

TNKC (UK) Limited

Annual report and financial statements

Registered number 07381391

31 March 2017

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Director's report

The director presents his directors' report and financial statements of TNKC (UK) Limited for the year ended 31st March 2017.

Principal activities

The principal activity of TNKC (UK) Limited is technical ship management of ocean going vessels, including the supply of stores and repair equipment, crewing, vessel maintenance and inspection.

Business review

TNKC (UK) Limited was established in September 2010 to provide technical ship management services to Kline Bulk Shipping UK Limited. As at the year ended 31st March 2017 the Company had seven vessels under its management. At 31st March 2017 there were 3 persons employed, one in administration and 2 in technical ship management. From the 1st April, 2017 all seven vessels under management have been transferred to TNKC ROHQ, Manila. One General Technical Manager will remain in London, UK as representative of the parent company Taiyo Nippon Kisen Co. Ltd, Kobe, Japan, until 31st November 2017. On 31st March 2018 it is planned to cease all business activities and to make the company dormant for tax and Companies House purposes from 1st April 2018.

Proposed dividend

The director does not recommend the payment of a dividend (2016: nil).

Directors

The directors who held office during the year and subsequent to year end were as follows:

Mr Kiyoshi Tokuda (resigned 30 June 2017)

Mr Mitsuru Iwase (appointed 1 July 2017)

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period (2016: nil).

Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

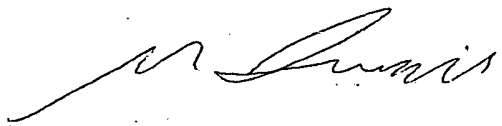
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Mitsuru Iwase
Director

200 Aldersgate Street, London, EC1A 4HD

7 December 2017



Statement of director's responsibilities in respect of the director's report and the financial statements

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations. The director of the company has taken advantage of the small companies exemption from the requirement to prepare a strategic report.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the director must not approve the financial statements unless he is 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 these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of TNKC UK Limited

We have audited the financial statements of TNKC UK Limited for the year ended 31 March 2017 set out on pages 5 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

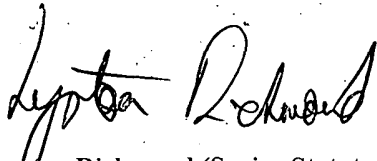
Independent auditor's report to the members of TNKC UK Limited

(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the director was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Lynfon Richmond (Senior Statutory Auditor)
for and on behalf of

KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, London, E14 5GL

U December 2017

Statement of Profit and Loss and Other Comprehensive Income

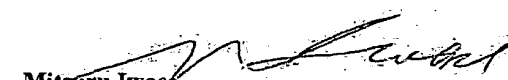
	Note	Year ended 31 Mar 2017 \$	Year ended 31 Mar 2016 \$
Revenue	1	1,120,000	1,260,000
Administrative expenses		(1,135,064)	(1,063,666)
Operating (loss) / profit		(15,064)	196,334
(Loss) / Profit before tax	2	(15,064)	196,334
Taxation	5, 7	893	(40,094)
(Loss) / Profit before tax		(14,171)	156,240
Other comprehensive income for the year		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		(14,171)	156,240

Notes on pages 9 to 20 form part of the financial statements.

Balance Sheet
as at 31 March 2017

	Note	31 Mar 2017 \$	31 Mar 2016 \$
Non-current assets			
Property, plant and equipment	6	2,391	7,218
Current assets			
Trade and other receivables	8	18,095	150,143
Cash and cash equivalents	11	574,598	405,231
		<u>592,693</u>	<u>555,592</u>
Total assets		<u>595,084</u>	<u>562,592</u>
Current liabilities			
Trade and other payables	9	(265,645)	(217,683)
Non-Current liabilities			
Deferred Tax liability	9	-	(1,299)
		<u>(265,645)</u>	<u>(218,982)</u>
Total liabilities		<u>(265,645)</u>	<u>(218,982)</u>
Net assets		<u>329,439</u>	<u>343,610</u>
Equity			
Share capital	10	319,100	319,100
Retained earnings		10,339	24,510
		<u>329,439</u>	<u>343,610</u>
Total equity		<u>329,439</u>	<u>343,610</u>

These financial statements were approved by the board of directors on 7 December 2017 and were signed on its behalf by:


Mitsuru Iwase
Director

Company registered number: 07381391

Notes on pages 9 to 20 form part of the financial statements.

