FINANCIAL REPORT

STENA AB 2015

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The cover picture shows the the bridge of *Stena Carrier*.

The picture on the right shows the IMOIIMAX vessel *Stena Impression* outside Singapore.


CONCORDIA MARITIME
IMOMAX
STENA IMAGE

DIRECTORS' REPORT

General information about the business

The Stena Group is one of the largest family-owned companies in Sweden and has operations in five business areas: Ferry Operations, Offshore Drilling, Shipping, Property and other investments within Adactum.

Ferry Operations, one of the world's largest international passenger and freight service enterprises, are run by Stena Line in Scandinavia, the North Sea, the Irish Sea and the Baltic Sea.

Drilling operations, using semi-submersible drilling rigs and drillships, are run by Stena Drilling from its head office in Aberdeen in Scotland and through its global organisation with offices in the USA, Norway, Cyprus, Luxembourg, Singapore, Korea and Australia.

Shipping operations are run by Stena RoRo in the RoRo and RoPax ferry market and by Stena Bulk in the tanker market and LNG (Liquefied Natural Gas) market. Stena RoRo has its head office in Gothenburg. Stena Bulk has its head office in Gothenburg as well as offices in Houston, Singapore and Limassol. Shipping operations also include the manning of ships via Northern Marine Group, which has its head office in Glasgow, as well as offices in Manila, Mumbai, Singapore, Shanghai, St Petersburg, Gothenburg, Houston and Aberdeen. Stena Teknik in Gothenburg is responsible for technical development.

Stena Property, with its head office in Gothenburg, mainly owns properties in Gothenburg, Stockholm and Malmö, and is one of Sweden's largest privately owned property companies. The international property division, based in Amsterdam, has property holdings in the Netherlands, France, Luxembourg, Hungary, the USA and the United Kingdom.

Stena Adactum, based in Gothenburg, invests in companies that fall outside Stena's traditional core operations. The portfolio currently includes Ballingslöv, S-Invest, Envac and Stena Renewable as well as the associates Gunnebo and Midsona.

Stena Finance, which is the central finance department of the Group, has operations in Gothenburg, Luxembourg, Limassol, Zug, Amsterdam, London and Singapore.

The parent company of the Group is Stena AB (publ), company registration number 556001-0802. The parent company is a limited liability company and has its registered office in Gothenburg, Sweden. The address of the head office is Masthuggskajen, SE-405 19 Gothenburg.

The year in brief

- Another year with good performance in all business areas.
- Continued operational growth.
  - Total income amounted to SEK 36.4 billion compared with SEK 33.6 billion in 2014.
  - EBITDA (operating profit before depreciation), excluding valuation of our investment properties and sale of non-current assets, was the highest ever, amounted to SEK 9.4 billion compared to SEK 9.3 billion 2014.
  - EBITDA is in line with last year mainly as a result of improvements in the Ferry Operations and Shipping segment while the Drilling operation has decreased due to the challenging market situation.
  - Profit before tax was SEK 4.5 billion, compared with SEK 2.8 billion in 2014, including sales of non-current assets amounting to SEK 2.3 billion and MSEK 212 respectively.
- A healthy balance sheet with an equity ratio of 36% as at 31 December 2015.
- Ferry Operations improved the result compared to 2014. This was achieved through tonnage changes and continued improvement in the current operations. Stena Line has during the year focused on increasing the revenues on the routes whilst at the same time implementing cost-saving measures.
- The result of Stena Drilling decreased compared with the previous year as a consequence of the challenging market situation. Also, three of the drilling units performed compulsory surveys, SPS (Special Periodic Survey), which is done every fifth year in order to assure the security demands. The average commercial utilisation rate was just over 98%. Stena Drilling has during the year focused on the cost-cutting programme that has been implemented in order to address the current market situation.
- Stena Bulk improved its profit markedly compared with 2014, primarily as a result of a stronger tanker market. However, the LNG segment had a more challenging market situation since the previous contracts with high charter rates expired.
- Stena RoRo reported a continued high fleet utilisation rate during the year and has also worked on chartering out and selling vessels that are no longer part of Stena Line operations.
- Stena Property's operations continue to be profitable with a very high average occupancy rate of around 94%.
- Stena Adactum had yet another successful year in all the portfolio companies and reported sales growth in all companies except for Stena Renewable.
- The Group's liquidity has strengthened further during the year as a consequence of the sale of the Helsingborg–Helsingør route, sales of vessels and properties and increase of the credit line of the Group's USD credit facility.

Significant business events 2015

Ferry Operations

In January, the Stena AB Group and Scandlines signed an agreement regarding the sale of the Helsingborg–Helsingør ferry service to a European infrastructure fund managed by First State Investments. The Helsingborg–Helsingør service has been operated on an equal ownership basis through a cooperation agreement between the Stena AB Group and Scandlines. The sale included the five vessels used on the route. As a result of the sale the Stena AB Group reported a capital gain of SEK 1.7 billion.

The service between Holyhead and Dun Laoghaire was discontinued in February.

The vessel *Stena Scandinavica* was sold in June for MSEK 800.

In October *Stena Explorer* was sold for MUSD 3.6 and *Stena Scanrail* was sold for MUSD 1.0.

Stena Line continued its work during the year to improve profitability by optimising tonnage.

Offshore Drilling

A one-year lease agreement was signed in December for the drillship *Stena Carron* with an option to extend. This was a very important agreement for the company and as a result *Stena Carron* began operating again in January 2016. During 2015, *Stena Carron* was moored off Las Palmas with a skeleton crew and was non-operational.

Stena Drilling focused during the year on the cost-cutting programme that has been implemented in order to address the current market situation.

Bulk

Stena Calypso was sold in February for MUSD 9.6. The sale took place through a hire purchase agreement.

The newly built IMOIIMAX vessels *Stena Impression* and *Stena Imperial* were delivered from the shipyard in China in February 2015 and July 2015 respectively.

Stena Companion was sold in August but with a three-year bareboat charter in return.

In November an agreement was signed with the shipyard CSSC Offshore & Marine Engineering (CSSC OME) in Guangzhou in China to build a further three IMOIIMAX vessels. One of these vessels will be owned by Stena Weco. Delivery is scheduled for the end of December 2017 and the first half of 2018.

RoRo

In January, *Stena Feronia* was sold for MEUR 23 and was delivered at the turn of the month March/April.

In February, Marine Atlantic exercised its purchase option for the vessels *Highlanders* and *Blue Puttees* totalling MEUR 138 for the two vessels. *Blue Puttees* was delivered in December 2015 and *Highlanders* was delivered in February 2016.

Adactum

At the end of April 2015, Stena Adactum entered into an agreement regarding the divestment of the Mediatec companies with effect from 1 January 2015. The purchaser is NEP, which operates in the same sector.

Stena Adactum enjoyed another successful year and continued to develop and expand its operations.

Property

A property in London was sold in February for MGBP 19.

In March 2015, properties were sold in Gothenburg for MSEK 925.

In November, three properties were acquired in Gothenburg containing a total of 210 apartments.

In December, Stena Fastigheter acquired the Pripps site in Gothenburg together with Ikano Bank. The site is 155,000 square metres in size and has just over 66,000 square metres of commercial floor space.

The occupancy rate was high during 2015 with an average of 94%. In Sweden the occupancy rate for residential premises was approximately 99% and for commercial premises approximately 89%. Outside Sweden, the average occupancy rate was around 79% due to a weak market in the Netherlands.

Finance

In February 2015, we renegotiated our existing MUSD 600 credit facility. As a result, the margin was reduced, the term was extended and the credit line was increased to MUSD 800.

In December 2015 a nominal amount of MEUR 5 was repurchased of our MEUR 300 unsecured bond maturing in 2017.

Subsequent events

On 14 January 2016, Stena Drilling Ltd in Aberdeen received a ruling from Oslo District Court regarding potential capital gains tax in Norway following divestment of the drilling rig *Stena Dee* in 2006. The court ruled entirely in accordance with the claims presented by the Company. The Norwegian Tax Agency opted not to appeal the ruling and it has now taken legal effect.

The vessel *Highlanders* was delivered to Marine Atlantic in February 2016.

During February 2016, the vessel *M/S Trelleborg* was sold.

During the first quarter of 2016 a nominal amount of MEUR 10 was repurchased of our MEUR 300 unsecured bond maturing in 2017.

During the first quarter of 2016 a nominal amount of MUSD 73 was repurchased of our MUSD 600 unsecured bond maturing in 2024.

During the first quarter of 2016 we terminated our facility from Swedish Export Credits Guarantee Board (EKN) with a total credit line of MSEK 6,660.

System for internal control and risk management regarding financial reporting

This description of Stena's internal control and risk management regarding financial reporting has been prepared in accordance with the Swedish Annual Accounts Act.

The Board of Directors is responsible for the company's internal control, the overall aim of which is to safeguard the company's assets and thereby its shareholders' investment.

Stena uses the COSO framework as a basis for internal control over financial reporting. The COSO framework, which is issued by the Committee of Sponsoring Organisations of the Treadway Commission, is made up of five components; control environment, risk assessment, control activities, information and communication as well as monitoring. The COSO framework was implemented in 2007 when the Stena AB Group reported in accordance with the US "Sarbanes-Oxley Act 404" for the first time. When the bond was repaid on 5 March 2013, the Stena AB Group was deregistered from SEC and is no longer required to report in accordance with the Sarbanes-Oxley Act 404. Stena has, however, kept the COSO framework as guidelines for work on internal control over financial reporting.

Control environment

The Board of Directors have overall responsibility for internal control over financial reporting. The control environment forms the basis of internal control, as it includes the culture that the Board and management communicate and by which they work. The control environment is made up primarily of integrity, ethical values, expertise, management philosophy, organisational structure, responsibility and authority, policies and guidelines as well as routines.

It is of particular importance that management documents, such as internal policies and guidelines exist in significant areas and that these provide employees with solid guidance. Examples of important policies and guidelines within Stena are "Code of Conduct", "Power Reserved List", "Principles, convictions and basic values for Stena AB", "Finance Policy" and "Financial Manual" which define the accounting and reporting regulations. These policies and guidelines have been made available to all relevant employees through established information and communication channels.

Furthermore, the Board has appointed an Audit Committee, whose primary task is to ensure that established principles for financial reporting and internal control are complied with and that appropriate relations are maintained with the company's auditors.

Risk Assessment

Stena carries out regular risk assessments in order to review the risks of errors within its financial reporting. The risk assessment of financial reporting aims to identify and evaluate the most significant risks that affect internal control over financial reporting in the Group's companies and processes.

During the year, the Group's overall risk assessment was continued updated in order to obtain a general idea of the main risks. To limit risks there are appropriate policies and guidelines as well as processes and control activities within the business. The risk assessment is updated on an annual basis under the direction of the Corporate Governance staff function and the results are reported to the Audit Committee.

Control activities

The most significant risks identified regarding financial reporting are managed through various control activities. There are a number of control activities built into every process to ensure that the business is run effectively and that financial reporting provides a true and fair view.

The control activities, which aim to prevent, find and correct potential inaccuracies, include account reconciliations, authorisations, and monthly accounts as well as analysis of these.

IT systems are scrutinised regularly during the year to ensure the validity of Stena's IT systems with respect to financial reporting.

Information and communication

Policies and guidelines are of particular importance for accurate accounting and reporting and also define the control activities to be carried out. Stena's policies and guidelines relating to financial reporting are updated on an ongoing basis and are available on Stena's intranet for all employees concerned. Information and communication relating to financial reporting is also provided through training. The Group holds internal seminars and conferences regularly, with a focus on quality assurance in financial reporting and governance models.

Monitoring

The Board of Directors and the Audit Committee continuously evaluate the information provided by the executive management team, including information on internal control.

The Audit Committee's task of monitoring the efficiency of internal control by the management team is of particular interest to the Board. This work includes checking that steps are taken with respect to any problems detected and suggestions made during the assessment by the external and internal auditors. The work on internal control during the year has further increased awareness of internal control within the Group and improvements are being made on continuous basis.

Internal audit

The Group's Corporate Governance staff function works as the Group's internal audit function and reports to the Audit Committee and the deputy CEO. The function focuses on proactively developing and enhancing internal control over financial reporting as well as examining the effectiveness of internal control. The Corporate Governance function plans the work in consultation with the Audit Committee and regularly reports the findings of its examinations to the Committee. The unit communicates continuously with Stena's external auditors on matters concerning internal control.

Major shareholders

All of the issued and outstanding voting shares of Stena AB were owned as following as at 31 December 2015:

Name of beneficial owner	Number of shares	Percentage ownership
Dan Sten Olsson	25,500	51.0
Stefan Sten Olsson	12,250	24.5
Madeleine Olsson Eriksson	9,250	18.5
Gustav Eriksson	3,000	6.0

The holders listed above have sole voting and investment power over the shares beneficially owned by them. Dan Sten Olsson, Stefan Sten Olsson and Madeleine Olsson Eriksson are siblings. Gustav Eriksson is the son of Madeleine Olsson Eriksson. Dan Sten Olsson is the only officer or director of Stena AB who owns any voting shares of Stena AB. All shares of Stena AB have the same voting rights.

Future developments

The Group's overall business is expected to continue in the same direction over the coming year and to the same extent as in 2015.

Research and development

The Group executes vessel construction development via Stena Teknik. The Group also makes payments to universities and the Sten A. Olsson Foundation for Research and Culture, the aims of which include promoting scientific research and development.

Environment

The Group conducts several environment-related projects for the purpose of reducing our general environmental impact. Since shipping comprises a large part of Stena's activities, one of our major challenges is to develop more efficient vessels. The most important measure for Stena's shipping divisions is to reduce energy consumption in relation to work performed.

An environmental approach is also fundamental for Stena Fastigheter and encompasses consideration for the tenants and safeguarding of the world's limited resources. The initiative to reduce energy consumption continues and targets have been set for each building.

Since implementation of the Environmental Code, the port operation run by Stena Line Scandinavia AB has become subject to permit requirements, primarily relating to noise.

Financial risks

For financial risks, see Note 1 Summary of significant accounting policies and Note 31 Financial risk factors and financial risk management.

Employees

In 2015, the average number of employees was 10,416, compared with 11,231 on 31 December 2014. A vital factor for realising Stena Group's vision is its employees, their expertise, enthusiasm and skills.

Future development depends on the company retaining its position as an attractive employer. To support this goal, the company strives for a working climate where energy, passion and respect for the individual are the guiding principles.
A Group-wide attitude survey is carried out every year and the number of satisfied employees is rising steadily. Every employee must attend a career development meeting once a year. For more information about employees see Note 33.

Income and profit

Consolidated income for 2015 was MSEK 36,417 (33,563), including profit on the sale of vessels totalling MSEK 502 (0), property sales totalling MSEK 102 (212) and sale of operations totalling MSEK 1,675 (0). Profit before tax for the year was MSEK 4,504 (2,799) and net profit was MSEK 3,988 (2,391).

Financing and liquidity

As at 31 December 2015, cash and cash equivalents and current investments totalled MSEK 3,172 (4,754), of which MSEK 2,516 (3,778) was available. Together with non-current investments and available credit facilities, the total payment capacity as at 31 December 2015 was SEK 25.9 (18.6) billion.

Of the credit facility of MUSD 800, MUSD 5 (185) was utilised as at 31 December 2015. Of this amount, MUSD 5 (5) was blocked for guarantee purposes. In 2010, Stena entered into a new credit facility of MSEK 6,660, guaranteed by the EKN. As at 31 December 2015, MSEK 0 (2,584) of the facility was utilised. Loan repayments during the year amounted to MSEK 3,842 (8,535).

Consolidated assets as at 31 December 2015 totalled MSEK 119,268, compared with MSEK 125,817 as at 31 December 2014. Investments in property, plant and equipment and intangible assets during the year totalled MSEK 5,927 (5,855) . The consolidated debt/equity ratio, defined as net interest-bearing liabilities in relation to net interest-bearing liabilities, equity and deferred tax liabilities, was 50% (54%) as at 31 December 2015.

According to the consolidated balance sheet as at 31 December 2015, retained earnings amounted to MSEK 41,084, of which MSEK 3,990 comprised net profit for the year.

Parent company

The Parent company's revenue totalled MSEK 162 (136), while profit before tax was MSEK 4,023 (934), of which dividends from subsidiaries totalled MSEK 3,731 (1,165).

The Board of Directors of Stena AB proposes that MSEK 405 (225) be paid as a dividend to the shareholders and that MSEK 20 (19) be transferred as a donation to the Sten A Olsson Foundation for Research and Culture and other worthy causes in accordance with Section 17, sub-section 5, of the Companies Act, whereupon the remaining profit, of MSEK 16,757, will be carried forward.

Details of the financial performance, liquidity and financial position in general for the Group and the Parent company can be found in the following income statements, balance sheets, cash flow statements and accompanying notes.

Every year Stena Bulk and Concordia arrange a photo competition for crew members. Manvir Mathau, Third Mate on *Stena Conquest*, won the 2015 competition with a photo from a safety exercise.

CONSOLIDATED INCOME STATEMENT

	Note	1 January–31 December 2014 MSEK	2015 MSEK
Revenue			
Ferry Operations		12,196	12,491
Offshore Drilling		8,425	7,891
Shipping		3,041	3,623
Property		2,566	2,515
Adactum		6,696	6,752
Other		65	117
Total revenue		**32,989**	**33,389**
Net gain on sale of non-current assets	4	212	2,279
Total other income		**212**	**2,279**
Change in fair value of investment properties	12	362	749
Total income	3	**33,563**	**36,417**
Direct operating expenses			
Ferry Operations		–9,075	–9,272
Offshore Drilling		–3,496	–3,209
Shipping		–1,553	–1,503
Property		–835	–820
Adactum		–4,538	–4,940
Other		–8	–69
Total direct operating expenses		**–19,505**	**–19,813**
Gross profit		**14,058**	**16,604**
Selling expenses		–1,321	–1,414
Administrative expenses	5	–2,880	–2,793
Depreciation, amortisation and impairment	3	–4,992	–5,596
Operating profit	3	**4,865**	**6,801**
Profit/loss from investments in strategic associates	6	–5	60
Dividends received		54	136
Gains/losses on sale of securities		84	–35
Interest income		475	213
Interest expenses		–2,523	–2,431
Exchange gains/losses		155	81
Other finance income/costs		–306	–321
Financial net	7	**–2,066**	**–2,297**
Profit before tax		**2,799**	**4,504**
Income taxes	8	–408	–516
Profit for the year		**2,391**	**3,988**
Profit for the year attributable to:			
Shareholders of the Parent company		2,401	3,990
Non-controlling interests		–10	–2
Profit for the year		**2,391**	**3,988**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1 January–31 December	
	2014 MSEK	**2015 MSEK**
Profit for the year	**2,391**	**3,988**
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
Change in fair value reserve for the year, net of tax	–119	–72
Change in net investment hedge for the year, net of tax	–1,575	179
Change in translation reserve for the year	3,198	325
Share of other comprehensive income of associates	15	–67
Items that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefit obligations	–98	73
Change in revaluation reserve for the year	116	409
Share of other comprehensive income of associates		16
Other comprehensive income	**1,537**	**863**
Total comprehensive income	**3,928**	**4,851**
Total comprehensive income attributable to:		
Shareholders of the Parent company	3,931	4,858
Non-controlling interests	–3	–7
Total comprehensive income for the year, net of tax	**3,928**	**4,851**

See also Notes 20 and 21

CONSOLIDATED BALANCE SHEET

	Note	31 December 2014 MSEK	2015 MSEK
Assets			
Non-current assets			
Intangible assets	9		
Goodwill		2,459	1,942
Trademarks		708	702
Rights to routes		749	695
Other intangible assets		362	361
Total intangible assets		**4,278**	**3,700**
Property, plant and equipment			
Vessels	10	46,141	46,398
Construction in progress	10	3,944	4,331
Windmills	10	2,006	2,268
Equipment	10	2,264	1,902
Land and buildings	10	1,111	1,087
Ports	11	3,689	4,054
Total property, plant and equipment		**59,155**	**60,040**
Investment properties	12	**29,367**	**30,617**
Financial assets			
Investments reported according to the equity method	6	1,434	1,701
Investments in SPEs	13	8,112	
Marketable securities	14	4,847	6,332
Surplus in funded pension plans	22	163	395
Other non-current assets	15, 21	5,222	5,307
Total financial assets		**19,778**	**13,735**
Total non-current assets		**112,578**	**108,092**
Current assets			
Inventories	16	846	747
Trade receivables	17	2,843	2,288
Other current receivables	17	2,431	2,675
Prepayments and accrued income	17	2,365	2,294
Short-term investments	18	1,248	861
Cash and cash equivalents	19	3,506	2,311
Total current assets		**13,239**	**11,176**
Total assets	3	**125,817**	**119,268**

	Note	31 December 2014 MSEK	 2015 MSEK
Equity and liabilities			
Equity attributable to shareholders of the Parent company	20		
Share capital		5	5
Reserves		1,187	2 112
Retained earnings		35,130	37 094
Profit for the year		2,401	3 990
Equity attributable to shareholders of the Parent company		**38,724**	**43,201**
Non-controlling interests		255	112
Total equity		**38,978**	**43,313**
Non-current liabilities			
Deferred tax liabilities	21	3,860	4,686
Pension liabilities	22	668	571
Other provisions		667	635
Long-term debt	23	43,290	40,937
Liabilities in SPEs	13	7,540	
Senior Notes	24	13,093	13,493
Capitalised lease obligations	25	553	420
Other non-current liabilities	26	3,946	3,193
Total non-current liabilities		**73,617**	**63,935**
Current liabilities			
Short-term debt	23	2,998	2,201
Capitalised lease obligations	25	233	39
Trade payables		2,140	1,598
Tax liabilities		155	88
Other liabilities		3,250	3,225
Accruals and deferred income	27	4,446	4,869
Total current liabilities		**13,222**	**12,020**
Total equity and liabilities		**125,817**	**119,268**
Pledged assets and contingent liabilities			
Pledged assets	28	61,975	61,619
Contingent liabilities	28	2,432	2,100

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Reserves[1]	Retained earnings including Profit for the year	Total	Non-controlling interests	Total equity
	Equity attributable to shareholders of the Parent company					
Closing balance, 31 December 2013	**5**	**–390**	**35,398**	**35,013**	**262**	**35,274**
Change in fair value reserve for the year		–119		–119		–119
Change in net investment hedge for the year		–1,575		–1,575		–1,575
Change in revaluation reserve for the year		80	36	116		116
Change in translation reserve for the year		3,191		3,191	7	3,198
Change in associates for the year			15	15		15
Remeasurement of post-employment benefit obligation			–98	–98		–98
Other comprehensive income		**1,577**	**–47**	**1,530**	**7**	**1,537**
Profit for the year			2,401	2,401	–10	2,391
Total comprehensive income		**1,577**	**2,354**	**3,931**	**–3**	**3,928**
Dividend			–200	–200		–200
Dividend to foundation			–10	–10		–10
Dividend to the Swedish Sea Rescue Society			–10	–10		–10
Acquisition/Disposal of non-controlling interests					–3	–3
Closing balance, 31 December 2014	**5**	**1,187**	**37,532**	**38,724**	**255**	**38,978**
Effect from deconsolidating CLO[2]			–136	–136	–21	–157
Balance at 1 January 2015 (restated)	**5**	**1,187**	**37,396**	**38,588**	**234**	**38,821**
Change in fair value reserve for the year		–72		–72		–72
Change in net investment hedge for the year		179		179		179
Change in revaluation reserve for the year		488	–79	409		409
Change in translation reserve for the year		330		330	–5	325
Change in associates for the year			–51	–51		–51
Remeasurement of post-employment benefit obligation			73	73		73
Other comprehensive income		**925**	**–57**	**868**	**–5**	**863**
Profit for the year			3,990	3,990	–2	3,988
Total comprehensive income		**925**	**3,933**	**4,858**	**–7**	**4,851**
Dividend			–225	–225		–225
Dividend to foundation			–19	–19		–19
Acquisition/Disposal of non-controlling interests					–115	–115
Closing balance, 31 December 2015	**5**	**2,112**	**41,085**	**43,201**	**112**	**43,313**

1) See also note 20
2) See also note 13

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	1 January–31 December 2014 MSEK	2015 MSEK
Cash flow from operating activities			
Profit for the year		2,391	3,988
Adjustmets to reconcile profit for the year to net cash provided by operating activities:			
Depreciation, amortisation and impairment	3	4,992	5,596
Change in fair value of investment properties		–362	–749
Share of stretegic associates result		5	–60
Gain on sale of non-current assets	4	–212	–2,279
Gains/losses on sale of securities net		–84	35
Exchange differences, unrealised		–378	–888
Deferred income taxes		–41	223
Other non-cash items		652	718
Pensions		–120	–232
Dividends from operational associates		37	229
Investments and disposals of operational associates		–90	–62
Net cash flow from trading securities		70	100
Cash flow from operating activities before changes in working capital		**6,860**	**6,619**
Changes in working capital			
Trade and other receivables		633	393
Prepayments and accrued income		43	118
Inventories		–115	85
Trade payables		257	–138
Accruals and deferred income		1,657	–1,286
Income tax payable		186	–168
Other current liabilities		–1	60
Cash flow from operating activities		**9,520**	**5,683**
Cash flow from investing activities			
Capital expenditure on intangible assets		–156	–109
Sale of property, plant and equipment	4	734	3,031
Capital expenditure on property, plant and equipment		–5,696	–5,755
Purchase of operations, net of cash acquired	29	–27	–1,332
Sale of operations, net of cash sold companies	29		2,379
Dividends from strategic associates		25	26
Investments and disposals of strategic associates			–38
Sale of securities		5,375	2,865
Purchase of securities		–8,059	–3,533
Increase in other non-current assets		–568	–117
Decrease in other non-current assets		131	51
Other investing activities	30	6	1,024
Cash flow from investing activities		**–8,235**	**–1,509**
Cash flow from financing activities			
Proceeds from issuance of short and long-term debt		15,668	4,762
Principal payments on short and long-term debt		–8,535	–3,842
Net change in borrowings on line-of-credit agreements		–6,621	–5,824
Principal payments on capitalised lease obligations		–249	–177
Net change in restricted cash accounts		510	–37
Dividends		–220	–244
Other financing activities	30	–518	–43
Cash flow from financing activities		**35**	**–5,405**
Effect of exchange rate changes on cash and cash equivalents		133	35
Net change in cash and cash equivalents		**1,453**	**–1,195**
Cash and cash equivalents at beginning of year	19	**2,053**	**3,506**
Cash and cash equivalents at end of year	19	**3,506**	**2,311**

NOTES

Amounts are shown in MSEK unless otherwise stated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

In accordance with IAS 1, the companies of the Stena Group apply uniform accounting policies, irrespective of local legislation. The policies below have been applied consistently for all the years covered by this Financial Report. IAS 33 Earnings Per Share has not been applied, as Stena AB is not a listed company.

