

Stena Spey Drilling Limited – Registered number: 02540066 (England and Wales).
Audited financial statements for the year ended 31 December 2017

Strategic report, report of the directors and
Audited financial statements for the year ended 31 December 2017

For

Stena Spey Drilling Limited

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Stena Spey Drilling Limited – Registered number: 02540066 (England and Wales).
Audited financial statements for the year ended 31 December 2017

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for the Year Ended 31 December 2017

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Company information
for the Year Ended 31 December 2017

The Company is a private company limited by shares and incorporated and domiciled in the United Kingdom.

Directors: Costas Christoforou
Stephen Robert Clarkson
Mats Anders Carlsson
Ole Lindoe
Stavros Agrotis

Secretary: Cymanco Services Limited
5 Espiridon, 4th floor
CY-2001, Strovolas, Nicosia
Cyprus

Registered office: 45 Albemarle Street
London
W1S 4JL

Cyprus Branch office: Lophitis Business Centre II
28th October Street
4th floor, office 401
CY-3035, Limassol
Cyprus

Registered number: 02540066 (England and Wales)

Independent auditors: PricewaterhouseCoopers LLP
Chartered Accountants
Statutory Auditors
The Capital
431 Union Street
Aberdeen Scotland
AB11 6DA

Strategic report
for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Review of business

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

	2017 \$'000	2016 \$'000
Operating loss	(14)	(39)

Principal risks and uncertainties

Since the disposal of the vessel Stena Spey the Company has not engaged in any subsequent business.

On behalf of the board:



Stephen Robert Clarkson - Director

Date: 26 September 2018

Report of the directors
for the Year Ended 31 December 2017

The directors present their report with the audited financial statements of the Company for the year ended 31 December 2017.

Principal activity

On 23 January 2015 the company disposed of the vessel Stena Spey and has not engaged in any subsequent business.

Dividends

The Company did not pay any dividend during 2017. In November 2016 the Company paid dividends of \$78 million.

Future developments

Since the disposal of Stena Spey the Company has not engaged in any subsequent business. The directors are exploring the possibilities of the Company entering into new business.

Branches outside the UK

The Company operates through its Branch in Limassol, Cyprus.

Directors

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

Costas Christoforou
Stephen Robert Clarkson
Mats Anders Carlsson
Ole Lindoe
Stavros Agrotis

Financial risk management objectives and policies

i. Financial risk factors

The Company's activities expose it to a variety of financial risks: foreign exchange, credit risk and liquidity risk. The Company's overall risk management programme seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out and approved by the Board of Directors.

- **Foreign exchange risk**

The Company holds immaterial bank balances on bank accounts in foreign currency and is exposed to insignificant foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Company's functional currency.

Management currently does not have any formal policy for managing foreign exchange risk.

- **Credit risk**

Credit risk arises from cash and cash equivalents and financial institutions, as well as credit exposures to outstanding receivables.

Financial risk management (continued)

Credit risk (continued)

The amounts which correspond to the maximum credit risk as at the balance sheet date are US\$3,135k (US\$3,607k) and relate to cash at banks and amounts owed by Group companies.

The Company does not have formal policies and procedures for managing and monitoring credit risk.

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows. Balances due within 12 months with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US\$000
At 31 December 2016	
Trade and other payables	<u>6</u>
At 31 December 2017	
Trade and other payables	<u>2</u>

Management adheres to Stena AB's finance policy which covers among other things liquidity and financing.

ii. Capital risk management

The Company does not have formal policies and procedures for capital risk management

iii. Fair value estimation

As at 31 December 2017 and 2016, the carrying value of financial assets and financial liabilities are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available for similar financial instruments.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

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

Statement of directors' responsibilities
for the Year Ended 31 December 2017

The directors are responsible for preparing the Strategic Report, Report of the directors and the 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

In the case of each director in office at the date the Directors' Report is approved:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board:



Stephen Robert Clarkson - Director

Date: 26 September 2018

Independent auditors' report to the members of Stena Spey Drilling Limited

Report on the audit of the financial statements

Opinion

In our opinion, Stena Spey Drilling Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic report, report of the directors and audited financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the profit and loss account and statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Report of the directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the directors for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
27 September 2018

Profit and loss account and statement
of comprehensive income
for the Year Ended 31 December 2017


	Notes	2017 \$'000	2016 \$'000
Administrative expenses		(14)	(39)
Operating loss		(14)	(39)
Interest receivable and similar income	4	44	771
Interest payable and similar expenses	4	(17)	(6)
Profit before taxation	5	13	726
Tax on profit	7	(3)	(137)
Profit for the financial year and total comprehensive income for the year		10	589

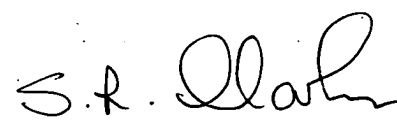
The notes form part of these financial statements

Balance sheet
as at 31 December 2017

	Notes	2017 \$000	2016 \$000
Assets			
Current assets			
Debtors	8	3,000	-
Cash and cash equivalents		<u>135</u>	<u>3,607</u>
Current assets		3,135	3,607
Current liabilities			
Creditors: amounts falling due within one year	9	<u>(2,467)</u>	<u>(2,949)</u>
Net current assets		<u>668</u>	<u>658</u>
Total assets less current liabilities		<u>668</u>	<u>658</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	<u>668</u>	<u>658</u>
Total shareholders' funds		<u>668</u>	<u>658</u>

The financial statements on pages 8 to 16 were approved by the Board of Directors on 26 September 2018 and were signed on its behalf by:


.....
Ole Lindoe - Director


.....
Stephen Robert Clarkson - Director

The notes form part of these financial statements

Statement of changes in equity
for the Year Ended 31 December 2017

	Profit and loss account	Total Shareholders'
	\$'000	funds \$'000
Balance at 1 January 2016	78,069	78,069
Changes in equity		
Profit for the year and total comprehensive income	589	589
Dividend paid	<u>(78,000)</u>	<u>(78,000)</u>
Balance at 31 December 2016	658	658
Changes in equity		
Profit for the financial year and total comprehensive income	10	10
Balance at 31 December 2017	668	668

The notes form part of these financial statements

Notes to the financial statements
for the Year Ended 31 December 2017

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006 as applicable to companies using FRS 101. The financial statements have been prepared under the historical cost convention. These policies have been consistently applied to all the years presented, unless otherwise stated.

