proceeds. After initial recognition the debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

#### *Critical accounting judgements and estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Company has critical accounting judgements in the following area:

#### *Impairment*

Due to the ongoing volatility and decline in the market rate for freight the Company performs a discounted future cash flow analysis on all of its Investments, to determine if these investments are impaired. The principal assumptions used in the discounted future cash flow analysis consist of forecast future operating results, as well other elements such as market value and a weighted average cost of capital.

### 2. Operating loss

This is stated after charging:

|                                 | <i>Year ended<br/>31 March<br/>2018</i> | <i>Year ended<br/>31 March<br/>2017</i> |
|---------------------------------|---|---|
|                                 | £                                       | £                                       |
| Auditors' remuneration (note 3) | 14,000                                  | 14,000                                  |



## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 3. Auditors' remuneration

|                                   | <i>Year ended<br/>31 March<br/>2018</i> | <i>Year ended<br/>31 March<br/>2017</i> |
|-----------------------------------|---|---|
|                                   | £                                       | £                                       |
| Audit of the financial statements | 14,000                                  | 14,000                                  |
|                                   | <u>14,000</u>                           | <u>14,000</u>                           |

### 4. Directors' remuneration

Neither remuneration nor any pension was paid by the Company in respect of the Directors (2017: NIL).

### 5. Staff costs

No staff costs were paid by the Company during the year (2017: NIL); the average number of staff during the year was NIL (2017: NIL).

### 6. Interest receivable and similar income

|                          | <i>Year ended<br/>31 March<br/>2018</i> | <i>Year ended<br/>31 March<br/>2017</i> |
|--------------------------|---|---|
|                          | £                                       | £                                       |
| Bank interest receivable | 1,149                                   | 11,627                                  |
| Loan interest receivable | 55,550                                  | 43,705                                  |
| Other income             | –                                       | 518                                     |
|                          | <u>56,699</u>                           | <u>55,850</u>                           |

### 7. Interest payable and similar expenses

|   | <i>Year ended<br/>31 March<br/>2018</i> | <i>Year ended<br/>31 March<br/>2017</i> |
|---|---|---|
|   | £                                       | £                                       |
| Foreign exchange loss on retranslation of loans | –                                       | (187,915)                               |
|   | <u>–</u>                                | <u>(187,915)</u>                        |

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 8. Income from participating interest

|                               | <i>Year ended</i><br>31 March<br>2018 | <i>Year ended</i><br>31 March<br>2017 |
|-------------------------------|---------------------------------------|---------------------------------------|
|                               | £                                     | £                                     |
| <i>Dividends from:</i>        |                                       |                                       |
| Associate (Note 10)           | 346,803                               | 110,371                               |
| Subsidiaries (Note 10)        | 8,968,368                             | 3,000,000                             |
| Unlisted investment (Note 10) | 5,500                                 | 13,510                                |
|                               | <u>9,320,671</u>                      | <u>3,123,881</u>                      |

### 9. Tax on profit

#### (a) Tax on profit

The tax charge is made up as follows:

|   | <i>Year ended</i><br>31 March<br>2018 | <i>Year ended</i><br>31 March<br>2017 |
|---|---------------------------------------|---------------------------------------|
|   | £                                     | £                                     |
| <b>Current tax:</b>                       |                                       |                                       |
| UK corporation tax on profit for the year | 1,888                                 | –                                     |
| Group relief recoverable                  | 793                                   | –                                     |
| Total tax (note 9(b))                     | <u>2,681</u>                          | <u>–</u>                              |

#### (b) Factors affecting tax charge for the year

The tax assessed for the year is lower (year ended 31 March 2017: lower) than the standard rate of corporation tax in the UK of 19% (year ended 31 March 2017 – 20%). The differences are explained below:

|   | <i>Year ended</i><br>31 March<br>2018 | <i>Year ended</i><br>31 March<br>2017 |
|---|---------------------------------------|---------------------------------------|
|   | £                                     | £                                     |
| Profit before taxation  | <u>9,313,552</u>                      | <u>6,655,465</u>                      |
| Profit multiplied by standard rate of corporation tax in the UK of 19% (year ended 31 March 2017 – 20%) | 1,769,575                             | 1,331,093                             |
| <i>Effects of:</i>  |                                       |                                       |
| Disallowed expenses and non-taxable income  | (1,766,805)                           | (1,312,029)                           |
| Impact of losses brought forward  | (89)                                  | (29,824)                              |
| Chargeable gains  | –                                     | 10,760                                |
| Total tax for the year (note 9(a))  | <u>2,681</u>                          | <u>–</u>                              |

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 9. Tax on profit (continued)

The Company has £470 of losses (2017: £112,945) at 31 March 2018 against which no deferred tax asset was recognised on the premise that the directors are not virtually certain of their ability to offset these losses against future profits.

