Stena Explorer Limited

Directors' report and financial statements

For the year to 31 December 2010

Company number SC 059678

Contents

Report of the Directors

The Directors hereby submit their Report and the accounts for the year to 31 December 2010.

Principal activities

The principal activity of the Company was the provision of finance and associated services in relation to the vessel, the Stena Explorer, to a fellow group company within the Stena AB (publ) group.

The Company's finance leases (as lessee and as lessor) in respect of the Stena Explorer were terminated on 30 November 2009. The Company's operations are therefore presented as discontinued in these financial statements. As the Directors do not anticipate a replacement trade, these financial statements have not been prepared on a going concern basis.

Review of the business

The Company's result after taxation for the financial year is a profit of £497,000 *(2009: Profit of £667,000)*. No dividend is proposed for the financial year *(2009: £nil)*.

The Company is exempt, by virtue of its size, from the requirement to prepare an enhanced business review.

Directors and Directors' interests

The Directors of the company during the year and to the date of this report were:

P M De Ligt
S R Clarkson

Disclosure of information to Auditors

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 206, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board

S.R. Clarkson

S.R. Clarkson
Director

Date: 15 September 2011

Burgemeester Haspelslaan 61
1181 NB Amstelveen
The Netherlands
Company number SC 059678

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The Directors are responsible for preparing the Directors' Report 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgements and estimates that are reasonable and prudent;
- 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. (As explained in note 1 the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG
37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Report of the independent auditor's to the members of Stena Explorer Limited

We have audited the financial statements of Stena Explorer Limited for the year ended 31 December 2010 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on the going concern basis for the reasons set out in Note 1 to the financial statements.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

David Derbyshire

David Derbyshire
(Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

19 September 2011

Profit and loss account
for the year to 31 December 2010

	Notes	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Turnover	*1&2*	-	3,630
Cost of sales		-	(1,952)
Gross profit		-	1,678
Administrative expenses		**(33)**	(107)
Other operating income		-	1,520
Operating (loss) profit		**(33)**	3,091
Other interest receivable and similar income	*2*	**686**	773
Interest payable and similar charges	*2*	-	(2,804)
Profit on ordinary activities before taxation		**653**	1,060
Taxation on profit on ordinary activities	*4*	**(156)**	(393)
Profit for the financial year	*8*	**497**	667

There are no further gains or losses in either the current or prior year, other than the results presented in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented.

All activities relate to discontinued operations.

The notes on pages 6 to 10 form part of these financial statements.

Balance sheet
at 31 December 2010

	Notes	**At 31 December 2010 £'000**	At 31 December 2009 £'000
Current assets			
Debtors : receivable within one year	*5*	**1**	104
: receivable after one year	*5*	**21,800**	21,800
		21,801	21,904
Cash at bank		**18,109**	17,469
		39,910	39,373
Creditors: amounts falling due within one year	*6*	**(195)**	(155)
Net current assets			
Due within one year		**17,915**	17,418
Due after more than one year	*5*	**21,800**	21,800
		39,715	39,218
Net assets		**39,715**	39,218
Called up share capital	*7*	**-**	-
Share premium	*8*	**21,801**	21,801
Profit and loss account	*8*	**17,914**	17,417
Shareholders' funds	*9*	**39,715**	39,218

The notes on pages 6 to 10 form part of the financial statements.

The financial statements were approved by the Board of Directors on 15 September 2011 and signed on its behalf by:

S.R. Clarkson
Director

Company number SC 059678

Notes to the accounts

1. Accounting policies

The following principal accounting policies have been applied consistently throughout the year, dealing with items which are considered material to the company's financial statements.

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company's finance leases (as lessee and as lessor) in respect of the vessel, the Stena Explorer, were terminated on 30 November 2009. As the Directors do not anticipate a replacement trade, these financial statements have not been prepared on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are reported in these financial statements.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements, which are publicly available from the address given in note 11.

Finance leases
Assets leased by the company to lessees which transfer substantially all the risks and rewards of ownership to the customer are classified as finance leases and are recorded within finance debtors. The net investment in finance leases represents total minimum payments less gross earnings allocated to future periods. Obligations under leases with third party finance lessors are included in creditors.

Income from finance leases is credited to the profit and loss account using a method to give a constant periodic return on the net cash investment.

The earnings element of leasing rentals is credited to revenue, after making a deduction for certain initial expenses, in proportion to the funds invested to the related contracts.

Provisions for bad and doubtful debts
Specific and general provisions are deducted from loans and advances. Provisions made during the period, less amounts released and recoveries of amounts written off in previous periods are charged to the profit and loss account.

Interest payable and interest receivable
Net interest payable on funding from group undertakings and other financing is regarded as an operating cost and is included in operating profit in the profit and loss account.

Taxation
The taxation charge for the year is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Except as otherwise provided by accounting standards, deferred taxation is provided on the full provision method on those timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised on permanent timing differences.

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

Notes to the accounts *(continued)*

1. Accounting policies *(continued)*

Foreign exchange
Transactions denominated in foreign currencies are recorded at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of a transaction is included as an exchange gain or loss in the profit and loss account.

Dividends
Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved for payment.

