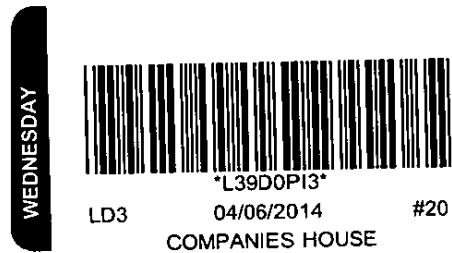


“K” Line Bulk Shipping (UK) Limited

Report and Financial Statements

31 March 2014



Company Information

Directors

N Fujii
M Iwashita

Secretary

G Dixon

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Mizuho Bank, Ltd
Bracken House
One Friday Street
London EC4M 9JA

The Bank of Tokyo-Mitsubishi UFJ, Ltd
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AN

Sumitomo Mitsui Trust Bank, Limited
155 Bishopsgate
London EC2M 3XU

Mitsubishi UFJ Trust and Banking Corporation
24 Lombard Street
London EC3V 9AJ

Sumitomo Mitsui Banking Corporation Europe Limited
99 Queen Victoria Street
London EC4V 4EH

Registered Office

6th Floor
200 Aldersgate Street
London
EC1A 4HD

Registered No 4830352

Strategic report

The directors present their report and financial statements for the year ended 31 March 2014

Results and dividends

The profit for the year after taxation amounted to US\$3,652,832 (period ended 31 March 2013 – profit of US\$41,387,862) The directors do not recommend a final dividend (period ended 31 March 2013 – US \$nil)

Review of the business

The principal activities of the company are the ownership and chartering of bulk vessels During the year the company had 2 bulk vessels which remained under construction, and continued to jointly own and operate a capsized bulk vessel with EDF The company took delivery of 3 new bulk vessels from the ship yard, one was sold and leased back immediately on delivery and the other 2 remained as owned vessels The Company also disposed of one vessel from the fleet in the year (note 4)

The company's key financial performance indicators during the period were as follows

	<i>Year ended 31 March 2014 \$000</i>	<i>15 month period ended 31 March 2013 \$000</i>	<i>Change %</i>
Turnover	240,218	347,455	(31%)
Profit after tax	3,653	41,388	(91%)
Shareholder's funds	287,699	284,046	1%
Cash at bank and in hand	98,172	95,264	3%

Turnover decreased by 31% in the current year compared to the prior 15 month period, which partly explains the large decrease However in comparative terms there was still a decrease in turnover which was attributable to a combination of a reduction in vessels trading on historic contracts of affreightment which had previously demanded higher rates, changes in the fleet and volatility in the freight market

Profit after tax decreased by 91% which was driven by the vessel trading as noted above and a significantly smaller foreign exchange gain on retranslation of Japanese Yen ("JPY") denominated loans to US Dollar ("US\$") in comparison to prior year, US\$21.7m (2013 US\$ 62.8m) This reduction in foreign exchange gain was due to a reduction in the number of JPY denominated loans in the current year due to the company converting 2 loans into US\$ to limit exposure to JPY

The cash balance remained stable with a small increase of 3% which is attributed to the sale of a vessel at a profit as well as a change in approach in the financing structure of new vessels

Future developments

The directors aim to maintain the management policies which have resulted in the company's continued profitability They consider that 2014 will continue to show a more conservative growth in conjunction with the current economic climate

Strategic report (continued)

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as

Competitive risks

The bulker industry is competitive with intense competition to secure contracts and profitable rates. The Company tries to minimise this risk with medium to long term contracts with a number of customers.

Legislative risks

In the UK and Europe, the main legislative risks are EU competition law, employment law, tax law, UK Bribery Act and shipping legislation, mostly originating from IMO. These standards are subject to continuous revision, however, they are not expected to have a material impact on the Company's activities or ability to generate a profit.

Treasury operations and financial instruments risks

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. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk.

Market/price risk

The company uses interest rate swaps to mitigate interest rate exposures by fixing interest payments where payments are variable and hence exposed to interest rate movements. The Company also has in place a forward freight agreement and a bunker swap agreement to minimise the risk of fluctuations in market freight rates and bunker fuel prices respectively (note 20).