#### Factors affecting current and future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 on 6 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 10. Investments

|                             | 31 March<br>2018  | 31 March<br>2017  |
|-----------------------------|-------------------|-------------------|
|                             | £                 | £                 |
| Associate                   | 22,862            | 22,862            |
| Investments in subsidiaries | 45,490,860        | 45,490,860        |
| Unlisted investments        | 6,642             | 6,642             |
|                             | <u>45,520,364</u> | <u>45,520,364</u> |

Dividend received from subsidiaries and associates for the year ended 31 March 2018 were £9,315,171 (2017: £3,110,371).

|                                 | <i>Investment in<br/>associate</i> | <i>Investment in<br/>subsidiary<br/>undertakings</i> | <i>Unlisted<br/>investments</i> | <i>Total</i>      |
|---------------------------------|------------------------------------|--|---------------------------------|-------------------|
|                                 | £                                  | £  | £                               | £                 |
| Cost:                           |                                    |  |                                 |                   |
| At 1 April 2016                 | 22,862                             | 70,541,326   | 47,089                          | 70,611,277        |
| Disposal                        | –                                  | (1,850,000)  | (40,447)                        | (1,890,447)       |
| At 1 April 2017                 | <u>22,862</u>                      | <u>68,691,326</u>                                    | <u>6,642</u>                    | <u>68,720,830</u> |
| At 31 March 2018                | <u>22,862</u>                      | <u>68,691,326</u>                                    | <u>6,642</u>                    | <u>68,720,830</u> |
| Amounts provided:               |                                    |  |                                 |                   |
| At 1 April 2016 & 31 March 2017 | –                                  | (23,200,466)   | –                               | (23,200,466)      |
| Net book value:                 |                                    |  |                                 |                   |
| At 31 March 2018                | <u>22,862</u>                      | <u>45,490,860</u>                                    | <u>6,642</u>                    | <u>45,520,364</u> |
| At 31 March 2017                | <u>22,862</u>                      | <u>45,490,860</u>                                    | <u>6,642</u>                    | <u>45,520,364</u> |

In the opinion of the Directors, the aggregate value of the investment in subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 10. Investments (Continued)

Details of the investments in which the Company (unless indicated) holds 20% or more of the nominal values of the class of share capital at 31 March 2018 are as follows:

| <i>Name of Company</i>              | <i>Holding</i>  | <i>Proportion of voting rights held</i> | <i>Nature of business</i> |
|-------------------------------------|-----------------|---|---------------------------|
| <i>Subsidiary undertakings:</i>     |                 |   |                           |
| "K" Line Bulk Shipping (UK) Limited | Ordinary shares | 100%                                    | Shipping                  |
| "K" Line LNG Shipping (UK) Limited  | Ordinary shares | 100%                                    | Shipping                  |
| "K" Line (Europe) Limited           | Ordinary shares | 100%                                    | Shipping                  |

The above subsidiary undertakings' registered office address is: 200 Aldersgate Street, London, UK

Associate:

|  |                 |       |          |
|--|-----------------|-------|----------|
| <i>Polar LNG Shipping (UK) Limited</i> | Ordinary shares | 42.5% | Shipping |
|--|-----------------|-------|----------|

*Unlisted investments:*

The Company also owns 10% of the issued share capital of "K" Line Logistics (UK) Limited which was acquired on 1 January 2004 for £6,642.

### 11. Debtors

|                                   | <i>31 March<br/>2018</i> | <i>31 March<br/>2017</i> |
|-----------------------------------|--------------------------|--------------------------|
|                                   | <i>£</i>                 | <i>£</i>                 |
| Amount owed by group undertakings | 5,164,876                | 16,873,526               |
|                                   | <u>5,164,876</u>         | <u>16,873,526</u>        |

Amounts owed by group undertakings are unsecured, with interest of 0.37% and fixed repayment terms of 3 months.

### 12. Creditors: amounts falling due within one year

|                                    | <i>31 March<br/>2018</i> | <i>31 March<br/>2017</i> |
|------------------------------------|--------------------------|--------------------------|
|                                    | <i>£</i>                 | <i>£</i>                 |
| Corporation tax payable            | 1,888                    | -                        |
| Amounts owed to group undertakings | 27,094                   | 5,024                    |
| Accruals and deferred income       | 27,450                   | 15,700                   |
|                                    | <u>56,432</u>            | <u>20,724</u>            |

Amounts owed to group undertakings are unsecured, interest free and with no fixed repayment terms.

## Notes to the financial statements (continued)

for the year ended 31 March 2018

### 13. Share capital and other reserves

| Allotted, called up and fully paid     | No.          | 2018                |   | No.                            | 2017                           |   |
|--|--------------|---------------------|---|--------------------------------|--------------------------------|---|
|  |              |                     | £ |                                |                                | £ |
| Ordinary shares of £1 each at 1 April  | 84,880,603   | <u>84,880,603</u>   |   | 84,880,603                     | <u>84,880,603</u>              |   |
| Capital Reduction                      | (39,880,603) | <u>(39,880,603)</u> |   | -                              | <u>-</u>                       |   |
| Ordinary shares of £1 each at 31 March | 45,000,000   | <u>45,000,000</u>   |   | 84,880,603                     | <u>84,880,603</u>              |   |
| <b>Dividends</b>                       |              |                     |   | <i>31 March</i><br><i>2018</i> | <i>31 March</i><br><i>2017</i> |   |
|  |              |                     |   | £                              | £                              |   |
| <b>Equity – ordinary</b>               |              |                     |   |                                |                                |   |
| Final paid (2017: Nil) per £0.44 share |              |                     |   | 19,758,368                     | -                              |   |
| <b>Total</b>                           |              |                     |   | 19,758,368                     | -                              |   |

During the current period the Directors undertook a review of the Company's capital base as part of a wider review of the business. It was resolved that a capital reduction scheme was appropriate and that share capital would be reduced from £84.9m to £45.0m. Shareholder resolutions were agreed and ratified at a Company Board meeting.

### 14. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 from disclosing transactions with related parties, which are 100% owned and controlled within the Kawasaki Kisen Kaisha Limited group.

### 15. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Kawasaki Kisen Kaisha Limited, which is incorporated in Japan.

The financial statements of Kawasaki Kisen Kaisha Limited, which represent the smallest and largest group in which the Company is consolidated, are available from Kawasaki Kisen Kaisha Limited, Iino Building, 1-1, Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo 100-8540, Japan.