Statement of Changes in Equity

	Share capital \$	Retained earnings \$	Total equity \$
Balance at 31 March 2015	319,100	(131,730)	187,370
Total comprehensive income for the year			
Profit	-	156,240	156,240
Total comprehensive income for the year	-	156,240	156,240
Balance at 31 March 2016	319,100	24,510	343,610

	Share capital \$	Retained earnings \$	Total equity \$
Balance at 31 March 2016	319,100	24,510	343,610
Total comprehensive income for the year			
Loss	-	(14,171)	(14,171)
Total comprehensive income for the year	-	(14,171)	(14,171)
Balance at 31 March 2017	319,100	10,339	329,439

Notes on pages 9 to 20 form part of the financial statements.

Cash Flow Statement

	Note	Year ended 31 Mar 2017 \$	Year ended 31 Mar 2016 \$
Cash flows from operating activities			
(Loss) / Profit before tax for the financial year		(15,064)	196,334
Adjustments for:			
Depreciation, amortisation and impairment	2, 6	4,975	8,200
Foreign Exchange Loss		15,280	11,331
Deferred tax change	7	893	-
		<u>6,084</u>	<u>215,865</u>
Decrease/(increase) in trade and other receivables	8	132,048	(84,629)
Increase/(decrease) in trade and other payables	9	36,520	(266,012)
		<u>174,652</u>	<u>(134,776)</u>
Net cash from operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(148)	(5,943)
		<u>(148)</u>	<u>(5,943)</u>
Net cash from investing activities			
Net cash from financing activities			
		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		174,504	(140,719)
Cash and cash equivalents at beginning of the year		405,231	547,204
Effect of exchange rate fluctuations on cash held		(5,137)	(1,254)
		<u>574,598</u>	<u>405,231</u>
Cash and cash equivalents at end of year			

Notes on pages 9 to 20 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation

TNKC (UK) Limited is a company incorporated and domiciled in the UK.

The company financial statements have been prepared and approved by the director in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements are prepared on the historical cost basis.

1.2 Going concern

At the end of the reporting period TNKC (UK) Ltd had seven vessels under management. The Company has been advised that all seven vessels are to be transferred to TNKC Manila from 1st April 2017 and only a representative office with one manager is to be maintained in the UK. In the year a loss of \$15,064 (2016: \$196,344) before taxation was incurred with net assets at the balance sheet date of \$329,907 (2016: \$343,610). The directors are of the opinion that the Company will be able to meet its liabilities as and when they fall due over the next 12 months from the date of the signing of the financial statements. In addition, a confirmation of financial support has been obtained from the parent company. Thus they continue to adopt a going concern basis of accounting in preparing the annual financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies using group average monthly exchange rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the group average monthly exchange rate at the date of the transaction.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes (continued)

1 Accounting policies (continued)

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Computer equipment 3 years
- Fixtures & Fittings 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.6 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

1.7 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.8 Revenue

TNKC (UK) Limited's source of revenue is a ship management agency fee per vessel, received from the date each vessel is under its ship management and continues until the agreement is terminated. This revenue is recognised in the year when it is generated and vessel is under its management.

1.9 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.11 Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

The fair values of all financial assets and financial liabilities are not materially different from their carrying values.

Adopted IFRS not yet applied

There are no adopted standards not yet applied that are expected to have a material effect on the financial statements. IFRS 13, implemented during the year, will not have a material effect on the financial statements.

2 Profit before taxation

(Loss)/Profit before taxation is stated after charging:

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	\$	\$
Depreciation (note 6)	4,975	8,200
Auditor's remuneration:		
- statutory audit of these financial statements	15,839	18,023
- services in relation to taxation	6,879	12,220
Foreign currency loss	15,280	11,331
	<hr/>	<hr/>

Notes (continued)

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees Year ended 31 Mar 2017	Year ended 31 Mar 2016
General Manager	1	1
Technical Superintendents	3	3
Administration	1	1
	<hr/>	<hr/>
	5	5
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 Mar 2017 \$	Year ended 31 Mar 2016 \$
Wages and salaries	544,008	465,862
Social security costs	39,980	49,410
	<hr/>	<hr/>
	583,988	515,272
	<hr/>	<hr/>

Notes (continued)

4 Director's remuneration

The director did not receive remuneration from other Kline Companies. No remuneration was paid in respect of activities on behalf of the Company due to its activities forming a relatively small proportion of the director's overall portfolio.