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 and capital needs of the business.


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 expenses.

On behalf of the Board

N Fujii
Director
Date


May 15th 2014

Registered No 4830352

Directors' report

Directors

The directors who served the company during the period and as at the date of this report are as follows

N Fujii (appointed on 1 April 2013)
M Iwashita

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 2

The company has considerable financial resources together with existing contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current difficult economic outlook.

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.

Disclosure of information to the auditor

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 auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board of Directors


M Iwashita
Director

Date

May 15th, 2014

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors report and financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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. They 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 auditor's report

to the members of "K" Line Bulk Shipping (UK) Limited

We have audited the financial statements of "K" Line Bulk Shipping (UK) Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 5, the directors are 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report (continued)

to the members of "K" Line Bulk Shipping (UK) Limited

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



Steve Lunn (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date 19/05/2014

Profit and loss account

for the year ended 31 March 2014

		<i>Year ended 31 March 2014 US\$</i>	<i>15 month period ended 31 March 2013 US\$ Restated</i>
	<i>Notes</i>		
Turnover	2	240,218,360	347,454,873
Cost of sales		<u>(247,610,074)</u>	<u>(338,975,095)</u>
Gross (loss)/profit		(7,391,714)	8,479,778
Administrative expenses		<u>(6,533,978)</u>	<u>(25,833,323)</u>
Operating loss	3	(13,925,692)	(17,353,545)
Exceptional item	4	3,609,355	2,877,508
Interest receivable and similar income	7	165,240	136,033
Interest payable and similar charges	8	(7,532,240)	(6,647,801)
Foreign exchange gain on retranslation of loans		<u>21,662,990</u>	<u>62,768,675</u>
Profit on ordinary activities before taxation		3,979,653	41,780,870
Tax	9	<u>(326,821)</u>	<u>(393,008)</u>
Profit for the year	19	<u>3,652,832</u>	<u>41,387,862</u>

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 March 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of US\$3,652,832 in the year ended 31 March 2014 (period ended 31 March 2013 – profit of US\$41,387,862)

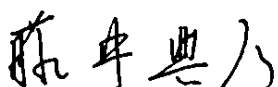
Balance sheet

at 31 March 2014

		31 March 2014 US\$	31 March 2013 US\$ Restated
	Notes		
Fixed assets			
Tangible assets	10	635,185,795	612,122,083
Current assets			
Stocks	11	12,279,958	12,277,710
Debtors	12	43,127,271	44,514,015
Cash at bank and in hand		98,172,288	95,264,199
		153,579,517	152,055,924
Creditors: amounts falling due within one year	13	(110,006,544)	(66,240,973)
Net current assets		43,572,973	85,814,951
Total assets less current liabilities		678,758,768	697,937,034
Creditors: amounts falling due after more than one year	14	(391,059,750)	(413,757,264)
Provisions for liabilities	15	—	(133,584)
Net assets		287,699,018	284,046,186
Capital and reserves			
Called up share capital	18	33,979,116	33,979,116
Profit and loss account	19	253,719,902	250,067,070
Shareholder's funds	19	287,699,018	284,046,186

The financial statements were approved by the Board of Directors and were signed on their behalf by

N Fujii
Director



Date

May 15th 2014

Company number 4830352

Notes to the financial statements at 31 March 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

The directors consider that the company's functional currency is the US dollar because its business contracts are in US\$. The financial statements are presented in US\$

The prior period figures have been restated to show the gross presentation of the Company's interest of the results, assets and liabilities of the joint arrangement not an entity, E&K Amanda Partners. This is a presentational restatement and does not change the overall prior period result or balance sheet position

Going concern

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

Statement of cash flows

The directors have taken advantage of the exemption in FRS No 1 (revised) from including a statement of cash flow in the financial statements on the grounds that the company is wholly owned and its parent undertaking publishes group financial statements which include the Company

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation commences from the point when the assets are available for use

The cost of tangible fixed assets includes expenditures that are incurred during construction, delivery, modification and capitalised finance costs. The commencement date for capitalisation of costs occurs when the company first incurs expenditures for the qualifying assets and undertakes the required activities to prepare the assets for their intended use

