

SUNBORN (GIBRALTAR) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

SUNBORN (GIBRALTAR) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2016

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SUNBORN (GIBRALTAR) LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTOR: Hans Niemi

SECRETARY: Line Secretaries Limited

REGISTERED OFFICE: 57/63 Line Wall Road
Gibraltar

REGISTERED NUMBER: 109414

AUDITORS: AMS Limited
Statutory Auditors
Suite 16
Water Gardens 5
Gibraltar

SUNBORN (GIBRALTAR) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his report with the audited financial statements of the Company for the year ended 31 December 2016.

Principal Activities

The Company's principal activity was the holding of a vessel which has been refurbished into a hotel.

Share Capital

In April 2016 the Company has increase its authorised and issued share capital by 1,000 ordinary shares of £1 each at a premium of £15,604 for each share.

Results and Dividends

The company made a loss of £ 8,472,942 (2015: profit £2,276,681).

The director does not recommend the payment of a dividend.

Director

The director, as shown on page 1, has held office during the whole of the period from 1 January 2016 to the date of this report.

Statement of Directors' Responsibilities

The director is responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year which meet the requirements of the Gibraltar Companies Act 2014. In addition, the Director has elected to prepare the financial statements in accordance with Gibraltar Financial Reporting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and the profit and 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 accounting estimates that are reasonable and prudent;
- state whether applicable 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.

SUNBORN (GIBRALTAR) LIMITED

DIRECTOR'S REPORT - Continued FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of Directors' Responsibilities - continued

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 them to ensure that the financial statements comply with the Gibraltar Companies Act 2014 and other applicable legislation. He is 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.

Auditors

The auditors, AMS Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.



Hans Niemi
Director

Date: 17TH MAY 2017

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUNBORN (GIBRALTAR) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Sunborn Gibraltar Limited** (the Company), which comprise the balance sheet as at 31 December 2016, and the statement of comprehensive income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the company's profit for the year then ended;
- have been properly prepared in accordance with Gibraltar Financial Reporting Standards;
- have been prepared in accordance with the Companies Act 2014.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in Note 2 to the accounts concerning the Company's ability to continue as going concern. As explained in Note 2 to the accounts, indicate the existence of a possible uncertainty which may cast doubt about the Company's ability to continue as going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as going concern.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting Standards, and for such internal control as the directors 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUNBORN (GIBRALTAR) LIMITED - Continued

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUNBORN (GIBRALTAR) LIMITED - Continued

Report on Other Legal and Regulatory Requirements

Opinion on other matter prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

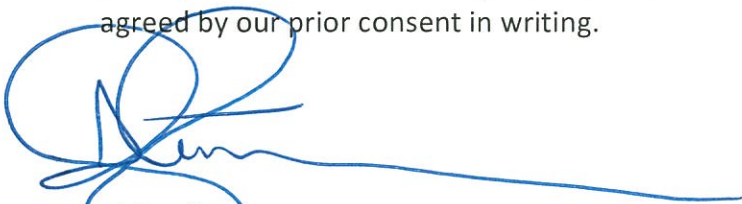
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the matter where the Companies Act 2014 requires us to report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 257 of the Companies Act 2014 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.



Adrian Stevenson
Statutory auditor
For and behalf of
AMS Limited
Suite 16
Watergardens 5
Gibraltar

17th May 2017

SUNBORN (GIBRALTAR) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
TURNOVER	3	2,700,000	2,400,000
Depreciation		(3,481,622)	(3,378,494)
Administrative expenses	6	<u>(435,103)</u>	<u>(835,996)</u>
OPERATING LOSS		(1,216,725)	(1,814,490)
Foreign exchange (loss)/gain		(3,782,798)	7,015,744
Interest payable and similar charges	7	<u>(3,473,419)</u>	<u>(2,924,573)</u>
(LOSS)/ PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,472,942)	2,276,681
Tax on profit on ordinary activities		<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(8,472,942)	2,276,681
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>£ (8,472,942)</u>	<u>£ 2,276,681</u>