Turnover
Turnover, all of which during the period arose from activities within the The Netherlands, represents finance charges earned on an intra-group leasing agreement and income from associated services.

The turnover and pre-tax result are attributable to one activity, the provision of finance and associated services.

2. Profit on ordinary activities before taxation

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Profit on ordinary activities before taxation is stated after crediting/(charging):		
Finance lease rental income	-	3,630
Depreciation	-	(1,952)
	-	1,678
Other operating income	-	1,520
Intra group interest payable	-	(2,592)
Interest payable on bank overdrafts	-	(212)
	-	(2,804)
Intra group interest receivable	**420**	773
Bank interest receivable	**266**	-
	686	773

The finance lease rental income relates to one asset, the Stena Explorer vessel. The Company's finance leases (as lessee and as lessor) in respect of the Stena Explorer were terminated on 30 November 2009.

The company has no employees. It uses the services of its immediate parent undertaking for which a management charge of £13,000 included within administration expenses, was made in the current year *(2009: £14,000)*.

Auditor's remuneration in the current year was £5,000 *(2009: £5,000)*. Non-audit fees payable by the Company to its auditors comprised £4,000 *(2009: £23,000)* for taxation services.

3. Directors' remuneration

None of the Directors received any emoluments or other remuneration for their services as directors of the Company in the current or prior year.

Notes to the accounts *(continued)*

4. Tax on profit on ordinary activities

a. *Analysis of tax charge in the year*

Current tax	**Year to 31 December 2010 £'000**	Year to 31 December 2009 £'000
Charge relating to the current year	**156**	145
Adjustments relating to prior years	**-**	248
Current tax for the year	**156**	393

b. *Factors affecting taxation for the year*

The current tax charge for the year differs than the standard rate of corporation tax in the UK of 28% *(2009: 28%)*. The differences are explained below:

	Year to 31 December 2010 £'000	Year to 31 December 2009 £'000
Profit on ordinary activities before taxation	**653**	1,060
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% *(2009: 28%)*	**183**	297
Effects of:		
Tax lease income and rate differential	**(27)**	(152)
Prior year adjustment	**-**	248
Current tax for the year	**156**	393

c. *Factors that may affect future tax charges*

The Company expects its effective total tax rate in future years to follow the statutory rate of taxation in the Netherlands.

The Company has no unprovided deferred tax liabilities.

Notes to the accounts *(continued)*

5. Debtors

	31 December 2010 £'000	31 December 2009 £'000
Amounts receivable within one year		
Other short term receivable - VAT	**1**	6
Amounts owed by group companies	**-**	98
	1	104
Amounts receivable after more than one year		
Loan receivable from affiliated company	**21,800**	21,800
	21,801	21,904

The loan receivable from fellow group company bears a variable rate of interest and is receivable after more than one year.

6. Creditors: amounts falling due within one year

	31 December 2010 £'000	31 December 2009 £'000
Other creditors – VAT	**29**	29
Corporation tax payable	**145**	106
Accruals and deferred income	**21**	20
	195	155

7. Share capital

	31 December 2010 £	31 December 2009 £
Allotted, called up and fully paid		
228 ordinary shares of £1 each	**228**	228

During 2004, the company issued one special share of £1. This special share represents 56 per cent of the voting rights of the company (the voting rights of ordinary shares comprise the other 44 per cent). The special share carries no rights to any dividend and a right to 0.0001% of the equity of the Company in the event of a winding up or return of capital. In December 2008, the company issued an additional 127 ordinary shares of £1 each and converted the special share into an ordinary share.

With this additional share issue an amount of £21,800,000 was paid as a share premium contribution to the capital of the company. Further details are set out in note 11.

8. Reserves

	Share premium £'000	Profit and loss reserve £'000
At beginning of the year	21,801	17,417
Profit for the year	-	497
At end of the year	**21,801**	**17,914**

Notes to the accounts *(continued)*

9. Reconciliation of movements in shareholders' funds

	31 December 2010 £'000	31 December 2009 £'000
Shareholders' funds at beginning of the year	**39,218**	38,551
Profit for the financial year	**497**	667
Shareholders' funds at end of the year	**39,715**	39,218

All shareholders' funds relate to equity interests.

10. Related party transactions

As the Company is a wholly owned subsidiary of Stena AB (publ), the Company has taken advantage of the exemption contained in FRS 8 Related Party Disclosures and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

The Directors confirm that there are no other related party transactions which require disclosure in these financial statements.

11. Ultimate parent undertaking

On 23 December 2004, the company issued a special £1 share to Stena Holland BV (formerly Stena International BV), which confers 56% of the voting rights of the company to Stena Holland BV (the voting rights of ordinary shareholders comprise the remaining 44%). As a result of this share issue, the Directors consider Stena Holland BV to be the company's immediate parent undertaking and controlling party with effect from 23 December 2004.

During December 2008 the special share was converted into an ordinary together with an additional share issue of 127 ordinary shares of £1 each to Stena Holland BV, which owns, following this share issue, a total of 128 ordinary shares of the total 228 outstanding ordinary shares.

The largest group in which results of the Company are consolidated is that headed by Stena AB (publ). The consolidated financial statements of Stena AB (publ) are available at Mastuggskajen, 405 19 Gothenburg, Sweden.