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected economic useful life, as follows

Vessels	–	15 to 20 years
Leasehold property	–	20% per annum
Furniture and equipment	–	20%-33% per annum

Vessels under construction are not depreciated

The Company's vessels are required to undergo periodic dry dockings for replacement of certain components, major repairs and maintenance of other components. Dry-docking costs are recognised and capitalised at the total amount incurred at completion date. Amortisation of cost is allocated over the period until the next dry-docking which can range from 2 – 5 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable

Stocks

Stocks consist of bunker fuel oil and diesel fuel oil which are ascertained on a "first-in-first-out" basis. These are stated at the lower of cost and net realisable value

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

Notes to the financial statements at 31 March 2014

1. Accounting policies (continued)

Finance leases

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards of ownership

Assets acquired by way of finance leases are stated at an amount equal to the lower of the fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as a finance lease liability. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease when it is practicable to determine, otherwise, the company's incremental borrowing rate is used.

Lease payments are apportioned between the interest expense and the reduction of the outstanding liability. Interest expense, which represents the difference between the total leasing commitments and the fair value of assets acquired, is recognised as an expense in the profit and loss account over the term of the relevant lease so to produce a constant periodic rate of change on the remaining balance of the obligation for each accounting period.

Operating leases

Rental payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Foreign currencies

Transactions in GBP Sterling and other foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the US dollar are retranslated using the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the profit and loss account.

The authorised and issued share capital is denominated in GBP and has been translated into US\$ at the historic rates ruling on the respective dates when the shares were authorised.

The exchange rate between GBP and USD was 1.667 at 31 March 2014 (31 March 2013 – 1.518).

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Derivative instruments

The company uses interest rate swap contracts to reduce interest rate exposures, forward freight agreements to minimise the impact of fluctuations in market freight rates and bunker swap contracts to minimise the impact of fluctuations in bunker prices. The company has not elected to apply the fair value provision of UK GAAP and the company does not recognise them at fair value.

Turnover recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Time Charter, bareboat charter and brokerage income

Revenue is recognised on a straight line basis over the period of the contract.

Voyage charter income

Voyage charter income and related profits from the company's vessel chartering activities (including any demurrage) is recognised on completion of the voyage.

Interest and similar income

Revenue is recognised as interest accrues using the effective interest method.

Notes to the financial statements at 31 March 2014

1. Accounting policies (continued)

Provision for liabilities

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The effect of the time value of money is not material and therefore the provisions are not discounted.

Loans payable

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised, as well as through the amortisation process.

Joint ventures and joint operations

A joint venture is an entity in which the company holds an interest on a long-term basis and which is jointly controlled by the company and one or more other ventures under a contractual agreement.

The company's share of the results of joint ventures is included in the Profit and Loss account using the gross equity method of accounting. Investments in joint ventures are carried in the Balance sheet at cost plus post-acquisition changes in the company's share of the net assets of the entity, less any impairment in value.

Joint arrangements that are not entities ('JANE') is a joint arrangement that is not an entity but is jointly controlled by the company and one or more other ventures under a contractual agreement.

The company accounts for its own share of assets, liabilities and cash flows measured according to the terms of the agreement governing the arrangement.

2. Turnover

Turnover, which arises on continuing activities, represents the amounts receivable for services during the period, exclusive of VAT and other sales taxes or duty.

An analysis of turnover by geographical market is given below.

	Year ended 31 March 2014 US\$	15 month period ended 31 March 2013 US\$
United Kingdom	46,624,134	44,133,902
Europe	135,517,838	238,154,281
Rest of the world	58,076,388	65,166,690
	<u>240,218,360</u>	<u>347,454,873</u>
Operating lease income from charter hire	<u>103,189,885</u>	<u>113,709,825</u>