The Parent company's financial statements have been prepared according to the same accounting policies applied for the Group except for the exceptions described in the section "Parent Company's accounting policies".

The annual accounts and consolidated financial statements are approved for issue by the Board of Directors on 27 April 2016. The balance sheets and income statements will be presented for adoption by the Annual General Meeting on 27 April 2016.

In preparing these financial statements, senior management has made estimates and assumptions which affect the carrying amounts of assets, liabilities and contingent liabilities at the reporting date and recognised income and expense. The actual future outcome of specific transactions may differ from the outcome estimated at the date of preparation of these financial statements. Differences of this type will impact the outcome of financial statements in forthcoming accounting periods. Areas involving a high degree of assessment, which are complex or for which the assumptions and estimates are of material significance to the consolidated financial statements are stated in Note 2.

Assets and liabilities are measured at historical cost, apart from certain financial assets and liabilities and investment properties which are measured at fair value and ports which are recognised according to the revaluation model. Financial assets and liabilities measured at fair value consist of derivative instruments, financial assets at fair value through profit or loss and available-for-sale financial assets.

New or amended reporting standards 2015

During the year 2015, no new or amended IFRS Standards have had any impact on the Group´s accounting.

During 2015, the Group has assessed that Stena does not have such control over its investments in the CLOs (Collateralized Loan Obligations) that these should be consolidated in accordance with IFRS10. As a result, Stena deconsolidated the CLOs from January 1, 2015. Instead, these investments are reported as marketable securities, see note 13.

Basis of consolidation

The consolidated financial statements have been prepared in accordance with the principles set out in IFRS 10 Consolidated Financial Statements and include Stena AB and all subsidiaries, defined as companies in which Stena AB, directly or indirectly, owns shares representing more than 50% of the voting rights or has some other form of control. For companies acquired or divested during the year, the following applies:

- Companies acquired during the year are included in the consolidated income statement from the date on which control was obtained.
- Companies divested during the year are included in the consolidated income statement until the date on which Stena's control ceases.

The Group's consolidated financial statements include the financial statements for the Parent company and its directly or indirectly owned subsidiaries after:

- elimination of intercompany transactions and
- depreciation/amortisation of acquired surplus values

Consolidated equity includes equity in the Parent company and the portion of equity in the subsidiaries arising after the acquisition.

Acquisitions of non-controlling interests are recognised in equity as a separate category. Non-controlling interests' share of profit/loss for the year is specified after net profit/loss for the year in the income statement.

Business combinations and goodwill

All business combinations are accounted for in accordance with the acquisition method. The method requires measurement of the assets, liabilities and contingent liabilities owned by the acquiring company at the acquisition date to determine their cost of acquisition on consolidation. The acquisition method requires use of estimates. The valuation of acquired land, buildings and equipment is carried out either by an external party or by an internal party on the basis of available market information. The reporting of financial assets and liabilities, as well as inventories, is based on available market information. The fair value of significant intangible assets is determined either with the help of independent valuation experts or internally, through the use of generally accepted valuation methods, which are usually based on future cash flows.

Acquisitions of investment properties and vessels, in companies with only assets, are accounted for as an asset deal.

In the event that the cost of acquisition exceeds the market value of the identified assets, liabilities and contingent liabilities, the difference is accounted for as goodwill.

In the event that the fair value of the acquired net assets exceeds the cost of acquisition, the acquirer shall identify and measure the acquired assets again. Any remaining surplus in a revaluation shall be immediately recognised as income. The acquisition analysis (the method used to allocate cost of acquisition to acquired identified net assets and goodwill), shall, in accordance with IFRS, be completed within twelve months of the acquisition date. Once the acquisition analysis has been reviewed and approved by management, goodwill is allocated to cash generating units and impairment testing is carried out at least annually from the date on which this allocation is completed. If the acquisition is achieved in stages, goodwill is determined on the date when control is obtained. Previous shares are measured at fair value and the change in value is accounted for in the Income statement. Goodwill is not amortised.

Transaction costs, apart from those attributable to equity or liability instruments, are recognised as an expense in the income statement. For acquisitions before 1 January 2010, transaction costs have been capitalised. A contingent consideration is reported according to the acquisition date fair value. If the contingent consideration is classified as an equity instrument, no revaluation is carried out and the adjustment is reported in equity. Other contingent considerations are revalued each quarter and the difference is reported in the income statement.

Investments in associates, joint ventures and other joint arrangements

IFRS 12 requires enhanced disclosures regarding subsidiaries, joint ventures, associates and unconsolidated structured entities in which the company is involved.

Associates are companies in which the Group has a significant influence but not control, which as a rule applies to shareholdings equivalent to between 20% and 50% of the votes, or over which the Group in some other way exercises significant influence.

Joint arrangements are companies over which the Group, through collaboration agreements with one or more parties, has joint control with external parties (the arrangement's relevant activities). Investments in joint arrangements are classified either as a joint operation or a joint venture depending on the contractual rights and obligations of each investor. Stena has assessed its joint arrangements and established that the majority are joint ventures. One joint operation has been identified but is not considered to be of a material nature. Joint operations are accounted for using proportionate consolidation.

Investments in associates and joint ventures are accounted for using the equity method. The method requires the investment to be initially recognised at cost. The carrying amount is subsequently increased or reduced to reflect the owner company's share of the profit or loss of the associate/joint venture following the acquisition. In the consolidated balance sheet, the holdings are reported as "Investments reported according to the equity method". In the consolidated income statement, associates and joint ventures are divided according to strategic holdings and other holdings, with strategic holdings reported as "Profit/loss from investments in associates" within financial net and other holdings reported within each business area under operating profit. Dividends received are set off against the carrying amount of each participation. At the end of each reporting period, the Group assesses whether there is any objective evidence of impairment of the investments. If this is the case, the Group calculates the impairment amount as the difference between the associate's recoverable amount and the carrying amount and reports the amount under "Profit/loss from investments in associates" or under operating profit depending on whether the holding is classified as a strategic holding or other holding.

For holdings in joint operations, the assets, liabilities, revenues and costs that are associated with these holdings in the business are reported according to the accounting principles applicable to these specific assets, liabilities, revenues and costs.

Special purpose entities (SPEs)

Special purpose entities (SPEs) were consolidated in the Group accounts according to IFRS 10 up to reporting period 2014. During 2015, the Group has assessed that Stena does not have such control over its investments in the CLOs (Collateralized Loan Obligations) that these should be consolidated in accordance with IFRS10. As a result, Stena deconsolidated the CLOs from January 1, 2015. Instead, these investments are reported as marketable securities, see Note 13.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests arise when less than 100% is acquired. This type of acquisition is reported as a proportion of the acquired net assets. The acquisition is reported as a transaction within equity i.e., between the owner of the Parent company and the non-controlling interests. Consequently, no goodwill arises from this type of transaction. Changes to holdings of non-controlling interests are based on the proportionate share of net assets.

Translation of foreign operations

The functional currency and reporting currency of the Parent company and the reporting currency of the Group is the Swedish krona (SEK). All foreign subsidiaries report in their functional currency, which is the currency used in the companies' primary economic environment. On consolidation, all balance sheet items have been translated into SEK at the closing rate of exchange. Profit/loss items have been translated using average exchange rates.

Transactions in foreign currency

Foreign currency transactions are converted to the functional currency at the exchange rate prevailing on the transaction day. The functional currency is the currency of the primary economic environment in which the company generates and expends cash. Monetary assets and liabilities in foreign currencies are converted to the functional currency at the exchange rate prevailing on the closing date. Exchange differences which arise are reported in the income statement. Non-monetary assets and liabilities, which are reported at historical cost, are revaluated at the transaction date. Non-monetary assets and liabilities which are reported at fair value, are revalued to the functional currency at the exchange rate prevailing at the revaluation date.

Segment reporting

Operating profit is reported in a manner consistent with the internal reporting submitted to the chief operating decision-maker. The chief operating decision-maker is the function responsible for the allocation of resources and the assessment of the operating segments' results. In the Group, this function has been identified as Stena AB's Board of Directors, which make strategic decisions.

CONT. NOTE 1

The Group's segments, which are its business areas, have implemented systems and procedures to support internal control and reporting. This forms the basis of the identification of primary risks and the varying returns that exist in the business, and is based on the various business models for the Group's end clients. The segments are responsible for operating profit/loss, EBITDA (operating profit before depreciation, amortisation and impairment) and the assets used in their operations, while financial net, taxes and equity are not reported per segment. Operating profit/loss and assets for the segment are consolidated in accordance with the same principles as the Group as a whole. Sales between segments take place at market conditions and at market prices. The Stena Group's business areas and, thereby, its segments are:

- Ferry Operations
- Offshore Drilling
- Shipping
- Property
- Adactum

Revenue recognition

Revenue includes the fair value of the consideration received or receivable for goods and services sold in the Group's operating activities. Revenue is recognised excluding VAT, returns and discounts and after elimination of internal Group sales.

The Group recognises revenue when the amount can be measured reliably, it is probable that future economic benefits will be generated to the Company and specific criteria have been fulfilled for each of the Group's operations. Revenue amounts are not considered to be reliably measurable until all sales commitments have been met or have expired. The Group bases its judgements on historical outcomes, taking into consideration the type of client, type of transaction and special circumstances in each individual case.

The Group's shipping and drilling revenues are derived from charter contracts. Revenue is recognised on a straight-line basis over the charter period. Provisions are made in advance for any ongoing loss contracts.

Revenue from the Group's ferry operations consists of ticket sales, onboard sales, and freight revenues and are recognised in the period in which the services are rendered.

Rental income from the investment property operations is derived from leases and is recognised on a straight line basis over the lease term.

Sales of goods are recognised at the date on which a Group company sells a product to a customer in accordance with the terms of sale. Sales are usually paid for in cash or by credit card.

Contract assignments in progress from operations within the Adactum Group are recognised according to the percentage of completion method for all contracts whose outcome can be calculated in a satisfactory manner. Revenue and costs are recognised in the income statement by reference to the stage of completion. The stage of completion is determined on the basis of accrued assignment costs in relation to the estimated costs for the entire assignment. Anticipated losses are expensed immediately.

Customer Loyalty Programmes relate to the accounting by Stena Line and Blomsterlandet, which operate customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The fair value of the total consideration received in the initial sales transaction is allocated between the award credits and the sale of the goods or services. The revenue related to the award credits granted is recognised in the income statement when the risk of a claim being made expires.

Sales of vessels and investment property are recognised in other income. Revenue is recognised when all significant risks and rewards have been transferred to the buyer.

Interest income is recognised over the relevant period using the effective interest method.

Dividend income is recognised when the right to receive payment has been established and reported in financial net.

Property, plant and equipment

Property, plant and equipment is recognised in the balance sheet when, on the basis of available information, it is likely that future economic benefits associated with ownership will flow to the Group and the cost of the asset can be measured reliably.

Ports are carried at revalued amounts according to the revaluation model in IAS 16, being their fair value at the revaluation date less subsequent depreciation and impairment. If a port's carrying amount increases as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under the translation reserve. A decrease arising as a result of a revaluation is recognised in the income statement.

Vessels, windmills, equipment and buildings used in business operations are recognised at cost less accumulated depreciation and any impairment losses. Acquisition expenditure is capitalised on acquisition. Repairs and maintenance costs for property, plant and equipment are charged to the income statement for the year.

Dry-docking costs for vessels are capitalised and amortised over a period of two to five years.

For vessels, the company uses appraisals carried out by independent vessel brokers for impairment assessment. If a review indicates that the net carrying amount of an asset exceeds its recoverable amount, discounted cash flows based on estimated capital expenses and estimated future returns are used. Assets having a direct joint income, e.g. a ferry route, are defined as the smallest cash-generating unit. If impairment exists on the balance sheet date, the recoverable amount of the asset is estimated and the asset is written down to this value. Impairment is reversed if any change is made to the calculations used to determine the recoverable amount.

Construction in progress includes advance payments, as well as other direct and indirect project costs, including financial cost, which are capitalised on the basis of the actual borrowing cost. Buildings used in business operations are divided into land and buildings, and refer to properties used by the company in its own operations. Items of property, plant and equipment are depreciated according to plan on a straight-line basis. The residual values and useful lives of the assets are tested on every balance sheet date and adjusted when needed. Depreciation is not applied to land.

The residual values are estimated at zero. All assets are divided into components.

Depreciation takes place from the date on which the asset is ready for use and over the estimated useful lives as follows:

Vessels	
Drilling rigs	20 years
Drilling rig vessels	20 years
Crude oil tankers	20 years
RoRo vessels	20 years
RoPax vessels	20 years
Superferries	20 years
LNG carriers	20 years
HSS vessels and other high speed vessels	10–20 years

Other non-current assets	
Buildings	50 years
Port terminals	20–50 years
Windmills	20 years
Equipment	3–10 years

Investment property

Investment property is reported at fair value in accordance with the fair value model in IAS 40. Investment property, that is properties held in order to generate rental income or increase in value or a combination of these, is valued continuously using the fair value model (estimated market value). These properties are initially measured at cost. Fair value is based on the estimated market value on the balance sheet date, which means the value at which a property could be transferred between knowledgeable parties that are independent of each other and have an interest in the transaction being carried out. Changes in fair value are reported in the income statement, with an impact on changes in value of properties.

The term investment property, which mainly includes residential and office buildings, also includes land and buildings, land improvements and permanent equipment, service facilities etc. in the building or at the site.

Property sales and purchases are recognised when the risks and rewards of ownership are transferred to the buyer from the seller, which normally takes place on the completion date as long as this does not conflict with the conditions of the sales contract.

Gains or losses on the sale or disposal of investment properties are composed of the difference between the net proceeds from sale and the most recently determined valuation (carrying amount based on the most recently determined revaluation to fair value). Income arising from sales or disposals is reported in the income statement as gains/losses on sale of non-current assets.

In the event that Stena utilises a portion of a property for its own administration, such a property will only be considered to be an investment property if an insignificant portion is used for administrative purposes. In any other case, the property will be classified as a building used in business operations, and be accounted for in accordance with IAS 16 Property, plant and equipment.

Subsequent costs are included in the carrying amount only when it is likely that future economic benefits associated with the asset will accrue to the company and the cost can be measured reliably. Other expenses are recognised as costs in the period in which they arise. One decisive factor in assessing when subsequent costs may be included in the carrying amount is whether the expense refers to the replacement of identified components, or parts of these, in which case the costs are capitalised. Costs relating to the construction of new components are also included in the carrying amount.

The valuation of investment properties at fair value (assessed market value) utilises an internal valuation model which has been quality assured by reconciling the assumptions with external property valuers, and through external valuation. The internal valuation is determined on an earnings basis, which means that each individual property's net rental income is divided by the required return by market yield for the property in question. Assumptions have been made in the calculation of net rental income regarding operating and maintenance expenses, as well as vacancies. These assumptions are based on market assumptions of those cash flows. However, historical outcome, budget and normalised costs have been a part of these assumptions. Different required returns have been utilised for different markets and types of properties.

Intangible assets

Goodwill

Goodwill is the amount by which the cost exceeds the acquisition date fair value of the Group's share of the acquired subsidiary's identifiable net assets. Goodwill on the acquisition of subsidiaries is recognised as an intangible asset. Goodwill is tested annually for impairment and is recognised at cost less accumulated impairment losses.

Goodwill impairment is not reversed. A gain or loss on the disposal of an entity includes the residual carrying amount of the goodwill that relates to the entity.

Goodwill is allocated to cash-generating units during impairment testing. This allocation refers to those cash-generating units, determined in accordance with the Group's operating segments, which are expected to benefit from the business combination in which the goodwill item arose.

Trademarks

From 2014, trademarks are assessed as having an indefinite useful life and are carried at cost less previous amortisation and any impairment losses. Trademarks are tested for impairment annually.

IT investments

Acquired software is capitalised on the basis of acquisition and implementation costs. These costs are amortised over the asset's useful life, which is judged to be between three and five years, in accordance with the straight-line method. Useful life is reviewed on a yearly basis.

Distribution agreements

Distribution agreements are reported at cost less accumulated amortisation. Amortisation takes place according to the straight-line method over

CONT. NOTE 1

the asset's estimated useful life of 5 years. Useful life is reviewed on a yearly basis and has been changed during 2014 from 10 to 5 years.

Rights to routes

Rights to routes are capitalised on the basis of acquisition and amortised over the asset's useful life, which is judged to be 20 years, in accordance with the straight-line method. Useful life is reviewed on a yearly basis.

Maintenance of intangible assets

Expenses for maintenance of intangible assets are expensed as they arise.

Impairment of non-financial assets

Assets with indefinite useful lives, goodwill and trademarks, are not amortised; instead, they are tested annually for impairment. Assets that are amortised are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value, less costs to sell, and its value in use. In the assessment of impairment requirements, assets are grouped at the lowest level at which there exist separate identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill and trademarks for which impairment losses have previously been recognised are tested at each reporting date to determine whether there is any need for reversal of the previous impairment.

Borrowing costs

Borrowing costs that are attributable to the construction of qualifying assets are capitalised as part of the cost of the qualifying asset. A qualifying asset is an asset which necessarily takes a significant amount of time to prepare for its intended use. Borrowing costs incurred on loans that are specific to the qualifying asset are capitalised.

Accounting for subsidies

Any subsidies (government grants) received in conjunction with new acquisitions of vessels, properties or port installations are recognised as a reduction of cost, while subsidies relating to operating activities reduce the corresponding costs. Recognition takes place when the subsidy can be estimated reliably. For Swedish-flagged vessels employed in international shipping activities, the company has received subsidies equal to all security costs and income taxes payable by the employers on behalf of employees who work on board such vessels. The amounts received have reduced personnel costs.

Non-current assets held for sale

Non-current assets are classified as available-for-sale when their carrying amounts will be recovered primarily through a sales transaction and a sale is considered highly likely. They are recognised at the lower of carrying amount and fair value less costs to sell if their carrying amount will be recovered primarily through a sales transaction and not through continuous usage.

Financial assets and liabilities

General

A financial instrument is any form of agreement giving rise to a financial asset in one company and a financial liability or equity instrument in another company. Financial assets in the consolidated balance sheet consist of cash and cash equivalents, trade receivables, other financial assets, shares and derivative assets. Financial liabilities arise from claims for repayment of cash or of other financial assets. In the consolidated balance sheet, financial liabilities consist of trade payables, loans, finance leasing liabilities, bonds and derivative liabilities.

Reporting

Financial assets and liabilities are reported in the balance sheet when the Group becomes party to the instrument's contractual terms. Financial assets and liabilities are reported on the settlement date, with the exception of derivatives, which are reported on the trade date. Financial instruments are initially recognised at fair value, which normally corresponds to the cost of acquisition at the acquisition date. Transaction costs are included in the cost of all financial instruments not measured at fair value in the income statement. Netting of financial liabilities and assets only takes place when there is a contractual possibility and when the intention is to offset the gross amounts of the liabilities or assets.

Finance costs

Finance costs are reported in the period in which they arise. Finance costs regarding new construction projects of vessels and properties are capitalised as a portion of the cost of acquisition. Costs of financing long-term loans and credits are deferred and amortised over the expected term of the financing.

Derecognition

Financial assets are derecognised from the balance sheet when the contractual rights to cash flows have expired or been transferred and when essentially all the risks and rewards of ownership of the financial asset have been transferred. Financial liabilities are derecognised from the balance sheet when they have been extinguished. Realised result is defined as proceeds from sales less the net carrying amount as at the previous year end.

Classification of financial assets

Financial assets in the Group are divided into the following categories:

- Financial assets at fair value through profit or loss
  - held for trading
  - designated (assets classified on acquisition as financial assets at fair value through profit or loss)
- Financial assets held for hedging purposes
- Held-to-maturity financial assets
- Available-for-sale financial assets
- Loans and receivables

Classification is based on the purpose of the acquisition of the financial instrument. The classification is carried out by senior management at the initial recognition date.

Financial assets at fair value through profit or loss
Financial assets belonging to this category are measured and continuously reported at fair value through profit or loss.

The category is divided into two subcategories:
1) held for trading and 2) designated (assets classified on acquisition as financial assets at fair value through profit or loss) held for trading consists of financial assets acquired with the primary intention of being sold in the short term and those derivative instruments to which hedge accounting is not applied. Trading shares are classified as short-term investments in the balance sheet and changes in fair value are reported in the income statement under gains/losses on sale of securities.

The fair value option is applied based on how the investments are managed and the fact that their performance is evaluated on a fair value basis in line with the Group's investment policy. These assets are classified as Marketable securities in the balance sheet and changes in fair value are reported in the income statement under gains/losses on sale of securities.

Internally, the Group follows up and reports on these assets on the basis of their fair values and, consequently, considers that this valuation and recognition in the income statement and balance sheet provides readers of the Financial Report with the most relevant information. Financial assets, classified as financial assets at fair value through profit or loss at the acquisition date, are classified as current assets if they are expected to be realised within 12 months of the balance sheet date.

