

STIRLING SHIPPING COMPANY LIMITED

Report and Financial Statements

31 December 2006



# Stirling Shipping Company Limited

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Registered No SC159842

## **DIRECTORS**

J M Gellert  
R J Ryan  
C Camburn

## **SECRETARY**

S M Alais

## **AUDITORS**

Ernst & Young LLP  
Compass House  
80 Newmarket Road  
Cambridge  
CB5 8DZ

## **BANKERS**

DnB NOR Bank  
20 St Dunstan's Hill  
London  
EC3R 8HY

## **SOLICITORS**

Wright Son & Pepper  
9 Gray's Inn Square  
London  
WC1R 5JF

## **REGISTERED OFFICE**

c/o Stirling & Gilmour  
Pavilion Court  
45 Kilbowie Road  
Clydebank  
Dunbartonshire  
G81 1BL

# Stirling Shipping Company Limited

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## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2006

### RESULTS AND DIVIDENDS

The company's loss for the year after taxation was £188,000 (2005 profit £64,262,000) No dividends were received (2005 £64,546,000) and no dividends were paid (2005 £64,494,000)

### PRINCIPAL ACTIVITY

The principal activity of the company is that of a holding company A list of subsidiaries is given in note 5

### FUTURE DEVELOPMENTS

The directors do not expect the current level of activity to change for the foreseeable future

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows

J M Gellert  
R J Ryan  
C Camburn

No directors have any interest in the shares of the company

### DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

The company has taken out insurance to indemnify, against third party proceedings, the directors of the company whilst serving on the board of the company and of any subsidiary, associate or joint venture This cover, together with that taken out by certain subsidiaries, where relevant, indemnifies all employees of the group who serve on the boards of all subsidiaries, associates and joint ventures These indemnity policies subsisted throughout the year and remain in place at the date of this report

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving this report are listed above Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of his knowledge and belief, there is no information relevant to the preparation of this report of which the company's auditors are unaware, and
- he has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

# Stirling Shipping Company Limited

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## DIRECTORS' REPORT

### AUDITORS

A resolution to re appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting

On behalf of the Board



C Camburn  
Director

19 OCTOBER 2007

# Stirling Shipping Company Limited

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## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 those 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,
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF STIRLING SHIPPING COMPANY LIMITED**

We have audited the company financial statements of Stirling Shipping Company Limited for the year ended 31 December 2006 which comprise the company Profit and Loss Account, the company Statement of Total Recognised Gains and Losses, the Company Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of the company's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Ernst & Young LLP  
Registered Auditor  
Cambridge

22 October

2007

# Stirling Shipping Company Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2006

	<i>Notes</i>	<i>2006 £'000</i>	<i>2005 £'000</i>
<b>TURNOVER</b>		–	–
<b>OPERATING PROFIT</b>	2	–	–
Income from investments	11	–	64,546
Net finance income / (charges)	3	(160)	(244)
Foreign exchange loss		(28)	(40)
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(188)	64,262
Tax on profit on ordinary activities	4	–	–
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(188)	64,262
<b>RETAINED (LOSS) / PROFIT FOR THE YEAR</b>	10	(188)	64,262

All trading comes from continued operations

There were no recognised gains or losses in either period other than the loss for the period



# Stirling Shipping Company Limited

## BALANCE SHEET at 31 December 2006

	Notes	2006 £'000	2005 £'000
<b>FIXED ASSETS</b>			
Investments	5	696	696
<b>CURRENT ASSETS</b>			
Debtors	6	3,034	2,907
Cash at bank and in hand		2,151	2,066
		5,185	4,973
<b>CREDITORS: amounts falling due within one year</b>	7	(9)	(9)
<b>NET CURRENT ASSETS</b>		5,176	4,964
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,872	5,660
<b>CREDITORS: amounts falling due after more than one year</b>	8	(5,392)	(4,992)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS</b>		480	668
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	668	668
Profit and loss account	10	(188)	—
<b>SHAREHOLDERS' FUNDS</b>	12	480	668

The financial statements were approved by the board of directors and signed on its behalf by



C Camburn  
Director

19 OCTOBER 2007

# Stirling Shipping Company Limited

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

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

#### *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

- Provision is made for tax on gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charge to tax only where the replacement assets are sold,
- 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

#### *Cash flow exemption*

The company has taken advantage of the exemption offered in Financial Reporting Standard No 1 (Revised) "Cash flow statements" not to present a cash flow statement because it is a wholly owned subsidiary undertaking where the ultimate parent company produces consolidated financial statements which are publicly available

#### *Investments*

Fixed asset investments are shown at cost less any provision for impairment

#### *FRS 25*

The company has, in adopting Financial Reporting Standard FRS 25 "Financial Instruments: Disclosure and Presentation", included its redeemable 'A' ordinary shares, which are redeemable for cash at a future date, to be disclosed as a liability due to the substance of their nature being a debt instrument. This involves the classification of £4,992,411 of redeemable 'A' ordinary shares and related share premium to liabilities under creditors' amounts falling due after more than one year

### 2. OPERATING PROFIT

Auditor's remuneration for the audit of the financial statements is borne by the parent company

The company had no employees during 2006 and 2005 and no director received any emoluments for the year

# Stirling Shipping Company Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

### 3. NET FINANCE INCOME / (CHARGES)

	2006 £'000	2005 £'000
Interest payable on redeemable 'A' ordinary shares	(400)	(259)
Bank interest receivable	240	15
	<u>(160)</u>	<u>(244)</u>

### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2006 £'000	2005 £'000
<i>Current tax</i>		
Group relief	-	-
Total current tax (note 4(b))	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 – 30%) The differences are reconciled below

	2006 £'000	2005 £'000
(Loss) / profit on ordinary activities before taxation	(188)	64,262
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30% (2005 – 30%)	(56)	19,279
Adjusted for income received as a dividend not taxable	-	(19,364)
Expenses not deductible for tax purposes	17	85
Utilisation of tax losses and other deductions	(12)	-
Other short term timing differences	(17)	-
Group relief surrendered without payment	68	-
Total current tax (note 4(a))	<u>-</u>	<u>-</u>

There is no deferred tax provision in either the current or preceding year

# Stirling Shipping Company Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

### 5 INVESTMENTS

#### *Subsidiaries*

	2006	2005
	£'000	£'000
Cost and Net Book Value		
At 1 January and 31 December	696	696

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

<i>Subsidiaries</i>	<i>Percentage of equity owned</i>	<i>Nature of business</i>	<i>Country of incorporation</i>
Stirling Offshore Limited	100%	Shipowning	Scotland
Stirling Marine Limited	100%	Shipowning	Scotland
Stirling Shipmanagement Limited	100%	Ship management	Scotland
Stirling Trustees Limited	100%	Administration	Scotland
Haven Shipping Company Limited *	100%	Administration	Scotland
Bruce Marine Limited	100%	Administration	Scotland

\* This investment is held by Stirling Offshore Limited

### 6 DEBTORS

	2006	2005
	£'000	£'000
Amount due from group companies	3,034	2,906
Other debtors	–	1
	3,034	2,907

### 7 CREDITORS: amounts falling due within one year

	2006	2005
	£'000	£'000
Accruals and deferred income	9	9

# Stirling Shipping Company Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

### 8. CREDITORS: amounts falling due after more than one year

	2006 £'000	2005 £'000
Redeemable 'A' Ordinary Shares (note 9)	4,992	4,992
Cumulative preferential dividend on 'A' ordinary shares	400	–
	<u>5,392</u>	<u>4,992</u>

### 9. CALLED UP SHARE CAPITAL

	Authorised 2006		Authorised 2005	
	No	£'000	No	£'000
Shares of £1				
Ordinary shares	551,044	551	551,044	551
Redeemable 'A' ordinary shares	236,162	236	236,162	236
'B' ordinary shares	41,432	42	41,432	42
Deferred ordinary shares	83,248	83	83,248	83
Undesignated shares	88,114	88	88,114	88
	<u>1,000,000</u>	<u>1,000</u>	<u>1,000,000</u>	<u>1,000</u>

	Allotted, issued and fully paid 2006		Allotted, issued and fully paid 2005	
	No	£'000	No	£'000
<i>Classified as share capital</i>				
Shares of £1				
Ordinary shares	551,044	551	551,044	551
'B' ordinary shares	33,477	34	33,477	34
Deferred ordinary shares	83,248	83	83,248	83
	<u>667,769</u>	<u>668</u>	<u>667,769</u>	<u>668</u>

#### *Classified as debt*

Redeemable 'A' ordinary shares	236,162	236	236,162	236
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In accordance with FRS 25 'Financial Investments Presentation and Disclosure' the redeemable 'A' ordinary shares are classified as debt (see note 8)

# Stirling Shipping Company Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

### **CALLED UP SHARE CAPITAL** (continued)

The redeemable 'A' ordinary shares have a right to an annual fixed cumulative preferential dividend of £1 6938 per share together with a further cumulative preferential dividend which is dependent upon and variable with the after tax profit of the Stirling Shipping Group, excluding the effects of any fixed asset sales

The directors may declare an annual dividend in respect of the ordinary shares of an amount up to that paid on the redeemable 'A' ordinary shares as detailed above

The deferred ordinary shares have the right to a dividend of £19 3146 per share upon flotation or sale of the company, have no right to participate in the profits of the company, have restricted rights upon a wind up of the company and have no voting rights

Each class of shares has equivalent voting rights, being one vote per share, and on return of assets the holders of each class of share participate in proportion to the amounts paid up, or credited as paid up, on their shareholding

### **10. RESERVES**

	<i>Profit and loss account</i> £'000	<i>Share premium account</i> £'000	<i>Total</i> £'000
At 1 January 2006	—	—	—
Loss for the financial year	(188)	—	(188)
At 31 December 2006	(188)	—	(188)

### **11. DIVIDENDS**

	<i>2006</i> £'000	<i>2005</i> £'000
Equity dividends paid on ordinary shares		
Dividends paid during year	—	64,494
Dividends received during year	—	(64,546)
Net dividend received	—	(52)

# Stirling Shipping Company Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

### 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £'000	2005 £'000
Opening shareholders' funds	668	900
(Loss) / profit on ordinary activities after taxation	(188)	64,262
Dividends paid	—	(64,494)
Net reduction in shareholders' funds	(188)	(232)
Closing shareholders' funds	480	668

### 13. ULTIMATE PARENT COMPANY

In the directors' opinion the company's ultimate parent undertaking and controlling party is SEACOR Holdings Inc, which is incorporated in the USA. SEACOR Holdings Inc is the largest and smallest group for which consolidated financial statements are prepared. Copies of its group financial statements, which include the company, are available from 2200 Eller Drive, Fort Lauderdale, Florida 33316.

The company's immediate parent undertaking is Stirling Shipping Holdings Ltd. Stirling Shipping Holdings Ltd has not prepared consolidated accounts having taken advantage of the exemption available under section 228A of the Companies Act 1985.

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by SEACOR Holdings Inc.