Notes to the financial statements at 31 March 2014

3. Operating loss

This is stated after charging

		<i>Year ended 31 March 2014 US\$</i>	<i>15 month period ended 31 March 2013 US\$</i>
Auditors' remuneration –	audit of the financial statements	75,369	94,583
Other fees to auditors –	taxation services	44,079	39,375
	other taxation services	75,104	88,922
Depreciation of owned assets		31,845,269	39,713,649
Depreciation of leased assets		4,274,620	1,522,198
Operating lease rentals –	land and buildings	-	320,391
	vessel charter hire	112,823,425	146,312,082
Foreign exchange loss		720,904	5,281,447

4. Exceptional item

		<i>Year ended 31 March 2014 US\$</i>	<i>15 month period ended 31 March 2013 US\$</i>
Profit on disposal of fixed assets		3,609,355	2,877,508

5. Directors' remuneration

		<i>Year ended 31 March 2014 US\$</i>	<i>15 month period ended 31 March 2013 US\$</i>
Remuneration		769,906	2,282,816

No pension contributions were paid by the company to directors during the period (year ended 31 March 2013 – US \$nil)

The amounts in respect of the highest paid director are as follows

		<i>Year ended 31 March 2014 US\$</i>	<i>15 month period ended 31 March 2013 US\$</i>
Remuneration		407,385	1,504,978

Notes to the financial statements at 31 March 2014

6. Staff costs

	<i>Year ended 31 March 2014 US\$</i>	<i>15 month period ended 31 March 2013 US\$</i>
Wages and salaries	2,616,640	4,472,389
Social security costs	154,246	299,639
Other pension costs	81,694	129,728
	<u>2,852,580</u>	<u>4,901,756</u>

The average monthly number of employees during the period was made up as follows

	<i>Year ended 31 March 2014 No</i>	<i>15 month period ended 31 March 2013 No</i>
Administration	<u>20</u>	<u>20</u>

7. Interest receivable and similar income

	<i>Year ended 31 March 2014 US\$</i>	<i>15 month period ended 31 March 2013 US\$</i>
Bank interest receivable	165,240	85,329
Loan interest receivable from group undertakings	–	50,294
Other interest receivable	–	410
	<u>165,240</u>	<u>136,033</u>

8. Interest payable and similar charges

	<i>Year ended 31 March 2014 US\$</i>	<i>15 month period ended 31 March 2013 US\$</i>
Bank loan and swap interest payable	4,162,185	5,289,917
Finance lease interest payable	3,370,055	1,357,884
	<u>7,532,240</u>	<u>6,647,801</u>

Notes to the financial statements at 31 March 2014

9. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	<i>Year ended 31 March 2014 US\$</i>	<i>15 month period ended 31 March 2013 US\$</i>
Current tax.		
UK tax on the profit for the year	429,926	613,515
Group relief recoverable	(143,324)	(321,703)
Adjustment in respect of prior year	40,219	101,196
Total current tax (note 9(b))	<u>326,821</u>	<u>393,008</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23% (year ended 31 March 2013 – 24 4%) The differences are explained below

	<i>Year ended 31 March 2014 US\$</i>	<i>15 month period ended 31 March 2013 US\$</i>
Profit on ordinary activities before tax	<u>3,979,653</u>	<u>41,780,870</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (year ended 31 March 2013 – 24 4%)	915,320	10,194,532
<i>Effects of</i>		
Profits subject to UK tonnage tax	(628,718)	(9,902,720)
Adjustments in respect of previous years	40,219	101,196
Unrealised tax losses carried forward	–	–
Current tax for the period (note 9(a))	<u>326,821</u>	<u>393,008</u>

(c) Deferred tax

The company is in the UK Tonnage Tax regime Accordingly, the company's tax charge is based upon the tonnage of the vessels operated by the company and not the amount of profits arising from the operation of vessels Income and expenses falling outside of the UK Tonnage Tax regime are subjected to corporation tax at the statutory rate for the period

(d) Factors that may affect future tax charges

Finance Act 2012 was enacted on 17 July 2012 and introduced a reduction in the rate of corporation tax to 24% from 1 April 2012 and to 23% from 1 April 2013 The Chancellor announced in the Budget of 20 March 2013, that the main rate of UK corporation tax will fall to 20% from 1 April 2015 This follows the announcement in the pre-Budget Report that the main rate will fall to 21% with effect from 1 April 2014 There is no impact on the tax charge as a result of these changes