5 Taxation

Recognised in the income statement

	Year ended 31 Mar 2017 \$	Year ended 31 Mar 2016 \$
Current tax expense	-	11,456
Deferred tax (credit)/expense	(893)	28,638
Total tax expense	<u>(893)</u>	<u>40,094</u>

Reconciliation of effective tax rate

	Year ended 31 Mar 2017 \$	Year ended 31 Mar 2016 \$
(Loss)/Profit for the year	(15,064)	196,334
Total tax (credit)/expense	<u>(893)</u>	<u>40,094</u>
Profit excluding taxation		
Tax using the UK corporation tax rate of 20% (2016: 20%)	(3,013)	39,267
Deferred tax asset not recognised	467	-
Reduction in tax rate on deferred tax balances	155	(145)
Non-deductible expenses	1,498	972
Total tax expense	<u>(893)</u>	<u>40,094</u>

Notes (continued)

5 Taxation (continued)

Deferred taxation

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce any future current tax charge accordingly. Any deferred tax balance at 31 March 2017 has been calculated based on these rates.

6 Property, Plant and Equipment

	Computer Equipment \$	Fixtures & fittings \$	Total \$
Cost			
Balance at 31 March 2015	33,585	15,945	49,530
Additions	5,943	-	5,943
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	39,528	15,945	55,473
Additions	148	-	148
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	39,676	15,945	55,621
	<hr/>	<hr/>	<hr/>
Depreciation and impairment			
Balance at 31 March 2015	27,109	12,946	40,055
Depreciation charge for the year	5,670	2,530	8,200
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	32,779	15,476	48,255
Depreciation charge for the year	4,819	156	4,975
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	37,598	15,632	53,230
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2017	2,078	313	2,391
	<hr/>	<hr/>	<hr/>
At 31 March 2016	6,749	469	7,218
	<hr/>	<hr/>	<hr/>

Notes (continued)

7 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets are attributable to the following:

	Assets 2017 \$	2016 \$	Liabilities 2017 \$	2016 \$	Net 2017 \$	2016 \$
Property, plant and equipment	-	-	406	1,299	406	1,299
Tax (assets)/liabilities	<u>-</u>	<u>-</u>	<u>406</u>	<u>1,299</u>	<u>406</u>	<u>1,299</u>

The deferred tax liability at 31 March 2017 has been measured at a rate of 17%. This being the rate that was substantively enacted at the balance sheet date.

Movement in deferred tax during the year

Deferred tax (assets)/liabilities are attributable to the following:

	1 April 2016 \$	Recognised in income \$	Recognised in equity \$	Included in Disposal group \$	Acquired in business combination \$	1 April 2017 \$
Property, plant and equipment	1,229	(893)	-	-	-	406
	<u>1,299</u>	<u>(893)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406</u>

Movement in deferred tax during the year

Deferred tax assets are attributable to the following:

	1 April 2015 \$	Recognised in income \$	Recognised in equity \$	Included in Disposal group \$	Acquired in business combination \$	1 April 2016 \$
Property, plant and equipment	1,895	(596)	-	-	-	1,299
Tax value of loss carry-forwards	(29,234)	29,234	-	-	-	-
	<u>(27,339)</u>	<u>28,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,299</u>

Notes (continued)

8 Trade and other receivables

	Year ended 31 Mar 2017 \$	Year ended 31 Mar 2016 \$
Prepayments	18,095	150,143
	<u>18,095</u>	<u>150,143</u>

9 Trade and other payables

	Year ended 31 Mar 2017 \$	Year ended 31 Mar 2016 \$
Current		
Advances from Customers	188,115	-
Amounts due to group companies	37,834	162,488
Other taxes and social security	10,862	5,398
Other payables	28,834	49,797
	<u>265,645</u>	<u>217,683</u>
Non-Current		
Deferred tax liability	406	1,299
	<u>406</u>	<u>1,299</u>

10 Capital and reserves

Share capital

	Year ended 31 Mar 2017 \$	Year ended 31 Mar 2016 \$
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	319,100	319,100
	<u>319,100</u>	<u>319,100</u>

Notes (continued)

10 Capital and reserves

Share capital (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

11 Financial instruments

	Carrying amount at 31 Mar 2017 \$	Carrying amount at 31 Mar 2016 \$
IAS 39 Categories of Financial Instrument		
Loans and receivables		
Cash and cash equivalents	574,598	405,231
Other loans and receivables (note 8)	18,095	150,143
	<hr/>	<hr/>
Total financial assets	592,693	555,374
	<hr/>	<hr/>
Financial liabilities measured at amortised cost		
Total financial liabilities (note 9)	(266,051)	(218,982)
	<hr/>	<hr/>
Net financial instruments	326,642	336,392
	<hr/>	<hr/>

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was \$150,143 being the total of the carrying amount of financial assets, excluding equity investments, shown in the table above.