The company is a qualifying entity for the purpose of FRS 101 which sets out a reduced framework for a "qualifying entity", as described in the Standard. The Standard addressed the financial reporting requirements and disclosure exemption in the individual financial statements of qualifying entities the otherwise apply the recognition, measurement and disclosure requirements of EU adopted International Financial Reporting Standards (IFRS). Note 13 gives details of the company's ultimate parent and from where consolidated financial statements prepared in accordance with IFRS may be obtained.

New standards, amendments and IFRIC interpretation

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2017, have had a material impact on the company.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the immediate parent company, Stena Holding (Cyprus) Limited. The directors have received confirmation that Stena Holding (Cyprus) Limited intends to support the company for at least one year after these financial statements are signed.

Notes to the financial statements
for the Year Ended 31 December 2017

Accounting policies (continued)

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Debtors

Trade and other debtors are amounts due from customers for services performed in the ordinary course of business.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates only affect that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no judgements and key sources of estimation uncertainty deemed to generate a significant effect on amounts recognised in the financial statements.

2. Turnover

No revenue was generated in the current year (2016: Nil).

Notes to the financial statements
for the Year Ended 31 December 2017

3. Employees and directors

All Stena companies located in Cyprus make use of Stena Holding (Cyprus) Limited's personnel, premises and equipment located in Limassol, Cyprus. The Company is allocated and charged a share of the associated costs incurred by Stena Holding (Cyprus) Limited on a monthly basis.

4. Net Finance Income

Interest receivable and similar income

	2017	2016
	\$'000	\$'000
Interest income	<u>44</u>	<u>771</u>

Interest payable and similar expenses

	2017	2016
	\$'000	\$'000
Interest expense	<u>17</u>	<u>6</u>
	<u>17</u>	<u>6</u>

Net finance income

27 765

Notes to the financial statements
for the Year Ended 31 December 2017

5. **Profit before taxation**

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

Expenses by nature

	2017 \$'000	2016 \$'000
Internal administration costs	3	5
Legal and professional fees	9	34
Other expenses	2	0
	<u>14</u>	<u>39</u>

6. **Auditors' remuneration**

	2017 \$'000	2016 \$'000
Audit of these financial statements	3	5

7. **Tax on profit**

Analysis of charge in year

	2017 \$'000	2016 \$'000
Current tax on income for the year and total current tax being tax on profit on ordinary activities	<u>3</u>	<u>137</u>

On 16 May 2007 Stena Spey Drilling Limited ceased to be a UK tax resident and became registered in the Republic of Cyprus and subject to Cypriot income tax.

Factors affecting the tax charge for the current year

The tax for the year is higher (2016: higher) than the rate of corporation tax of 12.5% (2016: 12.5%). The differences are explained below:

	2017 \$'000	2016 \$'000
<i>Total tax reconciliation</i>		
Profit before taxation	13	726
Current tax at 12.5% (2016: 12.5%)	<u>2</u>	<u>91</u>
<i>Effects of:</i>		
Tax effect of tax losses for which no deferred tax asset was recognized	(2)	(69)
Tax effect of expenses not deductible for tax purposes	-	-
Tax effect of allowances and income not subject to tax	-	(22)
Special contribution for defense tax in Cyprus	<u>3</u>	<u>137</u>
Total current tax charge	<u>3</u>	<u>137</u>

Notes to the financial statements
for the Year Ended 31 December 2017

Tax on profit (continued)

The company has unrecognised deferred tax assets of \$284k (2016: \$1,206k) being the tax effected value of unexpired tax losses carried forward. The Company has no (2016: Nil) unprovided deferred tax liabilities.

8. Debtors	2017	2016
	\$'000	\$'000
Other debtors	3,000	19
	<hr/>	<hr/>
9. Creditors: amounts falling due within one year	2017	2016
	\$'000	\$'000
Amounts owed to group undertakings	2,462	2,462
Tax authorities	3	485
Accruals and deferred income	2	2
	<hr/>	<hr/>
	2,467	2,949
	<hr/>	<hr/>
10. Called up share capital	2017	2016
	\$'000	\$'000
Allotted, called up and fully paid		
2 (2016: 2) ordinary shares of GBP 1	-	-
	<hr/>	<hr/>
11. Profit and loss account		\$'000
At 1 January 2017		658
Profit for the year		10
		<hr/>
At 31 December 2017		668

Notes to the financial statements
for the Year Ended 31 December 2017

12. Ultimate parent company

Stena AB (incorporated in Sweden) is regarded by the directors as being the Company's ultimate parent company.

The directors regard Stena AB, a company incorporated in Sweden, as the ultimate parent undertaking and ultimate controlling party.

Stena AB, is the only undertaking for which consolidated financial statements, that include the financial statements of the company, are prepared. Copies of the consolidated financial statements of Stena AB can be obtained from Patent och Registreringsverket, Bolagsavdelningen, 851 81, Sunsvall, Sweden.