Notes to the financial statements at 31 March 2014

10. Tangible fixed assets

	<i>Leasehold improvements</i>	<i>Vessels under construction</i>	<i>Vessels</i>	<i>Dry-docking</i>	<i>Furniture and equipment</i>	<i>Total</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Cost						
At 1 April 2013	285,746	54,393,039	648,019,910	7,364,045	439,459	710,502,199
Additions	–	83,038,659	129,310	2,400,000	6,277	85,574,246
Disposals	(285,746)	–	(49,449,860)	–	–	(49,735,606)
Transfers	–	(118,538,596)	118,538,596	–	–	–
At 31 March 2014	–	18,893,102	717,237,956	9,764,045	445,736	746,340,839
Depreciation						
At 1 April 2013	265,319	–	91,822,665	5,940,612	351,520	98,380,116
Charge for the year	20,427	–	34,477,193	1,580,069	42,200	36,119,889
Disposals	(285,746)	–	(23,059,215)	–	–	(23,344,961)
At 31 March 2014	–	–	103,240,643	7,520,681	393,720	111,155,044
Net book value						
At 31 March 2014	–	18,893,102	613,997,313	2,243,364	52,016	635,185,795
At 1 April 2013	20,427	54,393,039	556,197,245	1,423,433	87,939	612,122,083

No depreciation is provided for fixed assets under construction

Included within the net book value of \$635,185,795 is US\$110,768,421 (31 March 2013 – US\$79,121,747) relating to assets held under finance leases. The depreciation charged to the financial statements in the period in respect of such assets amounted to US\$4,274,620 (period ended 31 March 2013 – US\$1,522,198). Finance costs capitalised in the year amounted to US\$2,133,320 (period ended 31 March 2013 – US\$5,783,480).

11. Stocks

	<i>31 March 2014</i>	<i>31 March 2013</i>
	<i>US\$</i>	<i>US\$</i>
Stocks	12,279,958	12,277,710

Stocks consist of bunker fuel oil and diesel fuel oil

12. Debtors

	<i>31 March 2014</i>	<i>31 March 2013</i>
	<i>US\$</i>	<i>US\$ Restated</i>
Trade debtors	7,800,857	10,459,396
Prepayments and accrued income	35,156,213	33,633,114
Amounts owed by group undertakings	170,201	421,505
	43,127,271	44,514,015

Notes to the financial statements at 31 March 2014

13. Creditors: amounts falling due within one year

	<i>31 March 2014 US\$</i>	<i>31 March 2013 US\$ Restated</i>
Bank loans (note 17)	73,729,518	31,462,519
Trade creditors	7,165,112	6,913,701
Amounts owed to group undertakings	54,194	722,040
Accruals and deferred income	23,929,593	23,902,404
Corporation tax payable	213,652	246,967
Other creditors	6,422	6,422
Obligations under finance leases and hire purchase contracts (note 16)	4,908,053	2,986,920
	<u>110,006,544</u>	<u>66,240,973</u>

14. Creditors: amounts falling due after more than one year

	<i>31 March 2014 US\$</i>	<i>31 March 2013 US\$</i>
Bank loans (note 17)	284,116,307	337,317,517
Obligations under finance leases and hire purchase contracts (note 16)	106,943,443	76,439,747
	<u>391,059,750</u>	<u>413,757,264</u>

15. Other provisions

	<i>31 March 2014 US\$</i>
Property dilapidations provision	
At 1 April 13	133,584
Movement in year	<u>(133,584)</u>
At 31 March 2014	<u>-</u>

The dilapidation provision was utilised in the current year

Notes to the financial statements at 31 March 2014

16. Obligations under finance leases and hire purchase contracts

Amounts due under finance leases

	31 March 2014 US\$	31 March 2013 US\$
Amounts payable		
Within one year	8,358,080	6,271,795
In two to five years	33,300,644	25,104,364
In more than five years	94,231,368	73,683,631
	<u>135,890,092</u>	<u>105,059,790</u>
Less finance charges allocated to future periods	<u>(24,038,596)</u>	<u>(25,633,123)</u>
	<u>111,851,496</u>	<u>79,426,667</u>