Notes (continued)

11 Financial instruments (continued)

Credit quality of financial assets

The aging of trade receivables at the balance sheet date was:

	Carrying amount at 31 Mar 2017 \$	Carrying amount at 31 Mar 2016 \$
Not past due	18,095	177,482

Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount at 31 Mar 2017 \$	Carrying amount at 31 Mar 2016 \$
Carrying amount (note 9)	<u>265,645</u>	<u>217,683</u>
Contractual Cash flows 1 year or less	<u>265,645</u>	<u>217,683</u>

Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Market risk – Foreign currency risk

The Company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments.

31 March 2017

	Euro \$	Sterling \$	Japan Yen \$	Total \$
Cash and cash equivalents	225	33,275	78	33,578
Trade receivables	-	-	-	-
Trade payables	(28,161)	(9,507)	-	(37,668)
Balance sheet exposure	<u>(27,936)</u>	<u>23,768</u>	<u>78</u>	<u>(4,090)</u>

Notes (continued)

11 Financial instruments (continued)

31 March 2016

	Euro \$	Sterling \$	Japan Yen \$	Total \$
Cash and cash equivalents	304	34,820	244	35,368
Trade receivables	-	-	-	-
Trade payables	(12,498)	(43,515)	(106,649)	(162,662)
Balance sheet exposure	<u>(12,194)</u>	<u>(8,695)</u>	<u>(106,405)</u>	<u>(127,294)</u>

Market risk – Interest rate risk

The Company does not hold any interest bearing financial instruments and so is not exposed to interest rate risk.

Capital management

The Company regularly reviews its capital structure and is not subject to external controls on its capital structure.

12 Operating leases

TNKC (UK) Limited has rented its office space from Kline (Europe) Limited, a fellow group company, for a period of 60 months from 1 January 2013. The rental agreement may be terminated by either party upon giving 60 days prior written notice.

During the year \$78,279 (2016: \$95,275) was recognised as an expense in the income statement in respect of operating leases.

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Year ended 31 Mar 2017 \$	Year ended 31 Mar 2016 \$
Less than one year	30,641	44,047
Between one and five years	-	33,035

13 Related parties

Identity of related parties with which the Company has transacted;

Stargate Shipmanagement GmbH

Stargate Maritime Bulgaria

Kline Bulk Shipping (UK) Ltd

Kline Europe Limited

Taiyo Nippon Kisen Co Ltd

Notes (continued)

13 Related Parties (continued)

TNKC (UK) Limited has ship management agreements with Kline Bulk Shipping UK Limited (Fellow Group Company). TNKC (UK) Limited has office service agreements with Kline Europe Limited (Fellow Group Company) and Stargate Shipmanagement GmbH (Fellow Group Company) and Expatriate Agreement with TNKC Kobe, Japan (Parent).

Related party transactions

	Sales to	Administrative expenses incurred from	Sales to	Administrative expenses incurred from
	2017	2017	2016	2016
	\$	\$	\$	\$
Parent	-	114,113	-	106,649
Other related parties	1,120,000	255,498	1,260,000	267,105
	<u>1,120,000</u>	<u>369,611</u>	<u>1,260,000</u>	<u>373,754</u>

Related party balances

	Receivables outstanding	Payables outstanding	Receivables outstanding	Payables outstanding
	2017	2017	2016	2016
	\$	\$	\$	\$
Parent	-	-	-	106,649
Other related parties	-	255,949	89,979	55,839
	<u>-</u>	<u>255,949</u>	<u>89,979</u>	<u>162,488</u>

14 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Taiyo Nippon Kisen Co. Ltd. which is the ultimate parent company, incorporated in Kobe, Japan. The ultimate controlling party is Kawasaki Kisen Kaisha, Ltd. ("K" Line), Tokyo, Japan.

The largest group in which the results of the Company are consolidated is that headed by Kawasaki Kisen Kaisha, Ltd. ("K" Line), Tokyo, incorporated in Japan. The smallest group in which they are consolidated is that headed by Taiyo Nippon Kisen Co. Ltd, incorporated in Japan. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Kawasaki Kisen Kaisha, Ltd. ("K" Line), Tokyo, Japan.