Held-to-maturity financial assets
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell more than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity assets are measured at amortised cost. Held to maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date, which are classified as current assets.

Assets in this category are classified as Investments in SPEs in the balance sheet.

Loans and receivables
Loans and receivables are financial assets that are not designated as derivatives, that have fixed or determinable payments and that are not quoted in an active market. Receivables are reported under current assets, with the exception of receivables with a maturity date later than 12 months after balance sheet date which are classified as non-current assets. Loans and receivables and are listed in the balance sheet under other receivables and trade receivables. Assets in this category are measured at amortised cost, with allowances for bad debt losses and loan losses, when applicable.

Available-for-sale financial assets
Investments in certain shares (with the exception of participations in subsidiaries and associates) and bonds are categorised as available-for-sale financial assets. Period changes in fair value, with the exception of impairment charges, are reported in other comprehensive income for these instruments. When these financial instruments are sold, the accumulated gains or losses are reclassified through other comprehensive income and are recognised in the income statement. These assets are classified as marketable securities in the balance sheet and changes in market value are reported in the fair value reserve in other comprehensive income.

Assets in this category are recognised as other long-term securities, other non-current assets and investments in securities.

Receivables and liabilities in foreign currency
Transactions in foreign currency are translated in accordance with current exchange rates at the transaction date.

Both in the individual Group companies and in the Group's annual accounts, receivables and liabilities in foreign currency are translated at the closing rate of exchange. Related exchange rate differences on current payments are included in operating profit, while differences in financial receivables and liabilities are reported under financial items. All exchange rate differences affect net profit/loss for the year. An exception is the portion of the difference consisting of an effective hedge of the net investment, where recognition is directly in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in the available-for-sale reserve in other comprehensive income. The following currency exchange rates have been applied in the Group's annual accounts:

	Average rates		
	2014	**2015**	Change in %
USD	6.8577	8.4350	23
GBP	11.2917	12.8962	14
EUR	9.0968	9.3562	3

	Closing rates		
	2014	**2015**	Change in %
USD	7.8011	8.4412	8
GBP	12.1549	12.4390	2
EUR	9.4378	9.1688	–3

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Financial liabilities

Financial liabilities in the Group are divided into the following categories:

- Financial liabilities at fair value through profit or loss, held for trading
- Other financial liabilities

Classification is based on the purpose of the acquisition of the financial instrument. The classification is carried out by senior management on the initial recognition date.

Other financial liabilities

Other financial liabilities in the balance sheet consist of senior notes, other non-current interest-bearing liabilities, other non-current liabilities, current interest-bearing liabilities, trade payables and other liabilities.

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the liabilities using the effective interest method.

The liabilities in the balance sheet, non-current and current liabilities and senior notes, are initially reported at fair value, net of transactions costs and, subsequently, at amortised cost. Transaction costs initially decrease the debt and is thereafter allocated over time using the effective interest method.

Loan amounts are reported as liabilities in the balance sheet, with liabilities with a term of over 12 months being reported as non-current and all others as current.

The early redemption of liabilities reduces the outstanding liabilities by a nominal principal loan amount. Any premiums or discounts are taken up as income.

Derivative financial instruments and hedge accounting

The Group hedges oil price risk, cash-flow interest rate risk and foreign exchange risk related to net assets in foreign operations as well as in highly probable forecast transactions in foreign currency. The Group uses options and swaps to hedge oil price risk and interest rate swaps to hedge interest rate risk and foreign currency forward contracts to hedge foreign exchange risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

a) hedges of a particular risk associated with a recognised asset or liability or.
b) a highly probable forecast transaction (cash flow hedge) or.
c) hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The effectiveness of a hedge has to be in the range of 80%–125%.

Currency swap agreements are valued at market rates, unrealised exchange gains are recognised in the balance sheet as current receivables, and unrealised exchange losses are presented as current liabilities.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 32. Changes in the hedging reserve in other comprehensive income are shown in the consolidated statement of changes in equity and in other comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months.

Cash flow hedging

The hedged item consists of a highly probable forecast consumption of bunker fuels, highly probable forecast cash flow in foreign currencies and the floating interest rate cash outflows of issued debt instruments. The Group is exposed to the price of bunker fuels for vessel operations and uses a fixed price contract, swaps and options to hedge its oil price risk. Hedging contracts are regularly entered into, so as to match the underlying cost of delivery of bunker fuel. Hedging instruments (oil options and futures in the case of bunker hedges and interest rate swaps in cash of interest rate hedges), which are an effective hedge, are measured at fair value with changes in fair value regarding the hedged risk reported through other comprehensive income and is cumulated in the hedge reserve until the hedged item affects the income statement, that is, when the purchase takes place or when the interest rate payment is made. For the Stena Group's hedges of oil price risk in bunker-oil (bunker hedges), the cash flow interest rate risk in floating rate debt and foreign currency risk in highly probable forecast purchase and/or sales transactions, cash flow hedge accounting is applied. In conjunction with the purchase, when the accumulated fair value of the hedging instruments is removed from the hedging reserve and is reclassified through other comprehensive income it is, reported in item direct operating expenses in the income statement as an adjustment of the cost of bunker fuel for the current period or as part of interest rate expense in cash of interest rate hedges.

Positive or negative fair values of the derivatives are accounted for as other non-current assets or other non-current liabilities. The current portion of the hedged item is accounted for as other current receivables or other current liabilities.

The accounting for cash flow hedges of interest rate risk and foreign currency risk in highly probable forecast transactions in foreign currency follows the same principles as the above described policy for the bunker hedges.

Changes in fair value of the hedging instruments are accounted for through other comprehensive income and are accumulated in the hedging reserve. The cumulative changes in fair value are reclassified through other comprehensive income into the income statement in the same period as the hedged items affect the income statement and are presented in the same line item as the hedged item.

It is Group's policy that duration and dates of maturity for financial instruments which are held and classified as hedge contracts for interest and FX exposure should correspond with the underlying exposure's dates of maturity.

Results of operations from all types of financial derivative instruments, with the exception of those contracts referring to financial trading, are reported as an adjustment of the revenue or costs for the period and for those transactions the contracts are designated to hedge.

When hedge accounting is terminated and the hedged item is expected to occur, the hedge item is recognised in the income statement. The change in fair value is then reclassified through other comprehensive income into the income statement.

If an underlying asset or liability is sold or redeemed, the pertaining financial instruments are market-valued and the result is reported as an adjustment of the market or redemption value of the underlying asset or liability.

Hedging of net investments

Hedging of net investments in foreign operations is reported in the same manner as cash flow hedges. The gains or losses attributable to the effective portion of the hedge are reported through other comprehensive income and accumulated in the translation reserve. Gains or losses attributable to the ineffective portion of the hedge are directly reported in the income statement as financial items.

Accumulated gains or losses are reclassified through other comprehensive income and reported in the income statement when the foreign operations, or portions of these operations, are sold.

Fair value determination of financial instruments measured at fair value in the balance sheet

(i) Financial instruments quoted in an active market (level 1 measurement)

For financial instruments quoted in an active market, fair value is determined on the basis of the asset's listed buying current bid-rate on balance sheet date, with no addition for any transaction costs (for example brokerage) on acquisition date. A financial instrument is considered to be quoted in an active market if the quoted prices are readily available on a stock exchange, with a trader, broker, industry organisation, company providing current price information or supervisory authority, and if these prices represent actual and regular market transactions carried out under arm's length conditions. Any future transaction costs from disposals are not considered. The fair value of financial liabilities is determined on the basis of the listed selling rate.

ii) Valuation techniques using observable market inputs (level 2 measurement)

If the market for a financial instrument is not active, the Group determines fair value by utilising a valuation technique. The valuation techniques employed are based, as far as possible, on market information, with company specific information being used to the least extent possible. The Group calibrates valuation techniques at regular intervals and tests their validity by comparing the outcome of these valuation techniques with prices from observable current market transactions in the same instruments. The valuation models applied are calibrated so that fair value on the initial recognition date amounts to the transaction price, with changes in fair value subsequently being continuously reported on the basis of changes in the underlying market risk parameters.

(iii) Valuation techniques using significant unobservable inputs (level 3 measurement)

If there are no similar financial instruments on a quoted market and no observable pricing information from the market, the valuation is based on estimated discounted cash flows. Fair value is determined by hypothesising what a market price would be if there was a market i.e. calculated fair value is a prediction instead of an observation.

Offsetting of financial instruments

Financial assets and liabilities are reported at gross amounts in the balance sheet. See Note 32 for information about financial instruments subject to offsetting, i.e., where there is a legal right to offset the recognised amount or there is an intention to simultaneously realise the asset and liability.

Impairment of financial assets

The Group assesses on each balance sheet date whether there exists any objective evidence that impairment existsfor a financial asset or a group of financial assets. For shares classified as available-for-sale assets, any significant or prolonged decline in the fair value of a share to a level below its cost of acquisition is regarded as an indication of impairment.

If such evidence is present for available-for-sale financial assets, the accumulated loss – calculated as the difference between cost and the current fair value, less any previous impairment charges reported in the income statement – is reclassified from equity to the income statement. Impairment of equity instruments, which is reported in the income statement, is not reversed through the income statement. Reversal of impairment of bonds is recorded in the income statement on the same line as the impairment. Bonds are impaired in the event of the counterparty's insolvency. Reversal of impairment of bonds is recorded in the income statement on the same line as the impairment.

CONT. NOTE 1

Income taxes

General

The Group's total tax consists of current tax calculated on taxable profit and deferred tax. Current tax and changes in deferred tax are reported in the income statement, with the exception of those deferred taxes reported directly in other comprehensive income. Deferred tax includes unutilised deficits from the translation of tax assessment to current tax rates, and other temporary differences between book residual value and fiscal residual value. The tax value of unutilised loss carry-forward is capitalised to the degree it is probable that this will entail lower tax payments in the near future.

Significant assessments are required from management in the calculation of income tax liabilities, income tax receivables and deferred tax for provisions and receivables. This process requires the assessment of the Group's tax exposure of current tax and the adoption of temporary differences created by various taxation and accounting regulations. In particular, management must assess the likelihood that deferred tax assets can be settled against surpluses in future tax assessment see also Note 2.

Current tax

All companies within the Group calculate income tax in accordance with the tax regulations and ordinances in force in those countries where the profit is taxed.

Deferred taxes

The Group uses the balance sheet method to calculate deferred taxes. The balance sheet method implies that deferred tax assets and liabilities are valued according to the tax rates adopted or announced on balance sheet date and which are expected to apply to the period in which the acquisition is executed or the liability settled. The tax rates are applied to the existing differences between the accounting or fiscal value of an asset or liability, as well as to loss carry forwards. These loss carry forwards can be used to reduce future taxable income. Deferred tax assets are reported to the extent that it is probable that a sufficient taxable surplus will exist to allow for accounting of such receivables.

Leasing

Any leasing agreements in which the economic risks and rewards of ownership are essentially transferred to the lessee are defined as finance leases.

Assets held under finance leases are classified in the consolidated balance sheet as non-current assets. The commitment to pay future minimum lease payments is reported as non-current and current liabilities. The assets are depreciated according to plan, while lease payments are reported as interest and repayments of liabilities.

Other leased assets are reported as operating leases, which implies that the leasing charges are expensed over the term of the lease on the basis of utilisation.

Inventories

Inventories are measured at the lower of cost, according to the first-in, first-out method (FIFO), or net realisable value, less deductions for any obsolescence. The acquisition cost for finished goods, products in progress and work in progress consists of raw materials, direct salaries, other direct expenses, and related indirect manufacturing expenses (based on normal manufacturing capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated variable costs necessary to make the sale. Inventories mainly include bunker fuel, spare parts, merchandise for onboard sale, products for bars and restaurants onboard the vessels and finished goods and products in progress. Costs for inventories include transfers from comprehensive income of any gains or losses from cash flow hedges that comply with the conditions for hedge accounting as regards purchases of raw material.

Trade receivables

Trade receivables are reported at amortised cost reduced by any provision for uncollectibility. A provision for impairment of trade receivables is recognised when there exist objective evidence that the Group will be unable to receive all the amounts that are due in accordance with the original conditions of the receivable. The amount of the provision consists of the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The allocated amount is reported in the income statement.

Trade payables

Trade payables are initially reported at fair value and subsequently at amortised cost.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances with an original maturity of three months or less.

Employee benefits

Post-employment benefits, such as pensions and other benefits, are predominantly settled by the means of regular payments to independent authorities or bodies thereby assuming pension commitments towards the employees. These arrangements are referred to as defined contribution plans. The company thus pays set fees to a separate legal entity and has no commitment to pay any further fees. Expenses are charged to the Group's income statement, as administration costs, at the rate that the benefits are earned. The remaining portion of post-employment benefits consists of defined benefit plans, in which the commitments remain with the company. Remuneration of employees and former employees is paid on the basis of salary at retirement date and number of years of service.

The Company bears the risk for ensuring that the remuneration undertaken is paid. For defined benefit plans, the Company's costs and the value of outstanding commitments on the balance sheet date are calculated on the basis of actuarial assumptions intended to determine the present value of issued commitments. The amount recognised in the balance sheet is the net total of the estimated present value of the commitments and the fair value of the plan assets, either as a provision or as a non-current financial receivable. In cases where a surplus in a plan cannot be fully utilised, only that portion of the surplus that the company can recover through decreased future contributions or repayments is recognised. The setoff of a surplus in a plan against a deficit in another plan is allowed only if a company has the right to utilise a surplus in a plan to settle a deficit in another plan, or if the commitments are to be settled on a net basis.

The pension expense and the pension commitment for defined benefit pension plans are calculated annually by independent actuaries. The commitment consists of the present value of expected future payments. The most important actuarial assumptions are stated in Note 22.

Actuarial gains and losses may result upon determination of the present value of the defined benefit commitment and the fair value of plan assets. These result either from differences between the actual return and expected returns, or changes in assumptions. Changes in the present value of the obligations due to revised actuarial assumptions and experience adjustments on the obligation are recorded in other comprehensive income as remeasurements. The actual return less calculated interest income on plan assets is also included in other comprehensive income as remeasurements. Past-service costs are recognised immediately in income for the period. The described accounting principle is only applicable for Group accounting. The Parent company and the subsidiaries apply local rules and accounting principles.

Provisions

Generally, provisions are reported when there is an obligation as a result of a historical event, in which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are recognised at the amount that represents the best estimate of the amount required to settle the existing obligation on the balance sheet date. Where there is doubt in the estimates regarding forthcoming events outside the Group's control, the actual outcome may differ significantly.

When an obligation does not meet the criteria for recognition in the balance sheet, it may be considered to comprise a contingent liability and be disclosed. These commitments derive from historical events and their existence will be confirmed only when one or several uncertain future events, which are not entirely within the Group's control, take place or fail to take place. Contingent liabilities also include existing commitments where an outflow of resources is not likely or a sufficiently reliable estimate of the amount cannot be made.

New IFRSs issued but not effective for the financial year beginning 1 January 2015 and not early adopted

A number of new standards and interpretations will be effective for financial years beginning after 1 January 2015. They have not been adopted when preparing the Consolidated financial statements and the effects are currently being evaluated. The following standards and interpretations might have a material impact on the Group:

– IFRS 15 "Revenue from Contracts with Customers" establishes a new framework for determining when and how much revenue to recognise. The standard introduces a five-step model to be applied to all contracts with customers in order to establish the revenue recognition. Stena is yet to assess IFRS 15´s full impact. The mandatory effective date is 1 January 2018, with early application allowed.
– IFRS 9 "Financial Instruments" addresses the classification, measurement, recognition, impairment and derecognition of financial instruments. It also addresses general hedge accounting. Stena is yet to assess IFRS 9´s full impact. The mandatory effective date is 1 January 2018, with early application allowed.
– IFRS 16 "Leases" states that the lessee is required to report all contracts that meet the standard's definition of a lease as assets and liabilities in the balance sheet, with depreciation and interest charges recognised in the income statement. Consequently, contracts that are currently classified as operating leases will be capitalised in the balance sheet. The Group has not yet evaluated the effects of the standard. The standard is effective and mandatory for periods beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Parent company accounting policies

The Parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

The Parent company primarily applies the policies regarding consolidated financial statements described above. The discrepancies arising between the policies applied by the Parent company and the Group result from limitations in the possibilities of applying IFRS in the Parent company due to the Annual Accounts Act and, in some cases, due to taxation legislation.

The most significant differences between the accounting policies applied by the Group and the Parent company are shown below.

The Parent company applies RFR 2, which includes the exception in the application of IAS 39 concerning accounting and valuation of financial contracts of guarantee in favour of subsidiaries and associates. According to RFR 2, the principles for defined benefit plans in IAS 19 do not have to be applied for a legal entity. Available-for-sale shares are accounted for according to the Swedish Annual Accounts Act, 4:14d. Valuation changes in available-for-sale shares are accounted for in financial net in the income statement.

Shares in subsidiaries are recorded at cost less any impairment.

Group contributions are accounted for in the income statement after financial net.

In the Parent company, in accordance with the Swedish Annual Accounts Act, equity is split between restricted and unrestricted equity.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are evaluated continuously and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing circumstances.

The Board of Directors and Company management make estimates and assumptions concerning future developments in conjunction with the preparation of the annual accounts. The resulting accounting estimates will, by definition, rarely be equal to the actual results. Those estimations and assumptions implying a significant risk of material adjustments in the carrying amounts of assets and liabilities during the next financial period are discussed below.

a) Impairment testing for intangible assets

According to IFRS, intangible assets are to be defined as having either finite or indefinite lives. Intangible assets with indefinite useful lives are not amortised but instead tested annually for impairment. Goodwill, according to IFRS, has by definition an indefinite useful life and is therefore not amortised. From 2014, trademarks are also considered to have an indefinite useful life and are no longer amortised.

Assets with indefinite useful lives

Goodwill and trademarks are subject to annual impairment testing according to the described accounting principle in Note 1. The recoverable amounts for cash-generating units have been determined by calculating value in use. These calculations require the use of estimates which affects future cash flows and the determination of a discount rate, see Note 9. At 31 December 2015, the carrying amount of goodwill is MSEK 1,942 (2,459) and the carrying amount of trademarks is MSEK 702 (708).

Assets with finite lives

Intangible assets which are amortised are tested annually for impairment when circumstances indicate impairment of the intangible asset. Important indicators are:

– Significant decline in the external economic environment.
– Decline in the operating profit compared with historic and budgeted operating profit. See also Note 9.

At 31 December 2015, the carrying amount of intangible assets with finite lives is MSEK 1,056 (1,111), whereof rights to routes amount to MSEK 695 (749).

b) Impairment testing of vessels

The Group conducts impairment testing for its vessels at least twice a year, see also the description in Note 1 under the heading Impairment of non-financial assets. In view of the negative developments in the drilling market, impairment testing is conducted regularly with regard to the carrying amounts of the Group's drillships and drilling rigs. If there is any indication of impairment, the recoverable amount is determined based on the calculated value in use. These calculations are based on estimated future cash flows with significant assumptions such as discount rate, inflation, oil prices and expected volumes. Management continuously monitors changes in economic conditions that could affect the significant assumptions used to discount future cash flows. The Group's assumptions regarding the oil market are based on the belief in a recovery on medium term view. If such a recovery does not materialise, impairment losses may have to be recognised for the Group's drillships and drilling rigs in the future. Information on the carrying amounts of vessels and significant assumptions are presented in Note 10.

c) Retirement benefits

The Group has defined benefit pension plans, mainly in the United Kingdom and Sweden. The pension calculations are based on assumptions about discount rate, mortality rate, inflation and future pension and salary increases. Changes in assumptions directly affect the present value of the defined benefit obligation and costs and revenues associated with pensions. An analysis of sensitivity of the most essential assumptions is presented in Note 22.

d) Deferred taxes

In the preparation of the financial statements, Stena prepares a calculation of income tax, including a calculation of every fiscal area in which the Group operates, as well as of deferred taxes attributable to temporary differences.

Deferred tax assets that are primarily attributable to tax losses carried forward and temporary differences are reported if the tax assets can be expected to be recovered through future taxable income. Changes in the assumptions regarding forecasted future taxable income, as well as changes in tax rates, may result in significant differences in the valuation of deferred taxes.

e) Provisions

Generally, provisions are recognised when there is an obligation as a result of a historical event, where it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are recognised at the amount that represents the best estimate of the amount required to settle the existing obligation on the balance sheet date. Where there is doubt in the estimates referring to forthcoming events outside the Group's control, the actual outcome may differ significantly. When a commitment does not meet the criteria for reporting in the balance sheet, the amount can be considered a contingent liability and be disclosed.

These commitments arise from events that have taken place and their existence will be confirmed only when one or several uncertain future events, which do not lie entirely within the Group's control, take place or fail to take place. Contingent liabilities also include present commitments where an outflow of resources is not likely or a sufficiently reliable estimate of the amount cannot be made.

f) Fair value of financial instruments

The Group calculates discounted cash flows for different available-for-sale financial assets which are not traded in an active market.

g) Valuation of investment properties

The fair value of an investment property can only be determined with certainty at the date of sale. As the valuation of investment properties is based on accepted principles and assumptions, the fair value is not the exact value but an estimate. In a normal market, the fair value of a property is within a range of +/–5% to 10% and in a less liquid market, the range can be larger. The range of +/–5% is equal to MSEK +/–1,531 for the Group.

3. SEGMENT INFORMATION

Stena is an international group that is involved mainly in Ferry Operations, Offshore Drilling, Shipping, Property and new businesses – Adactum. There are no material transactions between these operating segments.

Ferry Operations are operated via Stena Line, Scandlines and HH Ferries in Scandinavia, the United Kingdom, France, Germany, Estonia, Poland, the Netherlands and Ireland. Stena Line is one of the world's leading ferry operators. As at 31 December 2015, operations comprised 22 strategically located ferry services, 37 vessels and five ports in Scandinavia, the United Kingdom and the Netherlands.

Income is generated mainly through (i) freight – mainly comprising revenue from freight traffic and truck traffic, (ii) ticket sales, comprising revenue from tickets for private individuals and private cars, package/ charter trips and hotel accommodation; and (iii) onboard sales, mainly comprising revenue from shops, restaurants, bars, gaming and, on the Norway–Denmark route, tax-free sales. The direct operating costs mainly comprise staff costs, the cost of purchasing goods sold on board, fuel costs, vessel charter costs, commission, package trip costs and other related costs.

Offshore Drilling are conducted by Stena Drilling, which has its head office in Aberdeen in Scotland. Stena Drilling is one of the world's leading companies in the development, construction and operation of drilling rigs and drillships. The fleet comprises two third-generation and one fifth-generation semi-submersible drilling rigs and four sixth-generation drillships for ultra-deepwater operations, one of which is an ice-class vessel. The revenue comprises revenue from charter contracts for drilling rigs and drillships. The direct operating costs are mainly staff costs, fuel costs and costs for insurance, maintenance and catering.

Shipping comprise ownership and leasing of oil tankers and RoRo vessels. To support operations, the company is also involved in management and manning, as well as the design, purchase, sale and redevelopment of such vessels.

Stena Bulk is one of the world's leading tanker companies. Stena Bulk develops pioneering tankers that satisfy customers' demand for safe transport and innovative logistics. Stena Bulk controls a fleet of 109 tankers and has operations in all segments of the tanker market.

Stena RoRo provides vessels, innovative solutions and project management. The company's customers are operators and ship owners throughout the world.

Northern Marine Group (NMG) is Stena's international company in the ship management sector with its head office in Glasgow in Scotland and with a global customer base. With an extensive customer portfolio and a large number of vessels under management, the company is a market leader in advanced ship management. The company operates a high-tech fleet of around 100 vessels from its worldwide network of offices in various cities around the world, including Aberdeen, Glasgow, Gothenburg, Houston, Mumbai, Manila, Singapore, Shanghai and St Petersburg.

Stena Teknik is a joint resource for all maritime operations within Stena. Operations comprise new-builds, redevelopment projects, procurement and marine engineering consultancy services as well as research and development.