Analysis of present value of finance lease liabilities

	31 March 2014 US\$	31 March 2013 US\$
In one year or less or on demand	4,908,053	2,986,920
In more than one year but not more than five years	21,037,366	13,295,036
In more than five years	85,906,077	63,144,711
	<u>111,851,496</u>	<u>79,426,667</u>

17. Bank Loans

	31 March 2014 US\$	31 March 2013 US\$
Amounts repayable		
In one year or less or on demand	73,729,518	31,462,519
In more than one year but not more than two years	25,029,518	117,234,695
In more than two years but not more than five years	76,562,519	76,428,344
	<u>175,321,555</u>	<u>225,125,558</u>
In more than five years	182,524,270	143,654,478
	<u>357,845,825</u>	<u>368,780,036</u>

The Company has 11 loans secured against 10 individual vessels as follows

- The first loan of \$14,107,963 is repayable by 2016 in 8 equal instalments \$631,700 and 1 final instalment of \$9,054,364. The rate of interest payable on the loan is 0.20% above LIBOR. The loan is secured by a fixed charge over the vessel.
- The second loan of \$37,815,534 (JPY3,895,000,000) is repayable by 2021 in 27 equal instalments \$922,330 (JPY 95,000,000) and 1 final instalment of \$12,912,621 (JPY 1,330,000,000). The rate of interest payable on the loan is 0.70% above LIBOR. The loan is secured by a fixed charge over the vessel.
- The third loan of \$48,700,000 (JPY5,016,100,000) is repayable by 2014 in 2 equal instalments \$1,133,010 (JPY116,700,000) and 1 final instalment of \$46,433,981 (JPY4,782,700,000). The rate of interest payable on the loan is 0.65% above LIBOR. The loan is secured by a fixed charge over the vessel.

Notes to the financial statements at 31 March 2014

17. Loans (continued)

- The fourth loan of \$26,362,913 (JPY2,715,380,000) is repayable by 2020 in 28 equal instalments \$538,058 (JPY55,420,000) and 1 final instalment of \$11,297,282 (JPY1,163,620,000) The rate of interest payable on the loan is 1 15% above LIBOR The loan is secured by a fixed charge over the vessel
- The fifth loan of \$38,809,221 is repayable by 2021 in 29 equal instalments \$778,544 and 1 final instalment of \$16,231,455 The rate of interest payable on the loan is 0 55% above LIBOR The loan is secured by a guarantee provided by the ultimate parent company
- The sixth loan of \$26,250,000 is repayable by 2021 in 29 equal instalments \$525,000 and 1 final instalment of \$11,025,000 The rate of interest payable on the loan is 0 60% above LIBOR The loan is secured by a fixed charge over the vessel
- The seventh loan of \$27,300,000 is repayable by 2022 in 31 equal instalments \$525,000 and 1 final instalment of \$11,025,000 The rate of interest payable on the loan is 1 00% above LIBOR The loan is secured by a fixed charge over the vessel
- The eighth loan of \$28,350,000 is repayable by 2019 in 21 equal instalments \$525,000 and 1 final instalment of \$17,325,000 The rate of interest payable on the loan is 0 76% above LIBOR The loan is secured by a fixed charge over the vessel
- The ninth loan of \$50,660,194 (JPY5,218,000,000) is repayable by 2019 in 21 equal instalments \$941,748 (JPY97,000,000) and 1 final instalment of \$30,883,495 (JPY3,181,000,000) The rate of interest payable on the loan is 0 65% above LIBOR The loan is secured by a fixed charge over the vessel
- The tenth, a new loan of \$23,940,000 is repayable by 2023 in 36 equal instalments \$420,000 and 1 final instalment of \$8,820,000 The rate of interest payable on the loan is 0 925% above LIBOR The loan is secured by a fixed charge over the vessel
- The eleventh, a new loan of \$35,550,000 is repayable by 2020 in 26 equal instalments \$450,000 and 1 final instalment of \$23,850,000 The rate of interest payable on the loan is 1 15% above LIBOR The loan is secured by a fixed charge over the vessel