The notes form part of these financial statements

SUNBORN (GIBRALTAR) LIMITED

BALANCE SHEET

31 DECEMBER 2016

	Notes	2016		2015	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		93,582,366		97,016,482
CURRENT ASSETS					
Debtors	9	269,563		784,370	
Cash at bank		<u>11,924</u>		<u>1,956</u>	
			281,487		786,326
CREDITORS: Amounts falling due and payable within one year	10	<u>(642,146)</u>		<u>(34,598)</u>	
NET CURRENT (LIABILITIES)/ ASSETS			<u>(360,658)</u>		<u>751,728</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			93,221,708		97,768,210
CREDITORS: Amounts falling due and payable after more than one year	11		<u>(87,395,290)</u>		<u>(99,073,850)</u>
NET LIABILITIES			<u>£ 5,826,418</u>		<u>£ (1,305,640)</u>
CAPITAL AND RESERVES					
Called up share capital	12		3,000		2,000
Share premium	12		15,604,000		-
Retained earnings			<u>(9,780,582)</u>		<u>(1,307,640)</u>
TOTAL EQUITY			<u>£ 5,826,418</u>		<u>£ (1,305,640)</u>

The financial statements were approved by the Director on

17th May 2017

Hans Niemi
Director

The notes form part of these financial statements

SUNBORN (GIBRALTAR) LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

31 DECEMBER 2016

	<u>Share Capital</u> £	<u>Share Premium</u>	<u>Retained Earnings</u> £	<u>Total</u> £
Balance at 1 January 2015	2,000	-	(3,584,321)	(3,582,321)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>2,276,681</u>	<u>2,276,681</u>
Balance as at 31 December 2015	2,000	-	(1,307,640)	(1,305,640)
Issue of share capital	1,000	15,604,000	-	15,605,000
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(8,472,942)</u>	<u>(8,472,942)</u>
Balance as at 31 December 2016	<u>£ 3,000</u>	<u>£ 15,604,000</u>	<u>£ (9,780,582)</u>	<u>£ 5,826,418</u>

The notes form part of these financial statements

SUNBORN (GIBRALTAR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. COMPANY INFORMATION

Sunborn (Gibraltar) Limited (the 'Company') is a private company limited by shares incorporated and registered in Gibraltar. The Company is wholly-owned subsidiary of Sunborn (Gibraltar) Holdings Limited, a private company limited by shares incorporated and registered in Gibraltar.

The address of its registered office is 57/63 Line Wall Road, Gibraltar. The address of its principal place of business is 35 Ocean Village, Gibraltar.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis (see below), under the historical cost convention and in accordance with applicable Gibraltar Generally Accepted Accounting Practice, including Financial Reporting Standards 102 ('FRS 102') as modified by section 1A applicable to small entities. FRS 102 as modified by section 1A applicable to small entities issued by the Financial Reporting Council was adopted by the Gibraltar Society of Accountants to be part of Gibraltar Accounting Standards - Gibraltar Generally Accepted Accounting Practice.

The financial statement of the Company had been prepared in compliance with FRS 102 as modified by section 1A applicable to small entities as it applies to the financial statements of the Company for the year-ended 31 December 2016. The Company is also subject to the requirements of the Gibraltar Companies Act 2014.

The Company transitioned from previously extant Gibraltar Generally Accepted Accounting Practice to FRS 102 as modified by section 1A applicable to small entities on 1 January 2014.

The financial statements are presented in Sterling Pounds (£), which is also the Company's functional currency.

SUNBORN (GIBRALTAR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2016

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION – Continued

Going concern

As at 31 December 2016 the Company has net current liabilities of £660,658. The net liability position is as a result of the amounts due to its Group companies. Although, the amounts are repayable on demand, the Group companies have confirmed that they will not seek repayment of any amounts within the next twelve months and the parent company will provide adequate financial support if required.

After reviewing the Company's forecasts and projections, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company therefore continues to adopt the going concern basis in preparing its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Turnover

Turnover represents lease income generated from the rental of its vessel, which was refurbished into a hotel, to its sister company Sunborn (Gibraltar) Resort Limited.

Operating lease

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Income derived under this type of lease is recognised to the profit and loss account on a straight-line basis over the period of the lease.

Foreign currency translation

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Tangible assets

Tangible assets are stated at purchase cost, together with any incidental costs of acquisition less accumulated depreciation. Interest payable on finance obtained to acquire assets is capitalised until all of the activities that are necessary to get the tangible fixed asset ready for use are complete. Improvement costs that add value to the vessel are capitalised as additions to the vessel and depreciated over the shorter of the improvements estimated useful economic lives or that of the vessel.