Revenue from Shipping comprises mainly charter revenue from owned or chartered vessels as well as ship management revenue from vessels under Stena management. Direct operating costs mainly comprise costs for vessel charter, fuel, staff, insurance and other operationally related vessel costs.

Property comprise investments in residential properties and commercial properties, primarily in Sweden and the Netherlands. In total, Stena owns and manages on behalf of associates 2.3 million square metres mainly in Sweden. The holdings comprise around 22,800 residential units as well as commercial properties. Of these holdings the Group owns 2.0 million squaremeters and around 19,700 residential units. Stena Property is one of Sweden's largest privately owned property companies.

Revenue comprises rents from tenants in the company's properties as well as management revenue from managed properties. The costs refer mainly to maintenance, heating and staff.

Adactum include long term financial involvement and investment in operations outside Stena's core operating areas and take place through the business unit Stena Adactum.

Stena Adactum is the Group's investment company that invests long-term in listed and unlisted companies. The aim is to build up strong, profitable companies that can form a platform for new business areas within the Stena sphere. Stena Adactum comprises four wholly owned subsidiaries and two associates that are listed. The subsidiaries carry on operations in four different operating sectors:

- S-Invest is a retail chain with one of the largest ranges of indoor and outdoor plants in Sweden.
- Envac provides automated waste collection systems for households and municipal authorities and has offices in 21 countries.
- Stena Renewable through which the company commenced successful operations of Sweden's largest land-based wind power generating farms. A total of 96 wind turbines have been constructed on these wind farms.
- Ballingslöv is an international group operating in the kitchen, bathroom and storage sector with the ambition of becoming one of the leading players in the European market for these products. The company has manufacturing units in Sweden, the United Kingdom and Denmark.

Other covers undistributed, central administration costs.

The primary measures of profitability for these segments are the "operating profit" and "EBITDA". These measures are also those that are reported to the company's chief operating decision-maker. In the Group, this function is held by the Stena AB Board of Directors, which makes all strategic decisions.

Reconciliation between EBITDA and operating profit by segment

MSEK		1 January–31 December 2014	2015
Ferry Operations	EBITDA	1,958	2,148
	Depreciation, amortisation and impairment	–1,636	–1,549
	Net gain on sale of vessels		131
	Net gain on sale of operations		1,668
	Operating profit/loss	322	2,398
Offshore Drilling	EBITDA	4,120	3,689
	Depreciation, amortisation and impairment	–2,110	–2,865
	Operating profit/loss	2,010	824
Shipping			
– RoRo	EBITDA	324	409
	Depreciation, amortisation and impairment	–330	–311
	Net gain on sale of vessels		347
	Operating profit/loss	–6	445
– Tanker	EBITDA	863	1,330
	Depreciation, amortisation and impairment	–420	–510
	Net gain on sale of vessels		24
	Operating profit/loss	443	844
– Other shipping	EBITDA		85
	Depreciation, amortisation and impairment	–65	–38
	Net loss on sale of operations		–33
	Operating profit/loss	–65	14
Total Shipping	Operating profit/loss	372	1,303
Property	EBITDA	1,526	1,473
	Change in fair value of investment properties	362	749
	Depreciation, amortisation and impairment	–3	–4
	Net gain on sale of investment properties	212	102
	Operating profit/loss	2,097	2,320
Adactum	EBITDA	809	645
	Depreciation, amortisation and impairment	–400	–289
	Net gain on sale of operations		40
	Operating profit/loss	409	396
Other	EBITDA	–316	–409
	Depreciation, amortisation and impairment	–28	–31
	Operating profit/loss	–344	–440
Total	**EBITDA**	**9,284**	**9,369**
	Change in fair value of investment properties	**362**	**749**
	Depreciation, amortisation and impairment	**–4,992**	**–5,596**
	Net gain on sale of vessels		**502**
	Net gain/loss on sale of operations		**1,675**
	Net gain on sale of investment properties	**212**	**102**
	Operating profit/loss	**4,865**	**6,801**

CONT. NOTE 3

Depreciation, amortisation and impairment by segment

MSEK		1 January–31 December 2014	2015
Ferry Operations		1,636	1,549
Offshore Drilling		2,110	2,865
Shipping	RoRo operations	330	311
	Tanker operations	420	510
	Other shipping	65	38
	Total Shipping	815	859
Property		3	4
Adactum		400	289
Other		28	31
Total		**4,992**	**5,596**

Depreciation, amortisation and impairment expense consists of the following components

MSEK	1 January–31 December 2014	2015
Vessels	4,056	4,678
Windmills	116	122
Equipment	426	379
Land and buildings	46	53
Ports	127	194
Total property, plant and equipment	**4,771**	**5,426**
Intangible assets	221	170
Total	**4,992**	**5,596**

In 2015, depreciation, amortisation and impairment expenses include depreciation of vessels under finance leases amounting to MSEK 39 (39).

Investments in property, plant and equipment by segment

MSEK		1 January–31 December 2014	2015
Ferry Operations		856	480
Offshore Drilling		2,769	3,237
Shipping	RoRo operations	152	60
	Tanker operations	206	266
	Other shipping	70	27
	Total Shipping	428	353
Property		1,298	1,594
Adactum		330	137
Other		18	17
Total		**5,699**	**5,818**

Total assets by segment

MSEK		31 December 2014	2015
Ferry Operations		18,570	17,207
Offshore Drilling		33,359	35,235
Shipping	RoRo operations	3,252	2,586
	Tanker operations	8,149	8,548
	Other shipping	762	727
	Total Shipping	12,163	11,861
Property		31,692	32,871
Adactum		10,012	9,321
Other		20,021	12,773
Total		**125,817**	**119,268**

Geographic information

The Group's shipping operations within Stena RoRo and Stena Bulk are mainly conducted between ports all over the world under short and long-term contracts. These activities are not allocated to a geographic area. The ferry operations and the property operations are conducted mainly in Scandinavia and the rest of Europe. The company's drilling operations are conducted in the North Sea (Scandinavia and Europe, respectively) but also in markets outside Europe. The company's investments in SPEs are included in Other markets. As per January 1 2015 the investments in SPEs in the USA are deconsolidated, see Note 13.

Total revenue per geographic area

MSEK	1 January–31 December 2014	2015
Scandinavia	13,620	16,280
Rest of Europe	9,811	9,750
Other markets	7,846	7,508
Not allocated	2,286	2,879
Total	**33,563**	**36,417**

Total assets per geographic area

MSEK	31 December 2014	2015
Scandinavia	40,908	42,644
Rest of Europe	31,399	28,112
Other markets	20,895	10,020
Not allocated	32,615	38,492
Total	**125,817**	**119,268**

4. SALE OF NON-CURRENT ASSETS

MSEK		1 January–31 December 2014	2015
Vessels	Sales price		1,982
	Carrying amount		–1,480
	Net gain on sale of vessels		502
Investment properties	Sales price	704	1,201
	Carrying amount	–492	–1,099
	Net gain on sale of properties	212	102
Operations	Sales price		2,491
	Carrying amount		–816
	Net gain on sale of properties		1,675
Total	Sales price	704	5,674
	Carrying amount of assets sold	–492	–3,395
Total gain		**212**	**2,279**

Result from sale of buildings and equipment are included in gross profit.

The total sales price included selling expenses of MSEK 63 (6). A comparison with the cash flow statement for the above asset classes shows differences which are due to the final proceeds being received after 2015 or vessels being sold in previous years under a hire-purchase contract with instalments over several years. In addition, deductions have been made in the cash flow for cash and cash equivalents in divested companies.

No vessels were sold in 2014.

5. ADMINISTRATIVE EXPENSES

Administrative expenses include R&D costs amounting to MSEK 43 (42). Fees and other renumeration to auditors and advisors are set forth below:

Fees to the auditors	1 January–31 December 2014	2015
Audit fees	23	23
Audit-related fees	2	3
Tax advisory services	4	3
Other fees	1	2
Total	**30**	**31**
Audit fees to other auditing firms	1	1
Group Total	**31**	**32**

Audit fees relate to examination of the annual report, financial accounting and the administration by the Board and the CEO as well as other tasks related to the duties of a company auditor. The audit-related fees include, except for the audit, other quality assurance services required by enactment, articles of association, regulations or agreement. Tax advisory services include both tax consultancy and tax compliance services. Other fees are related to other assignments.

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER JOINT ARRANGEMENTS

All associates, joint ventures and other joint arrangements are reported under this heading. One joint operation have been identified under other joint arrangements but none of these are assessed to be of a material nature. Associates and joint ventures are reported according to the equity method, while joint operations are reported using proportionate consolidation. See also Note 1 under the heading "Investments in associates, joint ventures and other joint arrangements".

Associates are divided into strategic holdings and other holdings. The result from other holdings more directly attributable to operations is reported under direct operating expenses, while strategic holdings are reported in net financial net under the heading "Profit/loss from investments in strategic associates". Joint ventures related to the operation are reported in gross profit.

The Group has three holdings that are regarded as strategic: Midsona AB (publ), Gunnebo AB (publ) and Wisent Oil & Gas Plc. At 31 December 2015, the investment in Midsona AB (publ) (reg.no 556241-5322, domicile in Malmö) represents 24.7% of the capital and 27.4% of the votes, and is compared with last year an increase of 1.5% and 2.3% as a consequense of a new share issue.

The total market value of the investment at 31 December 2015 was MSEK 195 (167). The company's share of result amounted to MSEK 16 (15).

At 31 December 2015, the investment in Gunnebo AB (publ) (reg.no 556438-2629, domicile in Göteborg) represents 26.1% of the capital and the votes, as last year. The market value of Stena's investment in Gunnebo AB is MSEK 739 (748). The company's share of result amounted to MSEK 44 (59).

The investments in Midsona AB (publ) and Gunnebo AB (publ) are pledged as security for bank debt.

In 2011, the subsidiary Stena Investment Sarl invested MSEK 106 in Wisent Oil & Gas Plc, which is an oil exploration company. The value of the investment at 31 December 2011 was MGBP 10. During 2012, Stena Investment Sarl invested a further MGBP 7. During 2013, the shares were written down by MSEK 48 and in 2014 the remaining MSEK 79 was written down. The company´s share of profit in 2015 amounted to MSEK 0 (0). At 31 December 2015 the investment represents 30% (30%) of the capital and votes.

Amounts recorded in the balance sheet are as follows:

	31 December	
MSEK	2014	**2015**
Strategic holdings	922	980
Other holdings	7	17
Joint ventures	506	704
Total	**1,434**	**1,701**

Amounts recorded in the income statement are as follows:

	1 January–31 December	
MSEK	2014	**2015**
Strategic holdings	10	46
Other holdings	–89	4
Joint ventures	–18	299
Total	**–97**	**349**

CONT. NOTE 6

	Strategic holdings		Other holdings		Joint Venture		Total	
MSEK	2014	2015	2014	2015	2014	2015	2014	2015
Opening balance	**934**	**922**	**135**	**7**	**405**	**506**	**1,474**	**1,434**
Investments	3	38		17	90	46	93	101
Disposals	–2		–26			–1	–28	–1
Profit/loss from associates/joint ventures								
– Share of profit/loss	74	60	–108	4	–27	327	–61	391
– Write down	–79						–79	
– Other			19		9	9	28	9
Other comprehensive income	15	–14				–37	15	–51
Dividend	–25	–26			–37	–228	–62	–254
Reclassifications to subsidiary				–7				–7
Exchange differences	2		7	–4	98	41	107	37
Other changes			–20		–32	41	–52	41
Closing balance	**922**	**980**	**7**	**17**	**506**	**704**	**1,434**	**1,701**

The closing balance for investments reported according to the equity method includes for strategic holdings goodwill amonting to MSEK 342 (342).

Summary of information about the Group's share of profit/loss and comprehensive income

Below is the financial summary of the information related to the Group's associates and joint ventures that are reported using the equity method. The information refers to the Stena AB Group's share of the amounts reported in the companies year-end accounts, adjusted for differences in accounting policies between the Group and the associates.

	Strategic holdings		Other holdings		Joint Venture		Total	
MSEK	2014	2015	2014	2015	2014	2015	2014	2015
Profit for the year	74	60	–108	4	–18	336	–52	400
Other comprehensive income	15	–14				–37	15	–51
Total	**89**	**46**	**–108**	**4**	**–18**	**299**	**–37**	**349**

Below find the assets (including goodwill), liabilities, equity, revenue and result for the significant associates and joint ventures in the Group. Furthermore, the result and the carrying amount in the Group is also showed.

MSEK	Country of incorporation	Assets	Liabili-ties	Equity	Reve-nues	Profit/ (loss)	% Inter-est held	Group result	Carrying amount
2014									
Midsona AB (publ)	Sweden	1,199	448	751	920	64	24%	15	141
Gunnebo AB (publ)	Sweden	4,825	3,131	1,694	5,557	227	26%	59	781
Wisent Oil & Gas Plc	Jersey	57	4	53		–2	30%	–79	
Total								**–5**	**922**

MSEK	Country of incorporation	Assets	Liabili-ties	Equity	Reve-nues	Profit/ (loss)	% Inter-est held	Group result	Carrying amount
2015									
Midsona AB (publ)	Sweden	1,554	677	877	1,174	66	25%	16	178
Gunnebo AB (publ)	Sweden	5,085	3,338	1,747	6,052	168	26%	44	802
Wisent Oil & Gas Plc	Jersey	31	1	30	7		30%		
Total								**60**	**980**

Other holdings

MSEK	Country of incorporation	Assets	Liabilities	Equity	Revenues	Profit/ (loss)	% Interest held	Group result	Carrying amount
2014									
Paradise Tankers Corporation	Liberia							–88	
GSW F Class Pte Ltd	Singapore	701	764	–63	163	–55	35%		
Total								**–88**	

MSEK	Country of incorporation	Assets	Liabilities	Equity	Revenues	Profit/ (loss)	% Interest held	Group result	Carrying amount
2015									
GSW F Class Pte Ltd	Singapore	749	818	–69	302	1	35%	3	
Collectius Ltd	Hong Kong	24		24		–2	20%		17
Total								**3**	**17**

Shining Sunrise Pte Ltd has during 2015 changed name to GSW F Class Pte Ltd. In two of the other holdings there are unaccounted result of shares for 2015 amounting to MSEK 0 (–23) and accumulated MSEK –19 (–23). During 2014 all shares in Paradise Tankers Corporation was sold.

Joint venture

MSEK	Country of incorporation	Assets	Liabilities	Equity	Revenues	Profit/ (loss)	% Interest held	Group result	Carrying amount
2014									
Nordic Rio LLC	Marshall Islands	347	327	20	53	31	50%	–53	4
Naviation Gothenburg LLC	Marshall Islands	644	605	38	86	45	50%	7	4
Glacia Limited	Bermuda	499	199	299	79	32	50%	16	150
Northen Marie Australia Ltd	Australia	40	30	10	129	10	50%	5	5
Golden Stena Bulk IMOIIMAX I	Cyprus	124	124				50%		
Golden Stena Bulk IMOIIMAX III	Cyprus	87	87				50%		
Partrederiet SUST I DA	Norway	348	13	335	62	–37	50%	–21	122
Partrederiet SUST III DA	Norway	313	114	200	38	–41	50%	–23	73
Stena Weco AS	Denmark	587	361	226	3,424	103	50%	51	149
								–18	**506**

MSEK	Country of incorporation	Assets	Liabilities	Equity	Revenues	Profit/ (loss)	% Interest held	Group result	Carrying amount
2015									
Nordic Rio LLC	Marshall Islands	346	299	47	66	37	50%	16	15
Naviation Gothenburg LLC	Marshall Islands	654	590	64	105	56	50%	15	2
Glacia Limited	Bermuda	541	185	356	92	33	50%	16	178
Northen Marie Australia Ltd	Australia	24	11	13	125	12	50%	6	6
Golden Stena Bulk IMOIIMAX I	Cyprus	316	300	16	65	17	50%	8	8
Golden Stena Bulk IMOIIMAX III	Cyprus	335	325	10	36	10	50%	5	5
Partrederiet SUST I DA	Norway	327	4	323	97	3	50%	–3	108
Partrederiet SUST III DA	Norway	316	14	302	82	2	50%	–2	119
Stena Weco AS	Denmark	973	524	449	4,885	549	50%	275	264
								336	**704**

7. FINANCIAL NET

MSEK	1 January–31 December 2014	2015
Profit/loss from investments in strategic associates (see Note 6)	**–5**	**60**
Dividends received from shareholdings	43	61
Dividends received from financial assets	11	75
Total dividends	**54**	**136**
Realised result from sale of trading shares	–5	–19
Realised result from sale of available-for-sale shares	247	115
Impairment of shares available for sale		–181
Realised result from sale of financial instruments at fair value through profit or loss	38	207
Realised result from security investments	–32	
Unrealised result from sale of trading shares	–166	–50
Unrealised result from sale of financial instruments at fair value through profit or loss	2	–107
Total Gain (loss) on sale of securities	**84**	**–35**
Interest income from investments in SPEs	262	
Interest income	213	213
Total Interest income	**475**	**213**
Interest expense from investments in SPEs	–64	
Fair value revaluation of interest derivates not included in hedge accounting	–43	53
Interest expense	–2 416	–2,484
Total Interest expense	**–2,523**	**–2,431**
Exchange differences pertaining to trading operations	50	27
Translation difference	105	54
Total foreign exchange gain (loss)	**155**	**81**
Amortisation of deferred finance costs	–148	–172
Commitment fees	–49	–79
Bank charges	–24	–21
Other financial items	–29	–49
Other finance costs from investments in SPEs	–56	
Total other finance income/costs	**–306**	**–321**
Financial net	**–2,066**	**–2,297**

There has been no material ineffectiveness in our cash-flow hedges.

Amortisation of capitalised finance costs relates to the accrual of costs for certain long-term loans and lease obligations over the remaining term of such loans. See Note 31.

8. INCOME TAXES

Profit before tax is distributed geographically as follows:

MSEK	1 January–31 December 2014	2015
Sweden	1,191	2,870
Rest of the world	1,608	1,634
Total profit before tax	**2,799**	**4,504**
Current tax		
For the period, Sweden	–77	–15
Adjustments previous years, Sweden		6
For the period, rest of the world	–365	–240
Adjustments previous years, rest of the world	–7	–44
Total current tax	**–449**	**–293**
Deferred tax		
For the period, Sweden	–67	–419
Adjustments previous years, Sweden	15	–10
For the period, rest of the world	41	159
Adjustments previous years, rest of the world	52	47
Total deferred tax	**41**	**–223**
Total income taxes	**–408**	**–516**

During 2015 paid tax amounted to MSEK 251 (344).

Difference between the statutory tax rate in Sweden and the effective tax rate, percentage:

Percentage	1 January–31 December 2014	2015
Statutory income tax rate Sweden	22	22
Differences in foreign tax rates	1	
Taxes related to previous years	2	2
Increase in loss carried forward without recognition of deferred tax	–2	–1
Expenses not deductible	1	1
Non-taxable income	–1	–12
Utilised tax losses carried forward	1	
Restructuring	–10	3
Change in tax rate, net	–1	–1
Other	2	–3
Effective income tax rate	**15**	**11**

The principle reason why the effective income tax rate is lower than the statutory income tax rate for 2015 and 2014 is that international shipping activities and gains on the sale of financial instruments are to a large extent tax-exempt in many countries.

9. INTANGIBLE ASSETS

MSEK	Goodwill	Trademarks	Rights to routes	Distribution agreements	IT investments	Other intangible assets	Total
Cost of acquisition							
Opening balance, 1 January 2014	2,505	833	803	314	829	57	5,341
Acquisitions and disposals of operations (Note 29)	24					14	38
Additions			72	2	77	5	156
Disposals					–34	–4	–38
Transfers	18			–25	4		–3
Translation differences	58	4	80	7	18	9	176
Closing balance, 31 December 2014	**2,605**	**837**	**955**	**298**	**894**	**81**	**5,670**
Acquisitions and disposals of operations (Note 29)	–597	–7			–11	–5	–620
Additions					55	54	109
Disposals					–38		–38
Transfers				9	39	–26	22
Translation differences	–14	–1				4	–11
Closing balance, 31 December 2015	**1,994**	**829**	**955**	**307**	**939**	**108**	**5,132**
Accumulated amortisation and impairment							
Opening balance, 1 January 2014	–133	–129	–77	–207	–629	–11	–1,186
Translation differences	7		–14	–6	–11		–24
Disposals					36		36
Transfers	–20			25	–2		3
Amortisation and impairment for the year			–115	–46	–60		–221
Closing balance, 31 December 2014	**–146**	**–129**	**–206**	**–234**	**–666**	**–11**	**–1,392**
Acquisitions and disposals of operations (Note 29)	101	4			4		109
Translation differences	–7	–2	2		–2		–9
Disposals					38		38
Transfers				–8			–8
Amortisation and impairment for the year			–56	–46	–68		–170
Closing balance, 31 December 2015	**–52**	**–127**	**–260**	**–288**	**–694**	**–11**	**–1,432**
Carrying amount, 31 December 2014	2,459	708	749	64	228	70	4,278
Carrying amount, 31 December 2015	**1,942**	**702**	**695**	**19**	**245**	**97**	**3,700**

Goodwill is allocated to the Group's cash-generating units (CGUs) identified by segment. A segment-level summary of the goodwill allocation is presented below.

	31 December	
MSEK	2014	2015
Adactum	1,978	1,550
Ferry Operations	437	347
Other	44	45
Total	**2,459**	**1,942**

Impairment testing of goodwill is conducted annually and whenever conditions indicate that impairment may be necessary. The recoverable amount of cash generating units is based on the calculated value in use. The key assumptions used for calculating the value in use are discount rate and growth rate in addition to expectations about the operation future development.

The pre-tax discount rate used in Adactum was 6–7%. The growth rate for revenue used in Adactum has been individually assessed for each company and year until 2024. During this period, the growth rate fluctuates between 2–5% until 2018 and 2% after 2018 until 2024. For subsequent periods, revenue is estimated to have a growth corresponding to 1.5%, based on reasonable prudence.

An extended forecast period can be verified, as all companies have been in operation for a substantial time and have a well-established business model. Adactum has a long-term ownership perspective and is working to further develop the companies through active ownership and financial strength without any disposals of companies. The same principles were applied within Adactum in the previous year.

The pre-tax discount rate used in the impairment testing of goodwill within Ferry Operations was 7%. The growth rate for revenue has been individually assessed for each company or route and fluctuates between 2–5% until 2020 and 0–2% thereafter.

As at 31 December 2015, the recoverable amount based on value in use of the cash-generating units was not less than their carrying amount in any test and therefore the related goodwill was not impaired.

A number of sensitivity tests have been made in order to examine the possible need for impairment. For these sensitivity tests, the discount rate used was two percentage units higher than the discount rate described above. When applying these estimates, no goodwill impairment is indicated for material cash generating units.

Trademarks

Trademarks are mainly related to the segment Adactum. During 2015, impairment testing has been performed for all trademarks within Adactum. The tests have been performed according to the same procedure as for establishing the recoverable amount of goodwill, see description above. The pre-tax discount rate used for the individual trademarks was 6–7% and the growth rate for revenue used until 2017 was 2–5%. For subsequent periods, revenue is estimated to have a growth corresponding to 2%. None of the performed tests indicated any impairment for trademarks. As from 2014, trademarks within Adactum are not subject to amortisation as they are considered to have an indefinite useful life.