18. Issued share capital

		31 March 2014		31 March 2013
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>US\$</i>	<i>No</i>	<i>US\$</i>
Ordinary shares of £1 each	19,989,662	<u>33,979,116</u>	19,989,662	<u>33,979,116</u>

The issued share capital is denominated in GBP and has been translated into US\$ at the historic rates ruling on the respective dates when the shares were authorised

Notes to the financial statements at 31 March 2014

19. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholder's funds</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
At 1 January 2012	33,979,116	208,679,208	242,658,324
Profit for the period	–	41,387,862	41,387,862
At 1 April 2013	33,979,116	250,067,070	284,046,186
Profit for the year	–	3,652,832	3,652,832
At 31 March 2014	<u>33,979,116</u>	<u>253,719,902</u>	<u>287,699,018</u>

20. Derivatives

The company uses interest rate swap contracts to reduce interest rate exposures. In addition, bunker swap and forward freight agreements are also used by the company to mitigate its exposure to market price fluctuations. The fair values of the derivatives held at the balance sheet date (which were not recognised in the financial statements), determined by reference to their market values, are as follows:

	<i>31 March 2014</i>	<i>31 March 2013</i>
	<i>US\$</i>	<i>US\$</i>
Interest rate swaps	(835,810)	(1,387,294)
Forward freight agreements	(2,295,079)	1,628,550
Bunker swap agreements	<u>(61,333)</u>	<u>47,400</u>

21. Capital commitments

Amounts contracted for but not provided in the financial statements for the construction of new vessels amounted to US\$68m (period ended 31 March 2013 – US\$153m).

22. Pensions

The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represent contributions payable by the company to the fund and amounted to US\$81,694 (period ended 31 March 2013 – US\$129,728). The amount of outstanding contributions at the period end was US \$nil (year ended 31 March 2013 – US \$nil).

23. Other financial commitments

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>31 March 2014</i>		<i>31 March 2013</i>	
	<i>Land and buildings</i>	<i>Vessel hire</i>	<i>Land and buildings</i>	<i>Vessel hire</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Operating leases which expire				
Within one year	–	31,642,989	–	6,808,300
In two to five years	–	13,463,938	–	42,800,813
Over five years	–	35,981,424	–	33,205,122
	<u>–</u>	<u>81,088,351</u>	<u>–</u>	<u>82,814,235</u>

Notes to the financial statements at 31 March 2014

24. Related party transactions

The company has taken advantage of the exemption available in FRS 8 from disclosing transactions with related parties, 100% or more of whose voting rights are controlled within the Kawasaki Kisen Kaisha Limited group

Together with Cardinal Shipping Limited, "K" Line Bulk Shipping (UK) Limited entered into a partnership under the name of "E&K Amanda Partners". The main purpose of the partnership is to manage and operate a cape size vessel that is co-owned by each partner. All profits or losses are to be shared equally between the partners.

During the period the following transactions were accounted for in relation to the Company's 50% interest in the joint arrangement that is not an entity, E&K Amanda Partners. Revenue of \$3,169,090 (period ended 31 March 2013 – \$2,014,628) has been included in turnover (note 2) operating costs of \$821,935 (period ended 31 March 2013 – \$983,462) and administration costs of \$18,147 (period ended 31 March 2013 – \$21,695). The Company has also included 50% of the operations assets and liabilities being at 31 March 2014, cash of \$2,908,744 (2013 \$517,277) and current liabilities of \$464,788 (2013 \$52,803).

A management fee of \$30,000 has been charged to E&K Amanda Partners by the Company in the year (period ended 31 March 2013 – \$37,500).

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking is "K" Line Holding (Europe) Limited. The financial statements of "K" Line Holding (Europe) Limited represent the smallest group in which the company is consolidated and may be obtained from the company's registered office.

The 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 largest group in which the company is consolidated, are available from Kawasaki Kisen Kaisha Limited, 1-1, Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo 100-8540, Japan.

26. Post balance sheet event

On the 23 April 2014, a new bulk vessel that was under construction was delivered. A loan amounting to USD27.6m was secured and drawn down with a maturity date of 30 April 2024 and an interest rate of LIBOR plus margin.