SUNBORN (GIBRALTAR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Tangible assets - continued

The estimated cost and accumulated depreciation of replaced or refurbished vessel components are written off and any resulting losses are recognised in operating expenses. Depreciation is calculated using the straight-line method to allocate their cost to their estimated residual values over their estimated useful lives. The useful economic life of assets is as follows:

Vessel	- 30 years
Vessel improvements	- shorter of remaining life or useful life (3 to 25 years)
Furniture and fittings	- 10 years

Tangible fixed assets are classified in this category if they acquired principally for the purpose of holding them for the long term. All repairs and maintenance costs, including minor improvement costs and dry dock costs, are charged to the profit and loss account during the financial year in which they are incurred.

Impairment of assets

Assets are subject to an impairment review if there are events or changes in circumstances which indicate that their carrying amount may not be recoverable in full. The impairment review comprises a comparison of the carrying amount of the assets with their recoverable amount, which is the higher of net realisable value and value in use. The carrying value of an asset is written down by the amount of any impairment and this loss is recognised in the profit and loss account in the year in which it occurs. If an external event gives rise to the reversal of an impairment loss, the reversal is recognised in the profit and loss account by increasing the carrying amount of the asset in the year in which it occurs.

The carrying amount of the asset will only be increased up to the amount that it would have been had the original impairment not occurred.

Debtors

Debtors are included in current assets, except for maturities greater than twelve months after the end of the reporting year which are classified as fixed assets.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as fixed liabilities. Creditors are recognised initially at fair value and subsequently measured at their recoverable value.

SUNBORN (GIBRALTAR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the year of the borrowings using the effective interest method.

Share capital

Ordinary shares are classified as equity.

Current and deferred taxation

Where necessary, provision at the applicable rate is made for corporation tax payable on profits for the year, taking into account any available tax losses.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis

4. SIGNIFICANT JUDGEMENT AND ESTIMATES

The Company's financial statements prepared in accordance with FRS 102 as modified by section 1A applicable to small entities require management to make judgements and estimates that affect amounts reported in the financial statements and related notes. Judgement and estimates are based on different factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

SUNBORN (GIBRALTAR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT JUDGEMENT AND ESTIMATES - continued

Useful lives and residual values of tangible fixed assets

The Company estimates the useful lives of tangible fixed assets based on the period over which the assets are expected to be available for use. The Company estimates the residual values of tangible fixed assets based on the amount that the Company could expect to obtain at the present time from disposing of the asset, net of estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of their useful lives.

The carrying values of fixed assets are shown in Note 8 and Note 3 for the useful economic lives for each class of asset.

5. DIRECTORS' EMOLUMENTS AND NUMBER OF EMPLOYEES

The director did not receive any emoluments from the company for his services during the current year or the preceding period.

Other than the director, the Company has no employees.

6. ADMINISTRATIVE EXPENSES

	2016	2015
	£	£
Audit fees	22,480	23,100
Other expenses	<u>412,623</u>	<u>812,896</u>
	<u>£ 435,103</u>	<u>£ 835,996</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Interest paid to Group	409,969	-
Loan interest to others	<u>3,063,450</u>	<u>2,924,573</u>
	<u>£ 3,473,419</u>	<u>£ 2,924,573</u>

SUNBORN (GIBRALTAR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2016

8. TANGIBLE ASSETS

	<u>Furniture & fittings</u>	<u>Vessel including improvements</u>	<u>Total</u>
COST	£	£	£
At 1 January 2016	428,571	101,966,921	102,395,492
Additions	21,275	26,231	47,506
At 31 December 2016	<u>449,846</u>	<u>101,993,152</u>	<u>102,442,998</u>
ACCUMULATED DEPRECIATION			
At 1 January 2016	131,058	5,247,952	5,379,010
Charge for the year	108,720	3,372,902	3,481,622
At 31 December 2016	<u>239,778</u>	<u>8,620,854</u>	<u>8,860,632</u>
NET BOOK VALUE			
At 31 December 2016	£ 210,068	£ 93,372,298	£93,582,366
At 31 December 2015	<u>£ 297,513</u>	<u>£ 96,718,969</u>	<u>£ 97,016,482</u>

The vessel 'The Sunborn Gibraltar' was acquired from the company's parent, Sunborn International Oy, in 2013 for a value of £87,538,500 (€105,000,000). During 2015 the Company has been able to claim for reimbursement of costs from its parent amounting to £6,349,650, for costs incurred in relation to the conversion of the vessel into a hotel. The cost of the improvements includes capitalised finance costs of £338,077.