10. PROPERTY, PLANT AND EQUIPMENT

MSEK	Vessels	Construction in progress	Windmills	Other equipment	Land and buildings	Total
Cost of acquisition						
Opening balance, 1 January 2014	62,660	2,450	2,317	5,747	1,627	74,801
Acquisitions and disposals of operations (Note 29)				92		92
Additions	1,588	2,134	3	420	76	4,221
Disposals	–1,053	–109		–292	–63	–1,517
Transfers	867	–1,075		171	37	
Translation differences	9,962	569		528	118	11,177
Closing balance, 31 December 2014	**74,024**	**3,969**	**2,320**	**6,666**	**1,795**	**88,774**
Acquisitions and disposals of operations (Note 29)	–17		495	–1,807	–58	–1,387
Additions	2,033	1,873	2	289	22	4,219
Disposals	–4,362	–58	–43	–143	–13	–4,619
Transfers	1,543	–1,702		29	–37	–167
Translation differences	3,729	284		188	12	4,213
Closing balance, 31 December 2015	**76,950**	**4,366**	**2,774**	**5,222**	**1,721**	**91,033**
Accumulated depreciation and impairment						
Opening balance, 1 January 2014	–21,704		–203	–3,931	–665	–26,503
Acquisitions and disposals of operations (Note 29)				–21		–21
Disposals	1,119			266	63	1,448
Translation differences	–3,242			–301	–36	–3,579
Transfers		–15	5			–10
Depreciation and impairment for the year	–4,056	–10	–116	–416	–46	–4,644
Closing balance, 31 December 2014	**–27,883**	**–25**	**–314**	**–4,403**	**–684**	**–33,309**
Acquisitions and disposals of operations (Note 29)	372		–79	1,330	57	1,680
Disposals	2,857		9	111	11	2,988
Translation differences	–1,220			–99	–1	–1,320
Transfers				110	36	146
Depreciation and impairment for the year	–4,678	–10	–122	–369	–53	–5,232
Closing balance, 31 December 2015	**–30,552**	**–35**	**–506**	**–3,320**	**–634**	**–35,047**
Closing balance, 31 December 2014	46,141	3,944	2,006	2,264	1,111	55,465
Closing balance, 31 December 2015	**46,398**	**4,331**	**2,268**	**1,902**	**1,087**	**55,986**

As at 31 December 2015, construction in progress includes new orders of five IMOIIMAX-vessels and one drilling rig. The drilling rig was ordered from Samsung in South Korea on the 26 June 2013. Two of the IMOIIMAX-vessels were ready in the beginning of 2016. Two of the remaining vessels are expected to be ready during the second half-year 2017 and one in the beginning of 2018. Construction in progress also includes investments in windmills in Sweden.

Altogether the vessel orders amounts to MSEK 7,616. In the closing value for construction in progress an advance of MSEK 2,140 to the shipyard and MSEK 310 for windmill projects are included. Capitalised interest of MSEK 328 and other capitalised costs of MSEK 1,553 are also included.

The amount of interest capitalised on vessel projects was MSEK 145 and MSEK 109 for the years ended 31 December 2015 and 2014, respectively.

Impairment testing of vessel is conducted annually and whenever conditions indicate that impairment may be necessary. The recoverable amount is determined based on the calculated value in use. The most material assumptions for determine the value in use is discount rate and growth rate. The discount rate used in the calculation for value in use was 7% before tax. The growth rate is based on applicable contracts or assessed to 0–3% during the vessels estimated useful lives. The Group's assumptions regarding the oil market are based on the belief in a recovery on a medium term view. If such a recovery does not materialise, impairment losses may have to be recognised for the Group's drillships and drilling rigs in the future. As of 31 December 2015, the recoverable amounts based on value in use were not less than their carrying amount in any test and therefore the vessels were not impaired.

Valuation certificates issued on 31 December 2015 by independent valuation institutions indicate that the values in the vessel fleet exceed the carrying amount by MSEK 746 (4,082).

Part of the vessels' carrying amount refers to vessels held under finance leases, see Note 25.

11. PORTS

MSEK	
Revalued costs of acquisition	
Opening balance, 1 January 2014	3,345
Additions	183
Disposals	–66
Transfers	2
Translation differences	389
Closing balance, 31 December 2014	**3,853**
Revaluation	375
Additions	25
Disposals	–50
Transfers	139
Translation differences	27
Closing balance, 31 December 2015	**4,369**
Accumulated depreciation	
Opening balance, 1 January 2014	–84
Disposals	58
Translation differences	–11
Depreciation for the year	–127
Closing balance, 31 December 2014	**–164**
Revaluation	117
Disposals	32
Translation differences	5
Transfers	–129
Depreciation for the year	–176
Closing balance, 31 December 2015	**–315**
Carrying amount,31 December 2014	3,689
Carrying amount, 31 December 2015	**4,054**

The Group owns ports in Sweden, the United Kingdom and the Netherlands. Ports are used in our own regime and includes ports, terminal buildings etc.

The Group's accounting principle for valuation of ports is based on the revaluation method. The latest revaluation was made for all ports as of January 1, 2015. The revaluation resulted in an increased port value of MSEK 492, allocated to MSEK 375 at cost and MSEK 117 at depreciation.

Independent valuers were used to determine the fair value for all ports.

The closing balance at 31 December 2015 would have been MSEK 2,027 (2,259) if the ports had been valued at cost less accumulated depreciation.

12. INVESTMENT PROPERTY

MSEK	31 December 2014	2015
Fair value, 1 January	27,626	28,945
Additions	746	1,061
Reclassification of construction in progress	369	585
Disposals	–518	–1,099
Unrealised fair value adjustments	362	749
Translation differences	360	–52
Fair value, 31 December	**28,945**	**30,189**
Investment Property – Construction in progress		
Fair value, 1 January	205	422
Additions	550	527
Reclassification of construction in progress	–369	–543
Translation differences	36	22
Fair value, 31 December	**422**	**428**
Total fair value of investment property, 31 December	**29,367**	**30,617**

Investment Property – effect on profit for the period

MSEK	1 January–31 December 2014	2015
Rental Income	2,428	2,407
Direct costs	–835	–820
Valuation of investment properties	362	749
Total	**1,955**	**2,336**

Investment properties are residential and commercial properties.

Valuation of the investment properties is performed at year-end and at each quarter by assessing each individual property's fair value. The valuation method is based on the direct yield method and the net operating income is based on market rental income with a deduction for rental vacancy level of 0–1% for residential properties and 0–15% for commercial properties. The assessment of the yield requirements is based on the market yield requirements in respect of the purchase and sale of comparable properties in similar locations. The assessment takes into consideration the type of property, technical standard and type of construction.

The following rates of return were used for the valuation at 31 December 2015:

Location	Rate of return % Residential	Commercial
Sweden	2.5 – 5.5	4.75 – 8.0
Eurozone	n/a	5.9 – 10.6

The estimated market value of investment properties is MSEK 30,617, whereof MSEK 26,266 is attributable to Swedish properties. In the previous year, the estimated market value of investment properties was MSEK 29,367, whereof MSEK 25,001 was attributable to Swedish properties.

To guarantee the valuation, external valuations have been obtained for the Swedish properties. The external valuations cover 26% of the total property value in absolute terms, but these selected properties represent 51% of the properties in terms of property types, technical standard and building design.

External valuations have been performed on 40% of the investment properties outside Sweden.

A comparison between the internal and external valuations reveals that the internal valuations are within a normal +/– 10% range compared with the external valuation.

13. INVESTMENT IN SPES

Since late 2002, the Group has invested in variable interest entities ("SPEs") managed by Canyon Capital, USA. The SPEs have invested in different debt securities, including high yield bonds. The SPEs have issued debt securities which are secured by their assets. The company's risk is limited to its equity investment.

During 2015, the company has had investments in five different CLOs (Collateralised Loan Obligations). The CLOs were started during the years 2004, 2006, 2007, 2012 and 2014. The CLO from 2004 were terminated during 2015 and the fund from 2007 is close to termination. The non-controlling interest for the CLO fund 2004 is 8%, the CLO fund 2006 11% and for the CLO fund 2007 5%.

The non-controlling interest for the CLO funds 2012 and 2014 is 20%.

The CLO funds were consolidated in the group´s accounting up to 31 December 2014. During 2015, the Group has assessed that Stena does not have such control over its investments in the CLOs that these should be consolidated in accordance with IFRS10 (see Note 1 – Summary of significant accounting principles). As a result, Stena deconsolidated the CLOs from January 1, 2015. Instead, these investments are reported as marketable securities at their market value in Stena's consolidated balance sheet, see Note 14. The effects from de-consolidating the CLOs on the Group's consolidated Balance Sheet as of January 1, 2015 are stated in the table below. These effects are not considered to be material for the Group and, as a result, no retroactive adjustments have been made.

Effect from deconsolidating CLOs

MSEK	31 December 2014 Previously reported	Effect from de-consolidating CLOs	1 January 2015 Restated
Investments in SPEs	8,112	–8,112	
Marketable securities	4,847	761	5,608
Short-term investments	1,248	–451	797
Other assets	111,610	–156	111,454
Total assets	**125,817**	**–7,958**	**117,859**
Equity attributable to shareholders of the Parent company	38,724	–136	38,588
Non-controlling interest	255	–21	234
Liabilities in SPEs	7,540	–7,540	
Other liabilities	79,298	–261	79,037
Total equity and liabilities	**125,817**	**–7,958**	**117,859**

The consolidation of the SPEs has had the following impact:

MSEK	1 January–31 December 2014
Profit for the year attributable to shareholders of the Parent company	82
Non-controlling interests	11
Profit for the year	**93**
Investments in SPEs[1)]	8,112
Short-term investments[2)]	451
Other assets	156
Total assets	**8,719**
Equity	897
Non-controlling interests	21
Debt of SPEs[3)]	7,540
Other debt	261
Total equity and liabilities	**8,719**

The investments in SPEs are classified as follows:	
Financial assets at fair value in the balance sheet through other comprehensive income	214
Financial assets carried at cost in the balance sheet	7,898
Total	**8,112**

1) Holdings in bonds are carried at fair value with realised gains and losses recognised in profit or loss. Holdings of these securities were carried at fair value with fair value changes recognised in other comprehensive income. The corporate loans were recorded at cost in the balance sheet and tested for impairment at each reporting date. The market value of the corporate loans was MSEK 115 lower than cost for the reporting period 2014.
2) Refers to cash and cash equivalents in the SPEs. This cash is not available to the Company and is therefore included as restricted cash.
3) Debt of SPEs refers to secured notes issued by the SPEs and secured bank loans borrowed by the SPEs. These obligations are secured by pledges of the assets of the SPEs and are not guaranteed by the Stena AB Group.

14. MARKETABLE SECURITIES

MSEK	31 December 2014	2015
Opening balance	4,243	4,847
Deconsolidating CLOs[1]		761
Additions	3,208	3,533
Disposals	–2,802	–2,406
Revaluation of financial assets through profit or loss	–22	–156
Revalutation of financial assets through other comprehensive income	–97	–232
Translation differences	317	–15
Closing balance	**4,847**	**6,332**

MSEK	2014	2015
Marketable securities are classified as:		
Financial assets at fair value through profit or loss	1,244	1,282
Available-for-sale financial assets at fair value through other comprehensive income	3,603	5,050
Total	**4,847**	**6,332**

1) See note 13

Marketable securities held as non-current assets refer to the Stena AB Group's listed shares, funds and bonds, these are recorded at fair value. Shares with a carrying amount of MSEK 321 (352) have been pledged as security for bank debt.

15. OTHER NON-CURRENT ASSETS

MSEK	Deferred tax assets	Other receivables	Available-for-sale shares	Deferred costs	Total
Opening balance, 1 January 2014	627	1,107	1,137	335	3,206
Additions	257	546	47	409	1,259
Disposals	–93	–64	–72	–129	–358
Revaluation through the income statement		284	18		302
Revaluation through other comprehensive income		448			448
Reclassification	–17	24			7
Translation differences	78	128	86	66	358
Closing balance, 31 December 2014	**852**	**2,473**	**1,216**	**681**	**5,222**

MSEK	Deferred tax assets	Other non-current receivables	Available-for-sale shares	Deferred costs	Total
Additions	114	727	24	24	889
Disposals		–494	–20	–196	–710
Aquisitions and disposals of operations		–36	–4		–40
Revaluation through the income statement		136	27		163
Revaluation through other comprehensive income		–75			–75
Reclassification	32	–233		–27	–228
Translation differences	13	61	–21	33	86
Closing balance, 31 December 2015	**1,011**	**2,559**	**1,222**	**515**	**5,307**

Deferred tax assets mainly relate to unutilised tax losses carried forward. Reclassifications include netting against deferred tax liabilities. See Note 8 and Note 21. Other marketable securities held as non-current assets relate to holdings of non-listed shares, other associates and bonds. Available-for-sale shares include investments in non-listed shares. These shares are accounted for as Available-for-sale shares and are valued through other comprehensive income.

Available-for-sale shares

MSEK		No. of shares or % held	Carrying amount
Held by Parent company			
Alligator		3,345,231	64
Spibertech		2,700	11
Total available-for-sale shares in the Parent company			**75**
Held by subsidiaries			
ING Dutch Office Funds C.V.	The Netherlands	6%	650
Airport Real Estate Management BV.	The Netherlands	20.2%	339
Iofina Convertible Loan	United Kingdom	100%	127
Other			31
Total available-for-sale shares			**1,222**

16. INVENTORIES

	As of 31 December	
MSEK	2014	2015
Bunker and lubricating oil	129	84
Inventories of goods for sale	239	230
Raw materials and consumables	232	204
Products in progress	86	90
Finished products	160	139
Total	**846**	**747**

17. CURRENT RECEIVABLES

	31 December	
MSEK	2014	2015
Trade receivables		
Trade receivables are classified on the basis of their due date:		
Outstanding but not due	2,154	1,768
Past due, up to 30 days	407	234
Past due, more than 30 days	282	286
Total	**2,843**	**2,288**
Other current receivables		
Related parties (Note 34)	198	239
Other current receivables	2,233	2,436
Total	**2,431**	**2,675**
Prepayments and accrued income		
Prepayments	591	553
Accrued income	1,774	1,742
Total	**2,365**	**2,294**
Total current receivables	**7,639**	**7,257**

The carrying amount of the receivables corresponds to their fair value. The total allowance for doubtful trade receivables at 31 December 2015 was MSEK 132 (49). Selling expenses include costs for doubtful receivables of MSEK 30 (82).

18. SHORT-TERM INVESTMENTS

	31 December	
MSEK	2014	**2015**
Marketable debt and equity securities, trading	272	205
Restricted cash	976	656
Total	**1,248**	**861**

The carrying amount of short-term investments corresponds to fair value. Marketable debt and equity securities are classified as "Financial assets at fair value through profit or loss".

MSEK 1 (11) of the total value is restricted, having been pledged as security for bank debt. See Note 28.

Restricted cash includes MSEK 0 (451) of cash and cash equivalents in the SPEs (see Note 13), which is not available to the Company. Other restricted cash represents bank accounts that have been pledged to cover various long-term liabilities and commitments of the Company.

19. CASH AND CASH EQUIVALENTS

	31 December	
MSEK	2014	**2015**
Cash & bank	2,255	2,309
Short-term deposits	1,251	2
Total	**3,506**	**2,311**

Short-term deposits are defined as bank deposits that have original maturities of up to three months.

20. EQUITY

Dividends paid per share (SEK)	
2014	4,000
2015	4,500

Specification of reserves

MSEK	Fair value reserve	Hedging reserve	Revaluation reserve	Translation reserve	Total
Opening balance, 1 January 2014	**225**	**–205**	**992**	**–1,402**	**–390**
Change in fair value reserve, net of tax	–119				**–119**
Change in hedging reserve, net of tax					
– valuation of bunker hedges		–537			**–537**
– valuation of interest hedges		–951			**–951**
– valuation of currency hedges		196			**196**
– hedge of net investment in foreign subsidiaries		–283			**–283**
Change in revaluation reserve, net of tax			80		**80**
Change in translation reserve, net of tax				3,191	**3,191**
Closing balance, 31 December 2014	**106**	**–1,780**	**1,072**	**1,789**	**1,187**
Change in fair value reserve, net of tax	–72				**–72**
Change in hedging reserve, net of tax					
– valuation of bunker hedges		–178			**–178**
– valuation of interest hedges		291			**291**
– valuation of currency hedges		–51			**–51**
– hedge of net investment in foreign subsidiaries		117			**117**
Change in revaluation reserve, net of tax			488		**488**
Change in translation reserve, net of tax				330	**330**
Closing balance, 31 December 2015	**34**	**–1,601**	**1,560**	**2,119**	**2,112**

Fair value reserve

This reserve arises on the valuation of available-for-sale financial assets. When an available-for-sale asset is sold, the cumulative gain or loss attributable to the revaluation of the asset is recognised in the income statement. When a revalued asset is impaired, the cumulative gain or loss is recognised in the income statement.

Hedging reserve

Hedge accounting is applied for purchases of bunker fuel, interest costs, transactions in other currency than functional currency and investments in subsidiaries.

The reserve includes gains and losses arising from the revaluation of hedging instruments that constitute effective hedges. The cumulative deferred gain or loss is recognised in the income statement when the hedged transaction affects the income statement.

Revaluation reserve

This reserve includes revaluation of ports. The revaluation amount consists of the fair value of the ports at the time of revaluation. Concurrently with the depreciation of ports, the revaluation reserve is reversed by the same amount as the depreciation of the surplus value from the revaluation.

If the carrying amount of the port is higher as a result of the revaluation, the increase is recognised in other comprehensive income.

If the carrying amount of the port is lower as a result of the revaluation, the decrease is recognised in the income statement. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Translation reserve

Exchange differences relating to the translation from the functional currencies of the Stena Group's foreign subsidiaries into SEK are accumulated in the translation reserve. Upon the sale of a foreign operation, the accumulated translation amounts are recycled to the income statement and included in the gain or loss on the disposal.

21. DEFERRED TAXES

MSEK	31 December 2014	31 December 2015
Deferred tax liabilities		
Property, plant and equipment	4,275	4,970
Financial assets	177	304
Provisions	569	537
Other	88	60
Total deferred tax liabilities	**5,109**	**5,871**
Deferred tax assets		
Property, plant and equipment	291	211
Tax loss carried forward	2,898	2,728
Financial assets	169	244
Provisions	111	259
Other	7	28
Less deferred tax assets not recognised	–1,375	–1,274
Total deferred tax assets recognised	**2,101**	**2,196**
Net deferred tax liability	3,008	3,675
Whereof reported as:		
Deferred tax assets (Note 15)	852	1,011
Deferred tax liabilities	3,860	4,686

Deferred taxes have been calculated net on a country basis. Net deferred tax assets are reported under Other non-current assets. Calculation of deferred taxes is based on local nominal tax rates.

	2014			2015		
MSEK	Taxes charged to income statement	Taxes charged to other comprehensive income	**Total taxes**	Taxes charged to income statement	Taxes charged to other comprehensive income	**Total taxes**
Current tax	–450		–450	–293		–293
Deferred tax	42	507	549	–223	–172	–395
	–408	**507**	**99**	**–516**	**–172**	**–688**

Gross value of tax loss carry-forwards:

MSEK	31 December 2014	31 December 2015
Sweden	4,564	4,348
Rest of the world	7,960	6,777
Total	**12,524**	**11,125**

Most tax loss carry-forwards can be carried forward indefinitely. Tax loss carry-forwards of MSEK 3,129 expire between 2016 and 2024.

22. EMPLOYEE BENEFITS

Post-employment benefits, such as pensions, healthcare and other benefits are mainly settled by means of regular payments to independent authorities or bodies that assume pension obligations and administer pensions through defined contribution plans. The remaining post-employment benefits are defined benefit plans; that is, the obligations remain within the Company. Costs and obligations at the end of a period for defined benefit plans are calculated based on actuarial assumptions and measured on a discounted basis. The assumptions include discount rate, inflation, salary growth, long-term return on plan assets, mortality rates and other factors. Discount rate assumptions are based on long-term high-quality bonds, government bond yield and, for Sweden, mortgage bonds at year-end. The assets consist mainly of long-term high-quality corporate bonds, government bonds and equities and the asset allocation for each pension scheme is defined in an investment policy document. Defined benefits plans relate mainly to subsidiaries in the UK operations. Other large-scale defined benefit plans apply for salaried employees in Sweden (mainly through the Swedish PRI pension plan) and employees in the Netherlands and Norway.

Expenses included in operating profit include current year service costs, past service costs, net interest expenses, administrative expenses and gains and losses on settlements. Expenses are recognised as other operating expenses or administrative expenses, depending on the function of the employee. Remeasurement effects are recognised in other comprehensive income.

Some features of the main defined benefit plans are described below.

United Kingdom

The Group participates in defined benefit pensions schemes, funded by the companies within the Group (Company Schemes) and in two industry wide defined benefit schemes, Merchant Navy Ratings Pension Fund (MNRPF) and Merchant Navy Officers Pension Fund (MNOPF). The Group estimates its share in MNRPF to 20% (19) and in MNOPF to 12% (12), based on information from the trustees. Stena Line Holding Group´s pensions schemes cover around 85% of the Group´s total defined benefit obligation.

In 2001, the trustee of the MNRPF adopted a deficit repair scheme and under this scheme the Group's share of the deficit contributions was around 32% with half of the contributions payable by other employers who were making voluntary contributions. However the agreement with the voluntary employers expired 2006, and as a result the Group's share of the deficit contributions increased to around 60%. The Group initiated court proceedings against the trustee of the MNRPF to establish how the deficit in the MNRPF should be allocated between the various employers. The Court of Appeal upheld in 2011, the decision made by High Court, that deficit contributions can be required from all employers who have ever participated in the MNRPF, including companies that no longer employ any members.

In 2015, the High Court in London announced its approval of the pension board's proposal for a new payment plan in MNPRF. This means that the Group's share is 20% and that previous deficit contributions from 2001 are deducted from future deficits.

The most recent three-year MNRPF valuation was made on 31 March 2014. Because of the protracted lawsuit, the pension board decided that employers should pay 150% of their deficit share to ensure funding in the pension plan. Depending on the solvency of all of the companies, this increased share may be changed during the next valuation, which is 31 March 2017. The increased payment requirement should not be seen as an increase in the share of the liability but as an accrual of total contributions into the pension plan.

The company schemes provides benefits which are linked to each member's final salary at the earlier of their date of leaving or retirement. The benefits provided by the two industry schemes are linked to each member's career average salary according to a career index system. All schemes are closed to new members.

The funding position of each scheme is reassessed every three years and a schedule of contributions is put in place, following consultation with the employers, which sets out the regular contributions payable along with any deficit contributions required to meet any shortfall of the assets when compared with the liabilities. The trustee determines the investment strategy, which is subject to consultation with the employers. The assets of all schemes are managed on behalf of the trustee by independent fund managers.

The operation of each scheme is governed by a Trust Deed and Rules and the schemes are managed through a trustee company, the boards of which are composed of representatives of the employers and the members.

Sweden

The main defined benefit plan in Sweden is the collectively agreed pension plan for white collar employees, the ITP 2 plan, insured with Alecta. According to an interpretation from the Swedish Financial Reporting Board, this is a multi-employer defined benefit plan. For fiscal year 2015, the Group did not have access to information from Alecta that would have enabled this plan to be recognised as a defined benefit plan. Accordingly, the plan has been recognised as a defined contribution plan. The premium for the defined benefit plan is individually calculated and is mainly based on salary, accrued pension and expected remaining period of service.

According to Alecta's consolidation policy for defined benefit pension insurance, the collective consolidation level is normally allowed to vary between 125% and 155%. If Alecta's collective consolidation level is below 125% or higher than 155% measures must be taken to create opportunities for the consolidation level to return to an accepted level. If the consolidation level falls short of or exceeds the normal interval, one measure may be to increase the contract price for new subscription and expanding existing benefits or introduce premium reductions. Alecta's consolidation ratio amounts to 153% for 2015 and 143% for 2014.

Other defined benefit pension plans in Sweden are mainly funded by pension foundations. There is no lowest funding requirement. Benefits are paid directly by the Group and not from the foundation assets.

Other countries

There is a variety of smaller plans in other countries and the most important of those are in Netherlands and Norway. The pension plans in Netherlands and Norway are salary benefit pension plans and are open for new entrants. The plans are fully funded.

CONT. NOTE 22

Information per country as at 31 December 2014	Sweden	United Kingdom	Other countries	Total
Reporting in the balance sheet				
Present value of funded and unfunded obligations	538	9,682	251	10,471
Fair value of plan assets	–282	–9,431	–276	–9,989
Total (surplus)/deficit	**256**	**251**	**–25**	**482**
Whereof reported as				
Surplus in pension plans	75	62	26	163
Pension liabilities	331	313	1	645
Total funding level for all pension plans, %	52%	97%	110%	95%
Amounts included in the income statement				
Current service cost	7	39		46
Past service cost		49		49
Net interest cost	8	22		30
Administration expenses		52		52
Remeasurements (gain)/loss	50	74		124
Total expense (gain) for defined benefits	**65**	**236**		**301**
Main assumptions for the valuation of the obligation				
Life expectancy, year				
Male – currently aged 65	20.7	20.7		
Female – currently aged 65	23.2	23.3		
Inflation, %[1]	1.3	3.0		
Discount rate, %	3.0	3.8		

Average duration of the obligation is 17 years.

1) Inflation for UK concerns RPI. Used CPI is 1.3 lower than RPI

Information per country as at 31 December 2015	Sweden	United Kingdom	Other countries	Total
Reporting in the balance sheet	538	9 861	320	10 719
Present value of funded and unfunded obligations	–296	–9 914	–333	–10 543
Fair value of plan assets	**242**	**–53**	**–13**	**176**
Total (surplus)/deficit				
Whereof reported as				
Surplus in pension plans	91	279	25	395
Pension liabilities	333	226	12	571
Total funding level for all pension plans, %	55%	101%	104%	98%
Amounts included in the income statement				
Current service cost	5	36	33	74
Net interest cost	8	11	1	20
Administration expenses		62		62
Remeasurements (gain)/loss	–18	–73	3	–88
Total expense (gain) for defined benefits	**–6**	**36**	**37**	**67**
Main assumptions for the valuation of the obligation				
Life expectancy, year	21.7	22.2		
Male – currently aged 65	24.0	23.8		
Female – currently aged 65	1.8	3.0		
Inflation, %[1]	3.5	4.0		
Discount rate, %				

Average duration of the obligation is 15 years.

1) Inflation for UK concerns RPI. Used CPI is 1.2 lower than RPI

Reconciliation of change in present value of defined benefit obligation for funded and unfunded obligations	2014	2015
Opening balance, 1 January	**8,468**	**10,471**
Current service cost	46	74
Past service cost	49	
Administrative expenses	52	62
Interest expenses	396	405
Remeasurement arising from changes in financial assumptions	830	–174
Remeasurement arising from changes in demographic assumptions	–19	446
Remeasurement from experience	–201	–350
Remeasurement from changed share in pension plan	23	129
Contributions by plan participants	5	6
Benefits paid	–335	–576
Exchange differences	1,157	226
Closing balance, 31 December	**10,471**	**10,719**

Reconciliation of change in the fair value of plan assets	2014	2015

CONT. NOTE 22

Opening balance, 1 January	**7,992**	**9,989**
Interest income	366	385
Remeasurement arising from changes in assumptions	485	40
Remeasurement from changed share in pension plan	23	97
Contributions by plan participants	5	6
Employer contributions	218	377
Benefits paid	–205	–566
Exchange differences	1,105	215
Closing balance, 31 December	**9,989**	**10,543**

The sensitivity analysis below shows the effect of a change in actuarial assumptions on the defined benefit obligation. The sensitivity analysis is not meant to express any view by Stena of the probability of a change. The analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes to some of the assumptions may be correlated.

Sensitivity analysis of defined benefit obligation	Sweden	United Kingdom	Other countries	Total
Life expectancy +1 year	18	319	8	**345**
Inflation +0.5%	54	456	29	**539**
Discount rate +0.5%	–50	–681	–30	**–761**
Discount rate –0.5%	57	715	35	**807**

	2014			2015		
Market value of plan assets by category	Quoted	Non-quoted	Total	Quoted	Non-quoted	Total
Equity	3,193	168	3,361	3,201	298	3,499
Bonds	4,739		4,739	5,822		5,822
Property		570	570		676	676
Qualifying insurance	40		40	41		41
Cash and cash equivalents	763	516	1,279	505		505
Total	**8,735**	**1,254**	**9,989**	**9,569**	**974**	**10,543**

Investment strategy and risk management

Through the defined benefit pension plans, the Group is exposed to a number of risks.

The plan liabilities are calculated using a number of assumptions, for example inflation, mortality and discount rate. If plan assets underperform this yield, a deficit arises. The objective of the Group's investment strategy is to reduce the Group's total pension expenses over time. This means that certain risks are accepted in order to increase the return. The investment horizon is long-term and the allocation ensures that the investment portfolios are well diversified.

Group management approves the limits for the investment strategy for plan assets. The final investment decisions are taken by the local trustees and boards in consultation with Stena.

Increased life expectancy for the beneficiaries and rising inflation are the main risks that affect future pension payments and hence the size of the obligation. The Group continuously monitors the discount rate, inflation and life expectancy assumptions to ensure that the plan assets match the obligations.

23. BANK DEBT

MSEK	2014 Current	2014 Non-current	2014 Total	2015 Current	2015 Non-current	2015 Total
Property loans	558	12,180	12,738	236	15,876	16,112
Other loans	2,091	24,931	27,022	1,963	24,359	26,322
Revolver credit facilities	349	6,179	6,528	2	702	704
Total	**2,998**	**43,290**	**46,288**	**2,201**	**40,937**	**43,138**

The schedule for repayment of bank debt is presented in Note 31 Financial risk factors and financial risk management.

The carrying amounts of the Group's borrowings are denominated in the following currencies

MSEK	31 December 2014	31 December 2015
SEK	13,319	16,103
GBP	1,232	246
USD	22,356	19,774
EUR	8,862	6,520
Other currencies	519	495
Total	**46,288**	**43,138**

For information regarding assets pledged, see Note 28.

24. SENIOR NOTES

In February 2007, a Eurobond totalling MEUR 300 was issued at a rate of interest of 6.125% and with a term extending through to 1 February 2017. In December 2015 a repurchase was done amounting to MEUR 5 and outstanding amount at closing date was MEUR 295.

In February 2007, a further Eurobond totalling MEUR 102 was issued at a rate of interest of 5.875% and with a term running through to 1 February 2019.

In March 2010, a Eurobond totalling MEUR 200 was issued at a rate of interest of 7.875% and with a term running through to 15 March 2020.

In January 2014, a 10-year bond totalling MUSD 600 was issued at a rate of interest of 7.000% and with a term running up to and including 1 February 2024. The purpose of the transaction is to extend our amortisation profile and repay amounts under existing credit facilities.

In February 2014, a further 10-year bond totalling MUSD 350 was issued at a rate of interest of 5.750%. The units *Stena DrillMAX* and *Stena Carron* have been furnished as collateral for this bond. The purpose of this transaction was to extend the existing amortisation profile and free up further liquidity. As a result of the transactions in spring 2014, the scope in the existing RCF (Revolving Credit Facility) of MUSD 1,000 was reduced to MUSD 600. In February 2015, we renegotiated our existing MUSD 600 credit facility. As a result, the margin was reduced, the term was extended and the credit line was increased to MUSD 800.

Fair value of the senior notes were as per 31 december 2015 MSEK 12,654 (12,896).

For details of the current financial and operative covenants linked to the bond loans, see Note 31.

Issued Maturity	Nominal	Outstanding	Interest	Fair value, 31 December 2014	Fair value, 31 December 2015	Carrying amount (MSEK), 31 December 2014	Carrying amount (MSEK), 31 December 2015
2007–2017	MEUR 300	MEUR 295	6.125%	MEUR 314	MEUR 303	2,831	2,705
2007–2019	MEUR 102	MEUR 102	5.875%	MEUR 108	MEUR 106	962	935
2010–2020	MEUR 200	MEUR 200	7.875%	MEUR 225	MEUR 218	1,888	1,834
2014–2024	MUSD 600	MUSD 600	7.000%	MUSD 551	MUSD 510	4,682	5,065
2014–2024	MUSD 350	MUSD 350	5.750%	MUSD 320	MUSD 308	2,730	2,954
Total						**13,093**	**13,493**
Whereof							
Non-current portion of Senior Notes						13,093	13,493
Current portion of Senior Notes							

25. LEASES

Company as lessee

The operating lease obligations include chartering of crude oil tankers on a timecharter basis, chartering of ferries principally on a bareboat basis, as well as obligations related to rentals of properties and ports. Furthermore premises, cars and office supplies are leased.

Rental expense for operating leases were as follows:

	1 January–31 December	
MSEK	2014	**2015**
Operating expenses	1,312	**1,628**

The Group's finance leases comprise one RoPax-vessel. The cost for vessels under finance leases at 31 December 2015 was MSEK 532 (547). The net carrying amount for 2015 was MSEK 404 (457).

Future minimum lease payments at the reporting date:

	2014	
MSEK	Operating leases	Finance leases
2015	831	233
2016	645	122
2017	593	409
2018	565	20
2019	545	1
2020 and thereafter	1,362	1
Total minimum lease payments	**4,541**	**786**

Future minimum lease payments at the reporting date:

	2015	
MSEK	Operating leases	Finance leases
2016	1,365	39
2017	996	374
2018	747	6
2019	585	7
2020	428	8
2021 and thereafter	1,330	25
Total minimum lease payments	**5,451**	**459**

Company as lessor

The company leases vessels and properties to third parties under operating leases. The carrying amounts of vessels and properties for external leasing at the reporting date were as follows:

	2014			**2015**		
MSEK	Cost	Accumulated depreciation	Net carrying amount	Cost	Accumulated depreciation	Net carrying amount
Vessels	42,717	–13,967	28,750	56,836	–20,570	36,266
Investment property	29,367		29,367	30,617		30,617
Total	**72,084**	**–13,967**	**58,117**	**87,453**	**–20,570**	**66,883**

Future minimum lease payments receivable at the reporting date:

	2014		
MSEK	Vessels	Investment property	Total
2015	6,701	729	7,430
2016	5,586	590	6,176
2017	1,534	427	1,961
2018	38	293	331
2019	38	192	230
2020 and thereafter	14	523	537
Total minimum lease payments receivable	**13,911**	**2,754**	**16,665**

Future minimum lease payments receivable at the reporting date:

	2015		
MSEK	Vessels	Investment property	Total
2016	7,321	660	7,981
2017	2,215	552	2,767
2018	127	415	542
2019	38	279	317
2020	19	178	197
2021 and thereafter		587	587
Total minimum lease payments receivable	**9,720**	**2,671**	**12,391**

The information for investment property relates to office buildings and excludes residential properties since most residential leases have at most a three-month period term of notice.

26. OTHER NON-CURRENT LIABILITIES

	31 December	
MSEK	2014	2015
Deferred income, non-current[1)]	1,261	459
Other liabilities	2,685	2,734
Total	**3,946**	**3,193**

Repayment of non-current liabilities is required according to the following schedule:

MSEK	1–3 years	4–5 years	More than 5 years	Total
Deferred income, non-current[1)]	420	10	29	459
Other liabilities	1,009	532	1,193	2,734
Total	**1,429**	**542**	**1,222**	**3,193**

1) On 21 November 2014 Statoil cancelled the three-year charter agreement for the drilling vessel *Stena Carron*. Stena has received compensation of MUSD 276 for the remaining period of the contract (2.5 years) which explains the big amount year 2014 on deferred income. At year end 2015 the largest remaining compensation are considered to be current.

27. ACCRUALS AND DEFERRED INCOME

	31 December	
MSEK	2014	2015
Accruals		
Charter hire/running costs	140	284
Interest costs	731	1,013
Accrued personnel costs	365	373
Other accruals	1,484	1,606
	2,720	**3,276**
Deferred income		
Prepaid charter hire[1)]	931	936
Other deferred income	795	657
	1,726	**1,593**
Total accruals and deferred income	**4,446**	**4,869**

1) On 21 November 2014 Statoil cancelled the three-year charter agreement for the drilling vessel *Stena Carron*. Stena has received compensation of MUSD 276 for the remaining period of the contract (2.5 years).

28. PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets

Pledged assets represent assets securing various financing activities. These assets can only be used by the party benefitting from the pledge if there is an event of default under the respective financing documents or the appropriate remedy period has elapsed.

The following assets have been pledged as securities for bank debt

	31 December	
MSEK	2014	2015
Shares in subsidiaries	571	584
Mortgages on vessels	35,150	35,722
Mortgages on properties	13,026	22,096
Chattel mortgages	1,934	
Investments in associates	1,029	1,066
Marketable securities	352	321
Trade receivables	430	28
Short-term investments	11	1
Assets pledged, other	1,360	1 801
Total assets pledged for normal bank debt	**53,863**	**61,619**
Investment in SPEs[1)]	8,112	
Total assets pledged for bank debt	**61,975**	**61,619**
Liabilities to credit institutions, including lease obligations	47,073	43,597
Debt in SPEs[1)]	7,540	
Total debt and capitalised lease obligations	**54,613**	**43,597**

1) Relates to the deconsolidating of CLOs 2015. See Note 13

In addition, certain insurance agreements have been pledged. No pledge assets has been provided for other liabilities.

Commitments

Guarantee obligations are mainly related to guarantees for property loans, vessel projects in associates and performance guarantees linked to certain subsidiaries' operating activities.

Future minimum lease commitments to operating leases of vessels, ports etc. amounting to MSEK 1,365 during 2016 and MSEK 4,086 from 2017. See Note 25.

As of December 2015, five IMOIIMAX vessels and one drilling rig were ordered. The total contract amount is MSEK 7,616, whereof MSEK 2,140 has been paid in advance.

In addition to the information above, there are also ongoing tax issues with tax authorities.

Contingent liabilities

	31 December	
MSEK	2014	2015
Guarantees	2,382	2,000
Other contingent liabilities	50	100
Total	**2,432**	**2,100**

29. ACQUISITIONS AND DISPOSALS OF OPERATIONS

Three major acquisitions were made during the year. The company Sessan Jutlandica AB was purchased in February, two wind power companies, Möckelsjö Energi HB and Örbacken Energi HB, were acquired in September and Rodamco Tumlaren AB, which is a small group comprising three companies, was acquired in December. The Group also made two major disposals in 2015. The Ferry Operations business area sold the Helsingborg–Helsingør route in January and the Adactum business area sold its holding in MPP Mediatec Group in April.

Acquisitions

Sessan Jutlantica AB

On 2 March 2015, the Stena Group acquired the vessel owning company Sessan Jutlandica AB. The company was headquartered in Gothenburg in Sweden and did not have any employees. At the acquisition date, the company owned one of the vessels operating on the Gothenburg–Frederikshavn route. The purchase price was MSEK 348. The difference between the purchase price and the net assets was MSEK 340 and related to surplus values of vessels. After the acquisition, the company was merged with Stena Nordica AB.

Möckelsjö Energi HB and Örbacken Energi HB

On 15 October 2015, the Stena Group acquired the two wind farms Möckelsjö and Örbacken through its acquisition of the remaining 95% of Möckelsjö Energi HB and Örbacken Energi HB. The companies are headquartered in Gothenburg in Sweden and do not have any employees. The companies are owned by the Adactum business area, which previously had an ownership share of 5% in these companies. The purchase price was MSEK 123, which corresponded to the carrying amount.

Rodamco Tumlaren AB

On 29 December 2015, the Stena Group acquired 100% of Rodamco Tumlaren AB. The company has two subsidiaries, is headquartered in Stockholm and does not have any employees. The Group previously owned a shopping centre which was sold externally prior to the acquisition. The purchase price was MSEK 901. The difference between the purchase price and the net assets was MSEK 125 and related to deferred tax.

The total value of the acquired assets and liabilities is presented in the table below, which also shows the acquisition's effect on the Group's cash flow. All acquired assets and liabilities were reported according to IFRS at the time of the acquisition.

MSEK	2015
Acquired assets and liabilities acquired:	
Property, plant and equipment	416
Current receivables	1,169
Cash and cash equivalents	165
Non-current liabilities	–293
Deferred tax	–249
Current liabilities	–173
Acquired net assets	**1,035**
Goodwill	2
Vessel	436
Deferred tax	30
Non-controlling interest	–6
Total	**1,497**
Purchase price	**–1,497**
Deferred purchase price	
Cash and cash equivalents in aquired operations	**165**
Effect on the Group's cash and cash equivalents	**–1,332**

Total expenses related to acquisitions amounts to MSEK 2 and are reported as direct expenses.

CONT. NOTE 29

Disposals

H/H Ferries

On 9 January 2015, the Stena AB Group and Scandlines entered into an agreement regarding the sale of Helsingborg–Helsingør ferry service to an European infrastructure fund managed by First State Investments. The Helsingborg–Helsingør service was operated jointly by the Stena AB Group and Scandlines, each with a 50% shareholding. First State European Diversified Infrastructure Fund, FCP-SIF, took over the service from the end of January 2015. The sale included five vessels used to operate the service. The sale generated a capital gain for Stena AB Group amounting to MSEK 1,669.

MPP Mediatec Group AB

At the end of March 2015, Stena Adactum signed an agreement for the sale of MPP Mediatec Group AB, in which the Stena Group had an ownership share of 63%. The buyer is the company NEP, which operates in the same line of business. The transfer took place in April, with retrospective effect from 1 January 2015. MPP Mediatec Group AB has about 320 employees and is headquartered in Gothenburg in Sweden. The sale generated a gain of MSEK 40 for the Stena Group.

The total value of the sold assets and liabilities is presented in the table below, which also shows the disposal's effect on the Group's cash flow. All sold assets and liabilities were reported according to IFRS at the time of the disposal.

MSEK	2015
Sold assets and liabilities	
Intangible assets	–188
Property, plant and equipment	–557
Financial assets	–183
Current receivables	–365
Cash and cash equivalents	–11
Non-current liabilities	312
Current liabilities	381
Sold net assets	**–611**
Goodwill	–321
Non-controlling interest	117
Total	**–815**
Purchase price	2,491
Deferred purchase price	–101
Cash and cash equivalent in disposal operations	–11
Effect on the Group's cash and cash equivalents	**2,379**

Costs related to the disposals amounting to MSEK 41 and are reported, in the table above, as an increase of the purchase price.

30. CASH FLOW STATEMENT

Interest

	31 December	
MSEK	2014	**2015**
Interest paid	2,642	2,578
Interest, received	475	279

Paid tax
During 2015 paid tax amounted to MSEK 251 (344).

Investing activities
Other investing activities 2015 include settlement of accrude income from the acquisition of Rodamco Tumlaren AB.

Financing activities
Both in 2015 and 2014 other financing activities mainly relates to finance cost. In 2014 the finance cost amounted to MSEK 499 and was mainly related to the new senior loans that was raised during that year. The finance costs are capitalised and amortised over the period of the contract.

31. FINANCIAL RISK FACTORS AND FINANCIAL RISK MANAGEMENT

This note describes the financial risk management in the Stena Group. Accounting principles for financial instruments are described in Note 1 and financial information for the year 2015 and 2014 are described in Note 32. Other notes that include information used in Note 31 and 32 is Note 13 Investments in SPEs, Note 14 Marketable securities, Note 15 Other noncurrent assets and Note 18 Short-term investments.

Financial instruments in the Stena Group consist of bank loans, derivatives, finance leasing contracts, trade payable, trade receivable, bonds, equities and participations as well as cash and short-term investments.

The primary risks deriving from trading of financial instruments are market risks including interest-rate risk, currency risk, price risk, credit risk and liquidity risk. All of these risks are handled in accordance with the established financial policy.

Financial risk factors
The Group's activities expose it to a variety of financial risks. The Group's overall risk management policy focuses on the unpredictability of the financial markets and aims to minimise potential adverse effects on the Group's financial results.

The Group uses derivative instruments to hedge exposure to certain risks.

Risk management is handled by a central finance department, Stena Finance, in accordance with policies determined by the Board of Directors. Stena Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors prepares written policies for both overall risk management and for risk management of specific areas such as currency risk, interest rate risk, credit risk, the utilisation of derivative and non-derivative financial instruments and the investment of excess liquidity.

The Group uses financial instruments to reduce the risk of major adverse effect on its results from price changes in currency, interest rates and oil markets.

As a basic principle, fixed assets are financed with long-term funding in the form of issued bonds, bank debt and leasing liabilities. Each subsidiary's assets are financed in local currency and to the extent that assets and liabilities in foreign currency cannot be matched, the net exposure is hedged with financial derivative contracts.

To achieve a desired currency mix and interest fixing profile the Group uses various types of interest rate derivatives such as fixed rate swaps and cross currency interest rate swaps. Interest rate options are also used either to cap or to lock in a range of the interest rate level.

Currency risks also arise when converting foreign currency denominated Income Statement or Balance Sheet items to SEK and when converting cash flows in foreign currency. These risks are reduced by hedging with forward foreign exchange contracts or with currency options.

Fluctuations in the price of bunker fuel, which predominantly affect Ferry Operations, are managed by fixed price agreements with the supplier for the various grades of bunker fuels or by using financial derivatives for crude oil.

As part of its tanker operations the Group also uses, to a limited extent, contracts for freight rates and forward freight agreements.

Financial risk management is carried out within the scope of the Group's financial policies and manuals, mainly by the treasury department in Sweden.

Market risk – Interest rate risk
The Group holds fixed assets mainly in ships and real estate in USD, SEK, EUR and GBP and as a consequence the debt portfolio and the accompanying interest rate risks are distributed by the same currencies.

CONT. NOTE 31

In order to manage this risk and to achieve desired interest rate levels the Group's management makes regular assessments of the interest rate risks. This exposure is adjusted with interest rate derivatives that to the largest possible extent are matched against the maturity profiles of the underlying debt.

Financial instruments for interest rates, such as futures, swaps or different types of interest rate options, are used to hedge future interest rate payments. Interest income or interest expenses under these contracts are allocated to specific periods and reported as an adjustment of the interest expense on the underlying liability. The Group reports accrued interest at the end of the accounting period, calculated in accordance with the conditions in the contracts. Generally, the underlying liabilities have a longer duration than the financial hedging contracts and allocation of accrued interest over a period of time is carried out as long as the hedging contracts are considered to form an effective portion of the Group's overall risk management.

Market risk – Currency risk

The Group is exposed to the risk of fluctuations in foreign currency exchange rates due to the international nature and scope of its operations. A substantial portion of the Group's revenues and expenses are denominated in USD, but also in GBP and EUR. The Group's foreign currency risk arises from:

- the Group's investment in foreign subsidiaries' net assets (equity exposure)
- certain financial assets and liabilities (translation exposure when converting such balances to each company's functional currency) and
- fluctuations in exchange rates on the value of the Group's sales and purchases in foreign currencies (transaction exposure).

The Group's policy is to hedge its translation exposure which mainly arises from USD and EUR borrowing in companies with SEK as their functional currency. The Group also hedges parts of its transaction exposure in USD, GBP, EUR, CAD, PLN, AUD, NOK and DKK from future cash flows from the ferry operation and offshore drilling operation. In the ferry operation sale mainly relates to CAD, EUR, PLN, NOK and DKK and purchase to USD. In the offshore drilling operation purchase mainly relates to GBP and AUD.

Translation differences from net investments

Translation differences from the exposure of net assets in foreign subsidiaries are reported directly in the Group's equity. Derivative instruments attributable to this exposure, such as currency swaps, currency forward agreements or currency option contracts, are valued at fair value. These hedge contracts are valued and reported directly against other comprehensive income if the hedges are considered to be effective. If hedges are no longer considered to be effective the translation difference are recognised in the financial net.

The interest rate differential is reported as interest income or interest expenses in the Group's net financial income.

The carrying amount of our net assets of subsidiaries denominated in a foreign currency, as of 31 December 2015, was approximately SEK 30,7 billion. The net assets are expressed mainly in Swedish kronor, U.S. dollars, Euro and British pounds. A 1% change in the value of the SEK against the functional currencies of our subsidiaries would affect our equity as of 31 December 2015 by MSEK 307.