On 21st April 2015, the vessel was valued by an externally qualified surveyor at €129,000,000.

The vessel and its improvements, together with the Company's interest in the insurances of the vessel have been pledged as security for the Company's borrowings (see note 11).

SUNBORN (GIBRALTAR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2016

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Amounts due from related parties	231,918	784,370
Other debtors	<u>37,645</u>	<u>-</u>
	<u>£ 269,563</u>	<u>£ 784,370</u>

The amount due from related parties are unsecured, interest free and repayable on demand.

10. CREDITORS: AMOUNTS FALLING DUE AND PAYABLE WITHIN ONE YEAR

	2016	2015
	£	£
Amounts due to related parties ¹	263,450	-
Other creditors ²	233,007	-
Accruals	<u>145,689</u>	<u>34,598</u>
	<u>£ 642,146</u>	<u>£ 34,598</u>

¹Amounts due to related parties are primarily due to Sunborn Oy and Sunborn International UK which are unsecured, interest free and repayable on demand.

²*Loan from AlandsPeningautomatforening (PAF)*

On 17 October 2014, Sunborn (Gibraltar) Limited entered into an interest free loan facility agreement with PAF for €432,000. The first drawdown of the loan amounting to €150,000 was granted in December 2014. The remaining €282,000 was drawn down in 2015. The purpose of this loan was to cover capital expenditure made on the casino located on the vessel, operated by PAF.

The loan is interest free, unsecured and repayable on or before 1 September 2017.

SUNBORN (GIBRALTAR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2016

11. CREDITORS: AMOUNTS FALLING DUE AND PAYABLE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Amounts due to related parties ¹	41,406,880	53,144,617
Other creditors	-	311,036
Borrowings ²	<u>45,988,410</u>	<u>45,618,197</u>
	<u>£ 87,395,290</u>	<u>£ 99,073,850</u>

The above balance represents loan term borrowings as follows:

¹Amounts due to related parties are primarily due to Sunborn International Oy which are unsecured, and repayable on at the request of the lender. For the period 1 May to 31 December 2015 interest has been charged at the rate of 1.5%.

Up to 30 April 2016, interest equivalent to the actual interest of the loans relating to the building of the vessel paid by Sunborn International Oy to the external financial institutions, was charged to the Company.

²*Loan from Credit Finance Company Limited*

Sunborn (Gibraltar) Limited was granted a loan facility agreement by Credit Finance Company Limited, whereby Sunborn (Gibraltar) Limited was advanced loans of £36,300,000 and €12,500,000. The loan accrues interest at a rate of 5.5% for the first twelve interest periods and 6.5% for eight interest periods after that. Each interest period is a period of three months and the interest is payable at the end of a period. The capital amount is to be repaid in full on 26 March 2018.

As at the balance sheet date, capital amount of £36.3m and €11.3m remains unpaid together with an additional £1m of start-up period interest payments which have been added on to the original loan facility.

The loan is secured by a mortgage over the Company's vessel (note 8), and the assignment of insurances. Sunborn Oy and Sunborn International Oy, as guarantors, shall provide any further security required and the deed of security covenant.

SUNBORN (GIBRALTAR) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 DECEMBER 2016

12. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

	2016	2015
3,000 (2015: 2,000) ordinary share capital of £1 each	£ <u>3,000</u>	£ <u>2,000</u>

In April 2016 has increased its authorised and issued ordinary share capital by 1,000 shares of £1 each at a premium of £15,604.

13. TRANSACTIONS WITH RELATED PARTY

The following transactions were carried out with related parties:

	2016	2015
	£	£
Sales to related parties	2,700,000	2,400,000
Recharges from related parties	<u>-</u>	<u>(35,483)</u>

The transactions were entered into on bases determined between the director of the Company and the related parties in the ordinary course of business.

Year end balances arising from loans to and from Group companies are noted in notes 9, 10 and 11.

Sunborn Oy and Sunborn International Oy, are also guarantors to the Company's borrowings (note 11).

14. IMMEDIATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The immediate parent undertaking of Sunborn (Gibraltar) Limited is Sunborn (Gibraltar) Holdings Limited. Sunborn (Gibraltar) Holdings Limited is 100% owned by Sunborn International Oy, who in turn is owned by Sunborn Oy.

Sunborn Oy is owned by Ritva Niemi and Pekka Niemi who are regarded by the director to be the ultimate controlling party.