Translation differences from translation exposure

Monetary assets and liabilities in foreign currency are translated at the closing rate of exchange. Derivative instruments attributable to the financial hedging of the value of these balance sheet items, such as currency swaps, currency forward agreements or currency option contracts, are valued at fair value, which includes translation at the closing rate of exchange, while changes in fair value are reported gross as exchange rate differences in the Group's net financial income, where the translation of monetary assets and liabilities is also reported. Interest rate differential from currency swaps or forward agreements are reported as interest income or interest expense in the Group's net financial income. According to the Group's finance policy, 100% of such exposure should be hedged.

Translation differences from transaction exposure

Realised results from currency forward agreements or currency option contracts, including paid or received premiums from option contracts, that are intended to hedge expected or contracted future cash flows in foreign currency, are allocated to a particular period and reported as an adjustment of the underlying transaction when it takes place. The hedge contracts are valued and reported directly against comprehensive income if an effective hedge. According to the Group's finance policy, 0–100% of such exposure should be hedged.

Market risk – Price risk

Oil price risk

The Group is exposed to the price of bunker fuel used for the operation of its vessels and uses forward contracts, swaps and options to hedge its oil price risk. Hedge contracts are regularly entered into to match the underlying costs of deliveries of bunker fuel. For effective hedges the hedge contracts are valued and reported directly against other comprehensive income. The results of these contracts are allocated to specific periods and matched against underlying exposure. The contracts are settled on a monthly basis and reported as an adjustment of the cost for bunker fuel for the current period.

For the current route, Ferry Operations have an annual consumption of marine bunker fuel and gas oil which combined converts to an annual volume of about 2.9 million barrels crude oil. A part of this is hedged on a consecutive basis. All contracts are settled monthly at a volume corresponding to the underlying consumption.

Equity price risk

The majority of all equity holdings within Short-term investments and Marketable securities are traded at an active market at an exchange, hence no liquidity, counterparty risk or other uncertainty discounts have been applied. A total risk limit for investment and trading in equities, equity indices and bonds has been approved by the Board of Directors and the utilizations of the limits are monitored on a daily basis. The risk mandate is allocated per trader/portfolio, reflecting a

10% overnight adverse price movement. As a complement to the price risk measurement, specific risk, sector risks and geographic risks are followed up and reported. A minimum share of the total financial investments should be made in liquid securities. The Finance policy also governs what type of financial instruments that are approved. In order to reduce the credit risk when investing in corporate bonds, there are certain approved limits for credit rating of the issuer.

Our portfolio of equities is well diversified, both in terms of markets and industries. Investments are made within the boundaries of our finance policy in terms of risk- and loss limits. As of 31 December 2015, a change of +/–10% in the unrealised value of all our equity holdings within Short-term investments and Marketable securities, would have an effect before tax of MSEK +/–149 on profit and MSEK +/– 505 in other comprehensive income.

Trading activities

We also buy and sell certain types of derivatives with the objective of generating profits on a short-term basis. Such financial instruments that are not used in the Group's program of interest rate and foreign currency risk management are referred to as "trading" for purposes of this disclosure. All trading positions are taken within the limits of the Company's financial trading policy. All positions are recorded at fair value and the unrealised gains and losses are part of the quarterly results.

Credit risk

In our operating activities, credit risks occur in the form of trade receivables. In our ferry operations, credit checks are regularly made on our customers using well known credit-rating agencies. If the credit worthiness of the customer is not satisfactory according to the credit policy, cash payment is required. In our offshore drilling operations, our customers generally have a comfortable credit rating. Our RoRo vessels are typically chartered out on a time or bareboat charter. Although such charter hire is paid in advance and we have the contractual right to withdraw the vessel and cancel the charter contract if payment is not received within a certain time. Before entering into a charter agreement the credit worthiness of the charterer is investigated using well known credit-rating agencies. If the credit worthiness is not satisfactory a guarantee is required from the charterer, e.g. in the form of a bank guarantee.

In our Tanker operations where a spot charter arrangement is made, the charterer is scrutinized before the contract is signed in accordance with our QA system rules. If the charterer is not considered "first class" or has certain remarks on his payment possibility, chartering of the vessel can either be denied, or the charterer can be offered to provide a bank guarantee, or to pay the freight before discharge of the cargo (called BBB). In a period charter arrangement the charter hire is paid in advance. If the charter hire is not paid within a certain time we have the right to withdraw the vessel and cancel the charter contract. Regarding buy and sell arrangements of vessels the procedures are dictated by the buy/sale contract (MOA) where a vessel is not released to a buyer until the full payment has been received into sellers' bank account.

In our Property operations, both residential and commercial tenants make the rental payments in advance. Nevertheless, a credit check is always made on new tenants, residential as well as commercial, and commercial tenants are put on regular "credit-watch" throughout the rental period. If the potential tenant does not fulfill the criteria set out in our finance policy, the tenant can either be denied a rental contract or be asked to make additional pre-payment or provide a bank guarantee (commercial tenants).

All financial instruments are entered into with counterparties who are considered to be creditworthy institutions and terms and conditions are documented. In the normal course of business, none of the parties demand collateral for credit exposure from financial instruments. All financial derivatives are traded within the framework of established ISDA agreements, where positive and negative market values are netted. In the tables below credit risk refers to net positive market values per counterparty.

Liquidity risk

Liquidity risk is managed by maintaining an adequate level of cash, cash equivalents and available financing through unutilised committed credit facilities and the possibility to sell short term marketable holdings in equities and bonds. Due to the dynamic character of the business, the need for financing flexibility is satisfied by arranging part of the Group companies' funding in the form of committed Revolving Credit Facilities, under which short term requirements for liquidity can be met.

The management regularly monitors the Group's liquidity reserves, based on anticipated cash flows. This is carried out on both operational company level and centrally at the treasury department in line with best practice and the limits set up for on a group wide basis. Furthermore, it is the policy of the group to calculate future cash flows in all major currencies and quantify the liquidity needed to meet those cash flows, to monitor balance sheet liquidity ratios in relation to both internal and external minimum levels and to maintain plans for debt financing.

The table below shows the group's financial debts, sorted by the remaining years until the agreed maturity date. The figures shown in the table are based on agreed confirmations and constitute undiscounted cash flows. Cash flows in foreign currency are converted to SEK by using the closing exchange rates.

Property loans consist principally of bank mortgage loans on real estate, land and buildings in the Company's real estate business segment. These loans are denominated in SEK and EUR respectively. Other loans consist of long term bank loans used to finance the acquisition of vessels and other assets. They are denominated in USD, GBP, EUR and SEK, respectively.

As of December 2004 the Group has a Revolving Credit Facility of originally USD 1 billion. Obligations under the facility are secured mainly by mortgages on certain vessels and rigs. Borrowings under the facility bear interest at a rate based on LIBOR plus an applicable margin based on the utilisation of the facility. In connection to our credit market activities in 2014 the Group lowered the limit from MUSD 1 000 to MUSD 600. In February 2015 we amended and extended the Revolving Credit Facility. The outcome was a lower margin, an increased line of credit and an extension the credit duration. The credit was

CONT. NOTE 31

increased to MUSD 800. At the end of 2015 this credit had been utilised by MUSD 5, of which MUSD 0 was actually drawn and MUSD 5 used for issuing of bank guarantees. As of 31 December 2014 the utilised portion of the facility was MUSD 190, of which MUSD 185 was actually drawn and MUSD 5 used for issuing of bank guarantees.

As of 2007, the Group has an additional Revolving Credit Facility of MUSD 200 mainly used for equity trading. This facility was negotiated during 2013 and the credit line increased from MUSD 200 to MUSD 300. The utilised portion of the facility as of 31 December 2015, was MUSD 38. As of 31 December 2014, the utilised portion of the facility was MUSD 169.

As of 2010, the Group has an additional Revolving Credit Facility of MSEK 6,660 with Svenska Handelsbanken and Nordea guaranteed by EKN. As of 31 December 2015, the utilised portion of the facility was MSEK 0. As of 31 December 2014 the utilised portion of the facility was MSEK 2,584. This facility was terminated during the first quarter of 2016.

Total unutilized, mainly uncommitted, overdraft facilities and other similar lines of credit, excluding above mentioned MUSD 300 facility, amount as of 31 December 2015 to MSEK 15,480, including unutilised portions of Revolving Credit Facilities. "Not specified" includes borrowings and utilised credit lines that have formal repayment dates in 2016. These loans have been classified as long-term because it is the intention of the Group to refinance these loans on a long-term basis. "Not specified" also includes the utilised portion of the Revolving Credit Facilities. The Revolving Credit Facility imposes various financial and operating covenants upon the restricted group. The principal financial covenants (i) require us to maintain current assets and committed undrawn facilities in an amount greater than or equal to 125% of consolidated current liabilities, (ii) require us and our subsidiaries to maintain minimum cash and cash equivalents of not less than MUSD 100, (iii) require our net debt to be no greater than 65% of the capitalisation, and (iv) require us to maintain ownership of the security parties that, at the date of execution of the credit facility agreement, are members of the Stena AB Group.

The following table summarises the notional volume and credit risks of financial derivative instruments:

	31 December 2014		**31 December 2015**	
MSEK	Nominal amount	Credit risk	Nominal amount	Credit risk
Currency forward contracts and swaps	53,997	278	51,136	295
Currency options	123		207	
Interest rate forward contracts and swaps	45,097	217	48,376	416
Interest rate options	3,930		3,500	
Commodity fixed price swaps and options – oil	6,720		5,226	
Total	**109,867**	**495**	**108,445**	**711**

31 December 2015, MSEK	Total	2016	2017	2018–2020	2021–	Not specified
Property loans	**16,113**	236	562	1,546	13,769	
Other bank loans	**26,321**	1,963	2,730	8,761	12,867	
Revolving Credit Facility	**321**					321
Other credit facilities	**383**	2				381
Senior Notes	**13,493**		2,705	2,769	8,019	
Finance lease liabilities	**459**	39	374	21	25	
Operating lease liabilities	**5,451**	1,365	996	1,760	1,330	
Trade payables	**1,598**	1,598				
Derivatives	**4,052**	1,968	779	615	690	
Total	**68,191**	**7,171**	**8,146**	**15,472**	**36,700**	**702**

32. FINANCIAL INSTRUMENTS

This note describes the financial outcome from financial instruments in the Stena Group. Accounting policies for financial instruments are described in Note 1 and financial risk management is described in Note 31.

Financial instruments per category

	Financial instruments at fair value through profit or loss		Financial instruments						
MSEK **31 December 2014**	Fair value option	Held for trading[1]	Used for hedge accounting	Held to maturity	Available for sale	Loans and receivables	Other financial liabilities	Total carrying amount	Total fair value
Assets									
Marketable securities	1,244				3,603			4,847	4,847
Other non-current assets			1,148		1,216			2,364	2,364
Trade receivables						2,843		2,843	2,843
Short-term investments		272				976		1,248	1,248
Investments in SPEs				7,898	214			8,112	7,997
Other receivables		195	473					668	668
Total	**1,244**	**467**	**1,621**	**7,898**	**5,033**	**3,819**		**20,082**	**19,967**
Liabilities									
Senior Notes							13,093	13,093	12,896
Other non-current liabilities			2,653					2,653	2,653
Other non-current interest-bearing liabilities							43,843	43,843	43,843
Current interest-bearing liabilities							3,231	3,231	3,231
Trade payables							2,140	2,140	2,140
Debt in SPEs							7,540	7,540	7,540
Other liabilities		229	897					1,126	1,126
Total		**229**	**3,550**				**69,847**	**73,626**	**73,429**
31 December 2015									
Assets									
Marketable securities	1,282				5,050			6,332	6,332
Other non-current assets	201	51	984		1,021			2,257	2,257
Trade receivables						2,288		2,288	2,288
Short-term investments		205				656		861	861
Other receivables		343	1,071			424		1,838	1,838
Total	**1,483**	**599**	**2,055**		**6,071**	**3,368**		**13,576**	**13,576**
Liabilities									
Senior Notes							13,493	13,493	12,654
Other non-current liabilities		27	1,964					1,991	1,991
Other non-current interest-bearing liabilities							41,357	41,357	41,357
Current interest-bearing liabilities							2,241	2,241	2,241
Trade payables							1,598	1,598	1,598
Other liabilities		592	1 469					2 061	2 061
Total		**619**	**3,433**				**58 689**	**62,741**	**61,902**

1) Held for trading includes derivates that is not included in hedge accounting of MSEK –140. MSEK 26 is included in other non-current assets, MSEK133 is included in other receivables, MSEK –27 is included in other non-current liabilities and –272 is included in other liabilities.

CONT. NOTE 32

Financial instruments at fair value

For current assets and liabilities in loans and receivables and other financial liabilities, we estimate the carrying amount to be equal to the fair value. For senior notes, the fair value is based on quoted prices and for other non-current liabilities, we estimate that the fair value does not materially differ from the carrying amount. For the rest of the Group's financial instruments, the table below shows the fair value in different levels as of 31 December 2014 and 2015, respectively.

The different levels indicate to what extent market values have been used when calculating the fair value.

Investments in level 1 consist of equities and fixed income classified as held for trading, fair value option or available-for-sale financial assets. The financial instruments are traded in an active market and the fair value is determined on the basis of the asset's listed current bid-rate on the balance sheet date.

Financial instruments in level 2 consist of foreign exchange contracts and interest rate swaps entered for trading or hedging purposes. The valuation of FX futures are based on quoted market prices. The valuation of interest rate swaps is conducted using discounted cash flows based on forward interest rates in observable yield curves. Level 2 also consists of available-for-sale financial assets whose fair value is obtained from external parties. For debt investments in level 2, the fair value is determined by the nominal amount as long as the underlying value of the loan has not materially been changed.

Investments in level 3 consist of equities and debt investments. For equities we calculate the value based on estimated discounted cash-flows. Fair value is determined by a hypothetical assessment of what the market price would have been if there had been a market for these instruments. For debt investments, we estimate the value based on the nominal amount taking into consideration the credit risk of the loan.

	31 December 2014				**31 December 2015**			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Financial assets at fair value through profit or loss								
– Derivatives		195		195		394		394
– Securities	1,516			1,516	1,088	373	100	1,561
Derivatives used for hedging		1,620		1,620		2,055		2,055
Available-for-sale financial assets								
– Equities	1,612	1,060	1,173	3,845	1 187	436	1,000	2 623
– Debt investments	529	402	43	974	1 086	2 361	127	3 574
Total assets	**3,657**	**3,277**	**1,216**	**8,150**	**3,361**	**5 619**	**1,227**	**10,207**
Liabilities								
Financial liabilities at fair value through profit or loss								
– Trading derivatives		229		229		619		619
Derivatives used for hedging		3,550		3,550		3,433		3,433
Total liabilities		**3,779**		**3,779**		**4 052**		**4 052**

Specification of financial instruments in Level 3

MSEK

31 December 2014	Real Estate Fund 1	Real Estate Fund 2	Equities Other	Debt investments Convertible loan	Total
Opening balance, 1 January 2014	675	309	57	96	1,137
Total unrealised gains/losses					
– recognised in profit or loss	13	–10	15		18
– recognised in other comprehensive income					
Impairment recognised in profit or loss					
Proceeds from acquisitions and sales, net	–58	32	1		–25
– of which realised gains/losses					
Translation differences	43	21	1	21	86
Closing balance, 31 December 2014	**673**	**352**	**74**	**117**	**1,216**

MSEK 31 December 2015	Real Estate Fund 1	Real Estate Fund 2	Equities Other	Debt investments Convertible loan	Total
Opening balance, 1 January 2014	673	352	74	117	1,216
Total unrealised gains/losses					
– recognised in profit or loss	5	–2	24		27
– recognised in other comprehensive income					
Impairment recognised in profit or loss					
Proceeds from acquisitions and sales, net	–9		18		9
– of which realised gains/losses			–1		–1
Translation differences	–19	–11	9	–3	–24
Closing balance, 31 December 2015	**650**	**339**	**124**	**114**	**1,227**

There were no transfers between Levels 1–3 during 2015.

The table below shows information about the fair value measurements of Level 3

31 December 2015

Funds	Description	Fair value at 31 December 2015	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value	Sensitivity analyses
Real Estate Fund 1	The fund invests in prime office real estate only in the Netherlands, and consist of 21 properties	MSEK 650	Estimated discounted cash flows	Future development of the occupancy rates	The vacancy rate is set in the range of 6%–11.4% (weighted average of 8.1%)	Changes in the properties' occupancy rates lead to a lower/ higher fair value.	If the vacancy rate changes by +/– 10%, the effect on the fair value will be MSEK +/– 9
Real Estate Fund 2	The fund consists of 16 properties (offices and warehouses) located on Schiphol Airport grounds in the Netherlands	MSEK 339	Estimated discounted cash flows	Future development of the occupancy rates	The vacancy rate is set in the range of 4%–7.2% (weighted average of 5.3%)	Changes in the properties' occupancy rates lead to a lower/ higher fair value.	If the vacancy rate changes by +/– 10%, the effect on the fair value will be MSEK +/– 2
Convertible loan	Long-term loan	MSEK 114	Estimated discounted cash flows	Interest level and credit risk	Market interest rate in average 6.0%	Changes in interest rate or credit risk lead to a lower/ higher fair value.	If the interest rate including credit risk changes by +/– 100 points, the effect on the fair value will be MSEK +/– 1

As of 31 December 2015, a change of +/– 10% in the unrealised value of all our assets in the Level 3 category would have an effect of MSEK +/– 24 (19) on profit before tax and MSEK +/– 99 (103) recognised in other comprehensive income.

The table below shows the financial derivatives that are included in ISDA agreements and subject to netting.

MSEK 31 December 2015	Financial assets/ liabilities, gross	Netted balances	Amounts shown in the balance sheet	Financial instruments included in ISDA agreements but not netted	Financial instruments, net
Derivative financial assets	2,449		2,449	1,928	521
Derivative financial liabilities	–4,052		–4,052	–1,928	–2,124
Total	**–1,603**		**–1,603**	**0**	**–1,603**

CONT. NOTE 32

Interest rate hedge contracts

Outstanding interest rate contracts for hedging of the interest rate exposure

	2014		2015	
MSEK	Notional amount	Carrying amount	Notional amount	Carrying amount
Contracts excluding SPE				
Interest rate swaps floating to fixed				
– receivable position	7,241	335	14,896	608
– payable position	37,837	–1,639	33,434	–1,340
Interest rate caps				
– receivable position	641		500	
– payable position	1,000	–41	1,000	–27
Interest rate collar				
– payable position	2,000	–111	2,000	–68
Contracts SPE				
Interest rate swaps fixed to floating				
– receivable position	289			
Total	**49,008**	**–1,456**	**51,830**	**–827**

The fair value of instruments used in hedge accounting amounts to MSEK –1,257 (–1,642) and is included in other current receivables and other current liabilities in the hedge reserve.

Stena has chosen to apply hedge accounting for parts of the Senior Notes issued in 2014 at a fixed interest rate. The fair value of the outstanding hedge instruments amounts to MSEK 501.

The carrying amount of the loan related to hedge accounting amounts to MSEK –506. The changes in the fair value of the outstanding hedge instruments and the changes in the carrying amount of the loans are recognised in the income statement.

Currency hedge contracts

The following two tables summarise the contractual net amounts of the company's forward exchange and option contracts to hedge the translation and transaction exposures. Notional amount is gross amount.

Outstanding currency hedge contracts for translation and equity exposure

	2014		2015	
MSEK	Notional amount	Carrying amount	Notional amount	Carrying amount
Currency forward contracts				
– receivable position	44		350	20
– payable position	45		18	
Currency swap contracts				
– receivable position	11,283	185	15,400	247
– payable position	19,220	–332	18,745	–335
Total	**30,592**	**–147**	**34,513**	**–68**

The fair value of the instruments used in hedge accounting for equity exposure amounts to MSEK 0 (–216) and is included in other current liabilities and other current receivables in the hedge reserve.

Outstanding currency hedge contracts for transaction exposure

	2014		2015	
MSEK	Notional amount	Carrying amount	Notional amount	Carrying amount
Currency forward contracts				
– receivable position	773	47	501	19
– payable position	820	–26	1,528	–103
Currency swap contracts				
– receivable position	7,979	660	6,642	712
– payable position	7,449	–466	6,008	–471
Total	**17,021**	**215**	**14,679**	**158**

The fair value of the instruments used in hedge accounting for transaction exposure amounts to MSEK 158 (222) and is included in other current liabilities and other current receivables in the hedge reserve.

The table below shows the hedging contracts divided by currency. Notional amount is net amount.

Hedge accounting contracts for transaction exposure

	2014		2015	
MSEK	Notional amount	Carrying amount	Notional amount	Carrying amount
SEK companies				
USD	481	94	453	67
EUR	–401	–10	670	11
NOK	–85	3	–57	1
DKK	–11		–61	
GBP	494	29	352	2
PLN	–42		–87	2
QUR	4	1	5	
Other				
USD companies				
GBP	851	–40	672	–23
NOK	144	–22	462	–84
AUD	86	–5		
CAD	24	–1	–20	–3
EUR	142	–8		
EUR companies				
USD	487	115	–9	119
CAD	–145	1		
GBP companies				
EUR			118	–3
USD	489	65	–64	69
DKK companies				
USD			1	
Total	**2,518**	**222**	**2,435**	**158**

CONT. NOTE 32

Oil price contracts – Outstanding hedge contracts for transaction exposure

	2014		2015	
MSEK	Notional amount	Carrying amount	Notional amount	Carrying amount
Raw material swap contracts				
– receivable position	2,003	448	1,223	609
– payable position	3,794	–1,001	3,016	–1,389
Raw material option				
– receivable position	368	103	394	205
– payable position	555	–164	593	–321
Total	**6,720**	**–614**	**5,226**	**–896**

The fair value of the instruments used in hedge accounting for bunker fuel exposure amounts to MSEK –780 (–553) and is included in other current liabilities and other current receivables in the hedge reserve.

Maturity profile for derivates used in hedge accounting

MSEK	Interest rate derivates	Foreign exchange derivates	Bunker fuel derivates	Total
2016	–29	78	–407	–358
2017	–160	80	–295	–375
2018–2020	–515		–78	–593
2021 and thereafter	–553			–553
Total	**–1,257**	**158**	**–780**	**–1,879**

Trading contracts – Outstanding derivative contracts for trading activities

	2014		2015	
MSEK	Notional amount	Carrying amount	Notional amount	Carrying amount
Foreign exchange spot and forwards	6,384	38	2,117	29
Currency options[1]	123		207	
Interest rate instruments	19		46	
Total	**6,526**	**38**	**2,370**	**29**

1) The notional amount is delta-adjusted

33. PERSONNEL

Average number of employees

	2014		2015	
	Total	No. of females	Total	No. of females
Parent company				
Executive management	3		3	
Other employees	33	19	33	20
Subsidiaries in Sweden	4,539	1,812	3,957	1,573
Total Sweden	**4,575**	**1,831**	**3,993**	**1,593**
Subsidiaries outside Sweden				
United Kingdom	2,191	539	2,141	542
Denmark	823	307	805	274
The Netherlands	710	101	742	110
Germany	323	123	325	122
Singapore	130	27	138	31
South Korea	124	11	122	11
Spain	122	13	121	12
India	104	43	115	52
China	97	17	108	49
Poland	47	33	58	41
United Arab Emirates	62	4	58	5
Norway	120	24	46	16
Latvia	43	31	39	29
United States	30	8	30	7
Thailand	22	8	27	13
Ireland	19	13	20	13
Saudi Arabia	15	1	19	3
France	15	3	15	4
Portugal	10	1	10	1
Russia	10	9	9	8
Luxembourg	9	5	8	4
Canada	4		7	
Switzerland	17	7	6	4
Cyprus	6	3	6	3
Malaysia	5	3	6	3
Other	38	8	17	4
Seagoing employees	1,560	11	1,425	22
Total outside Sweden	**6,656**	**1,353**	**6,423**	**1,383**
Total Group	**11,231**	**3,184**	**10,416**	**2,976**

Seagoing employees refers to drilling and shipping activities, which are performed world-wide. For Ferry Operations (Stena Line), such persons have been allocated by country. The total number of seagoing employees in Stena Line in 2015 was MSEK 3,318 (3,660).

CONT. NOTE 33

Total personnel costs

MSEK	2014 Parent company	2014 Subsidiaries	2014 Total	2015 Parent company	2015 Subsidiaries	2015 Total
Wages, salaries and other remuneration	52	5,187	5,239	55	5,365	5,420
Pension costs	13	420	433	13	496	509
Other social security contributions	19	620	639	19	647	666
Total	**84**	**6,227**	**6,311**	**87**	**6,508**	**6,595**

For Swedish-flagged vessels employed in international shipping activities,the Group has received a subsidy equal to all social security costs and income taxes payable by the employers on behalf of employees who work on board such vessels. The amount of this subsidy in 2015 was MSEK 372 (405). The amounts received have reduced personnel costs.

Remuneration of Chief Executives

In 2015, salaries of MSEK 13 (13) were paid to the Chief Executive Officer and the Executive Vice President. The corresponding pension charges in 2015 amounted to MSEK 7 (7). The aggregate compensation paid by the Stena AB to its directors (a total of nine persons, CEO included) amounted to MSEK 9 (8). Of the total salaries paid to other employees MSEK 52 (48) was paid to officers other than the Chief Executive Officer, the Executive Vice President and Board members (a total of seven persons).

Pension commitment applies from the age of 65 years according to the so called ITP plan with additions for salary above 30 base amounts. The Chief Executive Officer has additional retirement conditions allowing pension payments from 70 years of age. The obligation is provided for within pension liabilities.

The period of notice from either parties is 12 months. Severance pay amounts to a maximum of 24 months salary.

The board members of Stena AB were paid KSEK 325 (325) in 2015, out of which KSEK 50 (50) was paid to the Chairman of the Board and KSEK 25 (25) was paid to the Chief Executive Officer. The Chairman of the Board has in addition invoiced KSEK 3,178 (3,046) for consultations.

Gender distribution on the Board of Directors is 73% (78%) men and 27% (22%) women. 78% (78%) of other senior executives are men and 22% (22%) are women.

34. RELATED-PARTY TRANSACTIONS

Stena Group has relationships with other companies in the Stena Sphere, which include the companies wholly owned by the Sten A Olsson family, Stena AB (publ), Stena Sessan AB ("Sessan") and Stena Metall AB and their respective subsidiaries. The partly-owned company Concordia Maritime AB ("Concordia") is listed on Nasdaq Stockholm and 52% owned by Stena Sessan AB. Significant transactions between the Stena Group ("Stena") and its affiliates are described below.

Concordia

Concordia and Stena are parties to an agreement, pursuant to which they conduct joint charter and contract business through Stena Bulk AB. Under the terms of this agreement, Concordia Maritime may elect to participate in a transaction on a 100%, 50% or 0% basis. In 2014, there was no joint business, while Concordia had 50% participation in two transactions in 2015.

Concordia buys regularly from Stena, primarily Stena Bulk AB. All transactions are conducted on commercial terms and at market-related prices. These services relate to administration, marketing, insurance, technical support, development and commercial management of Concordia's fleet, chartering commission relating to Concordia's owned and chartered vessels, operation of any jointly chartered vessels as well as offices and office services for Concordia's personnel. Concordia's total payments for these services amounted to MSEK 15.7 (13) in 2015.

Sessan

Since June 1999, Stena has served as manager of Sessan's 50% participation in a Norwegian partnership that owns the shuttle tanker *Stena Sirita*, which is on a three-year charter until autumn 2018, with an option to extend the charter by an additional year.

In 2003, the assignment was expanded to include Sessan's 50% participation in the shuttle tanker *Stena Spirit*, which is chartered pursuant to a 15-year contract to Petrobras in Brazil.

Stena earned total fees for these services of MSEK 1.3 both in 2014 and 2015. Stena Rederi acquired the owner of *Stena Jutlandica* from Stena Sessan at market value during the year.

Stena Metall

Stena purchases a substantial proportion of bunker fuel for vessels from Stena Metall. The purchases amounted to MSEK 1,618 (2,084) . Stena performs certain services for Stena Metall, for which compensation of MSEK 11 (11) has been received. The vessel *Stena Scandinavica* was sold to Stena Metall for MSEK 800 in June. During the year, Stena Renewable acquired the remaining 95% of Möckelsjö Energi HB and Örbacken Energi HB from Stena Metall for MSEK 122.5.

Olsson family

Stena rents office space from the Olsson family. The rental payments amounted to MSEK 41 (38). Stena conducts property management for a number of the family's properties. Stena received MSEK 20 (19) for the provision of these services. Stena has undertaken to pay Dan Sten Olsson an annual indexed retirement benefit for life.

During the year, Stena Switzerland AG invested MUSD 2 in a company, Collectius Ltd, which is partly owned by Gustav Eriksson. Stena Switzerland raised a loan of MUSD 1.25 from Collectius Ltd at market terms during the year.

35. SUBSEQUENT EVENTS

On 14 January 2016, Stena Drilling Ltd in Aberdeen received a ruling from Oslo District Court regarding potential capital gains tax in Norway following divestment of the drilling rig *Stena Dee* in 2006. The court ruled entirely in accordance with the claims presented by the Company. The Norwegian Tax Agency opted not to appeal the ruling and it has now taken legal effect.

The vessel *Highlanders* was delivered to Marine Atlantic in February 2016.

During February 2016, the vessel *M/S Trelleborg* was sold which generated a profit of MSEK 39.

During the first quarter of 2016 a nominal amount of MUSD 73 was repurchased of Stena AB's MUSD 600 unsecured bond maturing in 2024.

During the first quarter of 2016 we terminated our EKN facility with a total credit line of MSEK 6,660.

Parent Company

INCOME STATEMENT

MSEK	Note	1 January–31 December 2014	2015
Revenue	1	136	162
Administrative expenses	2	–204	–230
Other operating income and expenses		–270	–165
Operating profit/loss		**–338**	**–233**
Profit/loss from investments in Group companies	3	1,165	3,731
Profit/loss from other securities and receivables held as non-current assets	4	1,672	886
Other interest and similar income	5	168	180
Interest and similar expenses	6	–2,278	–1,068
Financial net		**727**	**3,729**
Group contribution	7	545	527
Profit before tax		**934**	**4,023**
Taxes	8	48	–81
Profit for the year		**982**	**3,942**

Parent Company

BALANCE SHEET

MSEK	Note	31 December 2014	2015
Assets			
Non-current assets			
Shares in Group companies	9	16,648	19,670
Non-current receivables, Group companies	9	8,727	6,597
Marketable securities	10	274	297
Other non-current assets	10	567	498
Total financial assets		**26,216**	**27,062**
Total non-current assets		**26,216**	**27,062**
Current assets			
Current receivables, Group companies		1,394	2,771
Other receivables		7	111
Prepayments and accrued income	11	68	71
Total current receivables		**1,469**	**2,953**
Cash and cash equivalents		0	0
Total current assets		**1,469**	**2,953**
Total assets		**27,685**	**30,015**
Equity and liabilities			
Equity			
Share capital, 50,000 shares, SEK 100 each		5	5
Statutory reserve		2	2
Total restricted equity		**7**	**7**
Retained earnings		12,502	13,240
Profit for the year		982	3,942
Total unrestricted equity		**13,484**	**17,182**
Total equity		**13,491**	**17,189**
Non-current liabilities			
Long-term debt	12	2,585	
Senior Notes	13	10,362	10,584
Liabilities, Group Companies			1,200
Pensions and similar obligations		3	2
Total non-current liabilities		**12,950**	**11,786**
Current liabilities			
Trade payables		10	7
Liabilities to Group companies		660	595
Other liabilities		271	114
Accruals and deferred income	14	303	324
Total current liabilities		**1,244**	**1,040**
Total equity and liabilities		**27,685**	**30,015**
Pledged assets	15	None	None
Contingent liabilities	15	18,932	15,968

Parent Company

STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital	Restricted reserves	Unrestricted equity	Total
Equity, 31 December 2013	**5**	**2**	**12,722**	**12,729**
Dividend			–220	–220
Profit for the year			982	982
Equity, 31 December 2014	**5**	**2**	**13,484**	**13,491**
Dividend			–244	–244
Profit for the year			3,942	3,942
Equity, 31 December 2015	**5**	**2**	**17,182**	**17,189**

Parent Company

STATEMENT OF CASH-FLOWS

MSEK	Note	1 January–31 December 2014	2015
Cash flow from operating activities			
Profit for the year		982	3,942
Adjustments for non-cash items			
Unrealised gain on financial instruments		251	–258
Exchange differences		1,172	222
Deferred income taxes	8	–48	81
Group contributions		–545	–527
Other non-cash items		–123	299
Cash flow from operating activities before changes in working capital		**1,689**	**3,759**
Changes in working capital			
Increase (–)/decrease (+) in intra-group balances		–1,030	–1,460
Increase (–)/decrease (+) in current receivables		22	–32
Increase (+)/decrease (–) in current liabilities		–12	–271
Cash flow from operating activities		**669**	**1,996**
Cash flow from investing activities			
Proceeds from sale of securities and long-term investments, net		–848	–3,032
Increase in non-current receivables, Group companies		–230	2,130
Cash flow from investing activities		**–1,078**	**–902**
Cash flow from financing activities			
Dividend		–220	–244
Group contributions received/paid, net		679	545
New borrowings, Group companies			1,200
New borrowings		3,859	
Principal payments on debt		–3,851	–2,585
Other financing activities		–58	–10
Cash flow from financing activities		**409**	**–1,094**
Net change in cash and cash equivalents		**0**	**0**
Cash and cash equivalents at beginning of year		0	0
Cash and cash equivalents at end of year		**0**	**0**

Parent Company

NOTES

All amounts in MSEK. Accounting policies, see Note 1 in the Consolidated Notes.

1. REVENUE

Revenue in the Parent company refers to services rendered for Group companies. Revenue was MSEK 162 (136), 89% (98%) of which was from Group companies.

2. ADMINISTRATIVE EXPENSES

Fees to the auditors

	1 January–31 December	
MSEK	2014	**2015**
Audit services	4	4
Audit-related fees	1	1
Tax advisory services	3	3
Other services		1
Total	**8**	**9**

Audit fees relate to examination of the annual report, financial accounting and the administration by the Board and the CEO as well as other tasks related to the duties of a company auditor. The audit-related fees include, except for the audit, other quality assurance services required by enactment, articles of association, regulations or agreement. Tax advisory services include both tax consultancy and tax compliance services.

3. PROFIT/LOSS FROM INVESTMENTS IN GROUP COMPANIES

A dividend was received from Stena International S.A. amounting to MSEK 923 and MSEK 2,807 from Stena Fastigheter AB.

4. PROFIT/LOSS FROM OTHER SECURITIES AND RECEIVABLES HELD AS NON-CURRENT ASSETS

	1 January–31 December	
MSEK	2014	**2015**
Unrealised result from financial instruments	–43	26
Exchange differences	1,303	380
Interest income	412	480
Total	**1,672**	**886**

MSEK 480 (412) of total interest income came from Group companies.

5. OTHER INTEREST AND SIMILAR INCOME

	1 January–31 December	
MSEK	2014	**2015**
Intra-group interest income	116	31
Interest income from derivatives	52	
Unrealised change in value of short-term derivates		149
Total	**168**	**180**

6. INTEREST AND SIMILAR EXPENSES

	1 January–31 December	
MSEK	2014	2015
Interest expenses	–855	–828
Interest expenses from derivates		–4
Unrealised change in value of short-term derivatives	–364	
Exchange differences	–1,043	–226
Amortisation of capitalised finance costs	–15	–10
Other finance costs	–1	
Total	**–2,278**	**–1,068**

MSEK –78 (–247) of total interest expenses came from Group companies.

7. GROUP CONTRIBUTION

In 2015, the company received Group contributions amounting to MSEK 277 from Stena Adactum AB and MSEK 300 from Stena Fastigheter AB. In 2014, the company received Group contributions amounting to MSEK 545 from Grytsjö Energi AB, a company within the Stena Adactum group.

8. INCOME TAXES

	1 January–31 December	
MSEK	2014	2015
Profit before tax	934	4,023
Deferred tax	48	–81
Total taxes	**48**	**–81**
Reconciliation of the difference between the statutory tax rate in Sweden and the effective tax rate:		
Statutory income tax rate	–205	–885
Expenses not deductible	–4	–27
Non-taxable income, dividend received	256	821
Non-taxable income	1	10
Tax income/tax expense	**48**	**–81**

In 2015, Tax paid amounted to MSEK – (–).

9. SHARES IN GROUP COMPANIES

MSEK	Reg. no.	Reg. office	Ownership, %	Amount of shares in 000s	31 December Carrying amount 2014	31 December Carrying amount 2015
Stena Rederi AB	556057-8360	Gothenburg	100	25	590	590
AB Stena Finans	556244-5766	Gothenburg	100	500	550	2,550
Stena Fastigheter AB	556057-3619	Gothenburg	100	119	2,982	3,282
Stena Adactum AB	556627-8155	Gothenburg	100	500	2,664	3,386
Stena International S.A.		Luxembourg	100	4,768	9,862	9,862
Total shares in Group companies					**16,648**	**19,670**

Stena AB has paid MSEK 722 to Stena Adactum AB, MSEK 300 to Stena Fastigheter AB and MSEK 2,000 to AB Stena Finans as a shareholder contribution.

Subsidiaries´ holdings in major Group companies

	Reg. office	Ownership, %
Stena Bulk AB	Gothenburg	100
Stena Line Scandinavia AB	Gothenburg	100
Stena Line Holding BV	The Netherlands	100
Stena Holland BV	The Netherlands	100
Stena Line Ltd	The United Kingdom	100
Stena Drilling (Holdings) Ltd	The United Kingdom	100
Stena North Sea Ltd	The United Kingdom	100
Stena Ropax Ltd	The United Kingdom	100
Stena Switzerland AG	Switzerland	100
Stena Maritime AG	Switzerland	100

The Parent company has the following long-term receivables on Group companies

MSEK	31 December 2015 Carrying amount
Stena Rederi AB	933
AB Stena Finans	5,064
Stena Adactum AB	600
Total non-current receivables Group companies	**6,597**
Opening balance	8,727
Change in receivables	–2,584
Exchange differences	454
Closing balance	**6,597**

A complete list of the companies in the Group has been submitted to the Swedish companies registration office. For information on associates and joint ventures see Note 6 "Investments in associates, joint ventures and other joint arrangements" in the Consolidated Notes.

10. OTHER FINANCIAL ASSETS

Marketable securities

MSEK	
Opening balance	274
Additions	25
Revaluation	2
Exchange differences	–4
Closing balance, 31 December 2015	**297**

Marketable securities are long-term holdings of listed shares (see Note 14 in the Consolidated Notes).

Other non-current assets

MSEK	Deferred tax receivables	Other non-current receivables	Other securities held as non-current assets	Capitalised costs	Total
Opening balance	469	3	51	44	567
Valuation to fair value			24		24
Disposals	–81	–1		–11	–93
Closing balance, 31 December 2015	**388**	**2**	**75**	**33**	**498**

Other securities held as non-current assets are holdings of non-listed shares, see Note 15 in the Consolidated Notes. Capitalised costs consist of costs for issuing bonds. These costs are allocated to the loans' remaining duration, see Note 6 in the Consolidated Notes.

11. PREPAYMENTS AND ACCRUED INCOME

	31 December	
MSEK	2014	2015
Prepaid expenses	7	1
Accrued income	61	70
Total	**68**	**71**

12. OTHER LONG-TERM DEBT

The entire amount relates to utilisation of the credit facility.

13. SENIOR NOTES

For information about Senior Notes, see Note 24 in the Consolidated Notes.

14. ACCRUALS AND DEFERRED INCOME

	31 December	
MSEK	2014	2015
Accrued interest expense	291	304
Accrued holiday pay and social security contributions	11	12
Other accruals	1	8
Total	**303**	**324**

15. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	31 December	
MSEK	2014	2015
Guarantees, subsidiaries	18,417	15,410
Guarantees, other	515	558
Total	**18,932**	**15,968**

16. PERSONNEL

For information about the average number of employees, salaries, other remuneration and social security contributions for employees, see Note 33 in the Consolidated Notes.

PROPOSED TREATMENT OF UNAPPROPRIATED EARNINGS

The following funds in the Parent company are available to the Annual General Meeting (SEK thousands)

Retained earnings	13,240,150
Profit for the year	3,941,865
Unrestricted equity	**17,182,015**
The Board of Directors propose the following:	
Dividend to the shareholders	405,000
Dividend to the Sten A. Olsson Foundation for Research and Culture, and other public benefit purposes as a gift according to Chapter 17, section 5, of the Companies Act	20,000
To be carried forward	16,757,015
Total	**17,182,015**

Gothenburg, 27 April 2016

Lennart Jeansson
Chairman of the Board

Dan Sten Olsson
Managing Director

Gunnar Brock
Board member

Anne-Marie Pouteaux
Board member

Christian Caspar
Board member

Maria Brunell Livfors
Board member

Lars Westerberg
Board member

William Olsson
Board member

Marie Eriksson
Board member

Alessandro Chiesi
Employee representative

Mahmoud Sifaf
Employee representative

Our Audit Report was released on 27 April 2016

Peter Clemedtson
Authorised Public Accountant

Johan Rippe
Authorised Public Accountant

AUDIT REPORT

To the annual meeting of the shareholders of Stena AB (publ), corporate identity number 556001-0802

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Stena AB for the year 2015.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Stena AB for the year 2015.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gothenburg, 27 April 2016

Peter Clemedtson
Authorised Public Accountant

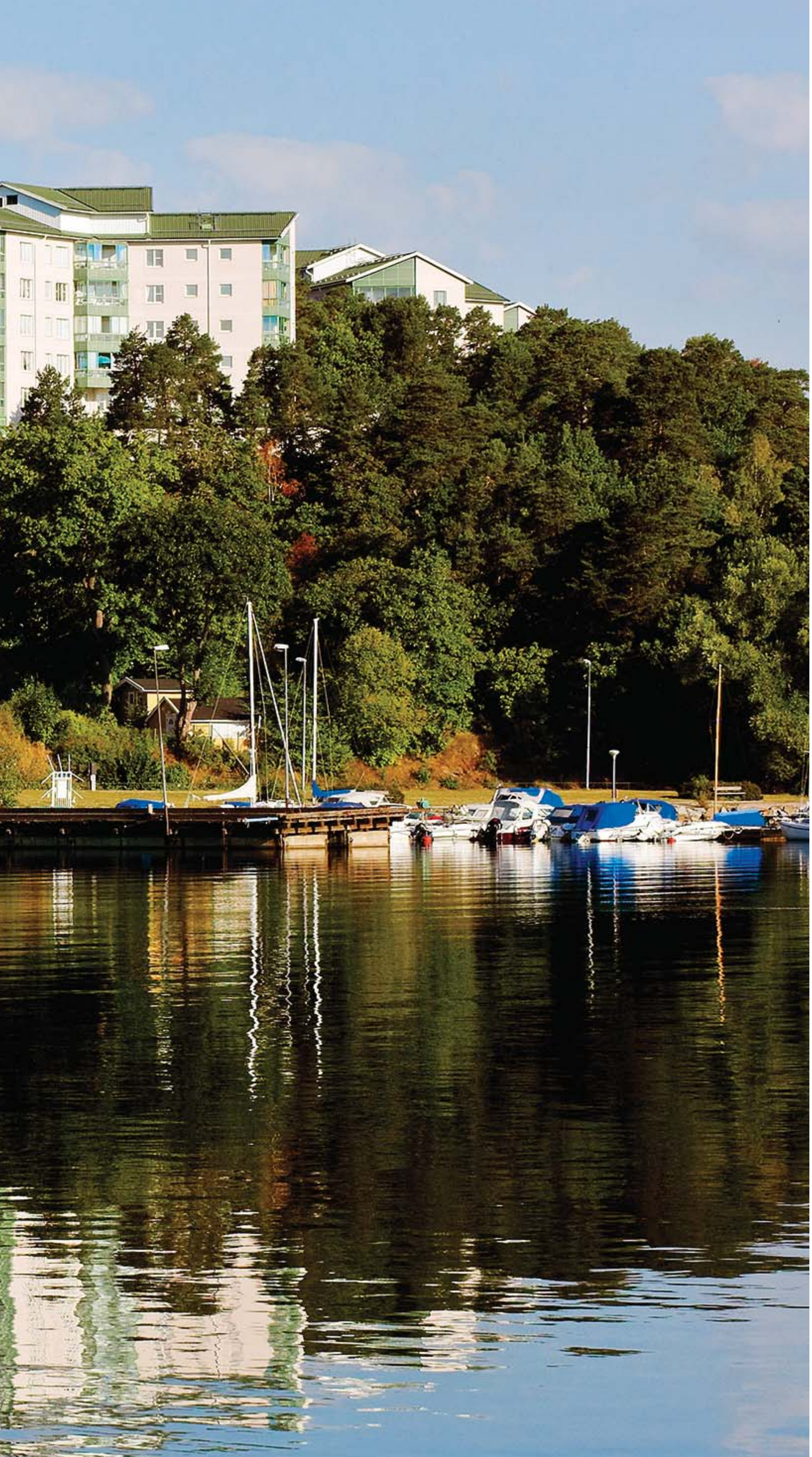
Johan Rippe
Authorised Public Accountant

FIVE-YEAR SUMMARY

MSEK	2011	2012	2013	2014	2015
Total revenues	27,968	27,388	30,240	33,563	36,417
EBITDA, excluding sale of non-current assets	6,512	7,060	7,947	9,646	10,118
Operating profit	4,578	3,401	3,887	4,865	6,801
Profit/loss from investments in strategic associates	60	18	–51	–5	60
Profit before tax	2,779	1,777	2,148	2,799	4,504
Vessels	34,185	40,708	40,956	46,141	46,398
Investment property	25,753	26,658	27,831	29,367	30,617
Other non-current assets	27,494	26,412	28,150	37,070	31,077
Cash and cash equivalents/short-term investments	4,255	3,676	3,747	4,754	3,172
Other current assets	6,909	7,446	7,528	8,485	8,004
Equity including deferred tax liabilities	34,645	34,479	39,214	42,838	47,999
Other provisions	2,332	1,994	1,356	1,335	1,206
Other non-current liabilities	52,382	56,939	55,919	68,422	58,043
Current liabilities	9,237	11,488	11,723	13,222	12,020
Total assets	98,596	104,900	108,212	125,817	119,268
Cash flow from operating activities	4,895	5,034	5,017	9,520	5,683
Cash flow from investing activities	–5,579	–11,553	–4,583	–8,235	–1,509
Cash flow from financing activities	559	6,489	–19	35	–5,405
Net change in cash and cash equivalents	–78	–6	472	1,453	–1,195
Number of employees, average	10,242	10,565	11,348	11,231	10,416
Number of vessels[1]	106	117	137	151	151

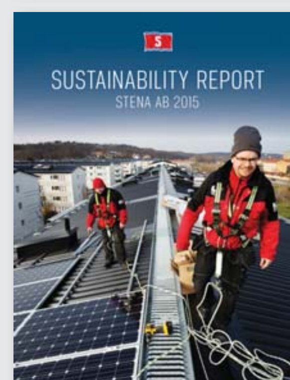
1) Including owned and chartered in vessels

Stena Property has properties mainly in the expansive urban areas. Here is a picture from the Sfären area in Solna.



The Financial Report, the Annual Review and the Sustainability Report are available online at www.stena.com.

Printed reports are provided by birgitta.sandh@stena.com.



Solberg.

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