

Company Registration No. 2074427

Acergy M.S. Limited

Report and Financial Statements

30 November 2006



Acergy M.S. Limited

Report and financial statements 2006

Contents

Directors' report	1
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

Acergy M.S. Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 November 2006

Principal activities, enhanced business review and future prospects

The company is a wholly owned subsidiary of Acergy M S Ltd, a company registered in Bermuda, and operates as part of the group's corporate division

The company's principal activity is the provision of management services to other group companies. There has not been any significant change in the company's principal activity in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's principal activity in the next year.

There have been no significant events since the balance sheet date.

Key Performance Indicators

The Directors believe the company's key performance indicators are turnover, profit after tax and the level of group funding.

As shown in the company's profit and loss account on page 6, the company's sales have increased by 36% over the prior year and profit after tax has improved from £1 471 million to £3 150m.

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year-end is consistent with the prior year. Details of amounts owed from and to other group undertakings are shown in notes 9 and 11 respectively.

As the Acergy Group manages its operations on a larger, regional basis, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for any understanding of the development, performance or position of the business.

Principal risks and uncertainties

The company recharges its costs to its immediate parent company with the addition of a mark-up.

The company has amounts due from and to other group undertakings in non-functional currencies. It is therefore exposed to exchange rate risks. The group's treasury function takes out contracts to manage this risk at a group level.

The company is financed by way of a short-term loan from the group treasury company and has no third party debt. It therefore has no external interest rate exposure.

Results and dividends

Results and statement of accumulated reserves are as follows

	£
Retained earnings at 1 December 2005	7,139,830
Profit for the financial year	3,150,747
	<hr/>
Retained earnings at 30 November 2006	10,290,577
	<hr/>

No dividends have been paid or proposed in respect of the year (2005 £nil)

Acergy M.S. Limited

Directors' report (continued)

Directors and their interests

The directors of the company who served throughout the year and subsequently were as follows

T Ehret
S Jackson
K Tipson

The directors do not have any interest required to be disclosed under schedule 7 of the Companies Act 1985. The company is a wholly owned subsidiary of a body corporate incorporated outside the United Kingdom and therefore the directors are not required to notify the company of any interests in shares or debentures of that or any other body corporate incorporated outside the United Kingdom.

Each of the directors at the date of approval of this report confirms that

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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements on page 10.

Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and various internal publications.

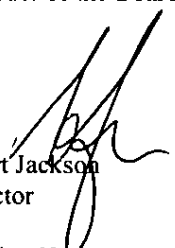
Acergy M.S. Limited

Directors' report (continued)

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By order of the Board



Stuart Jackson
Director

Dolphin House
Windmill Road
Sunbury-on-Thames
Middlesex
TW16 7HT

28 Sep 07

Acergy M.S. Limited

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Companies law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of its profit or loss of the company for that period.

In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Acergy M.S. Limited

We have audited the financial statements of Acergy M S Limited for the year ended 30 November 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2006 and of its profit for the year then ended, have been properly prepared in accordance with the Companies Act 1985, and the information in the Directors Report is consistent with the financial statements.



Deloitte & Touche LLP

**Chartered Accountants and Registered Auditors
London**

28 September 2007

Acergy M.S. Limited

Profit and loss account For the year ended 30 November 2006

	Note	2006 £	2005 £
Turnover	2	37,204,826	27,402,328
Administrative expenses		(33,753,924)	(24,911,287)
Operating profit		<u>3,450,902</u>	<u>2,491,041</u>
Interest receivable and similar income	3	-	9,357
Interest payable and similar charges	4	(154,524)	(300,039)
Profit on ordinary activities before taxation	5	<u>3,296,378</u>	<u>2,200,359</u>
Tax on profit on ordinary activities	7	(145,631)	(729,250)
Retained profit for the financial year	13	<u><u>3,150,747</u></u>	<u><u>1,471,109</u></u>

The profit for both years has been wholly derived from continuing activities

The company has no recognised gains or losses in either year, other than profit for the year. Accordingly no statement of total recognised gains and losses is presented

Acergy M.S. Limited

Balance sheet 30 November 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible fixed assets	8	4,037,681	2,873,179
Current assets			
Debtors	9	51,716,114	26,674,032
Cash at bank and in hand		-	196,388
		51,716,114	26,870,420
Creditors: Amounts falling due within one year	10	(45,463,118)	(22,603,669)
Net current assets		6,252,996	4,266,751
Total assets less current liabilities, being net assets		10,290,677	7,139,930
Capital and reserves			
Called up equity share capital	12	100	100
Profit and loss account	13	10,290,577	7,139,830
Equity shareholders' funds	14	10,290,677	7,139,930

Signed on behalf of the Board of Directors

Stuart Jackson
Director

28 SEP 07

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2006

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below

a) Basis of accounting

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

b) Cash flow statement

The company is exempt from the requirement of FRS 1 (Revised) to include a cash flow statement as part of its financial statements on the basis that it is a subsidiary of Acergy S A (note 16) whose financial statements contain a consolidated cash flow statement and are available to the public

c) Tangible fixed assets

All tangible fixed assets are shown at cost less accumulated depreciation and any provision for impairment

Depreciation is provided at rates calculated to write-off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows

Computer hardware and software development	3-5 years
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d) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessment in periods different from those in which they are recognised in the financial statements

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2006

1. Accounting policies (continued)

e) Pension costs

The Company participates in a defined benefit multi-employer scheme, the assets of which are held independently from the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Further details are given in note 15.

The company also makes contributions to personal pension plans for eligible employees. Contributions to this scheme are charged to the profit and loss account as incurred. Any differences between contributions due and paid are included within prepayments or accruals.

f) Foreign currency

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

2. Turnover

Turnover represents amounts invoiced (exclusive of VAT) to the company's immediate parent company, based in Bermuda, for the provision of administrative and accounting services, being the company's only class of business. All turnover arises in the UK.

3. Interest receivable and similar income

	2006 £	2005 £
Other interest receivable	-	9,357

4. Interest payable and similar charges

	2006 £	2005 £
On borrowings from group undertakings	150,274	298,284
Bank interest payable	4,250	1,755
	<u>154,524</u>	<u>300,039</u>

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2006

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2006 £	2005 £
Depreciation of owned tangible fixed assets	1,827,626	2,335,986
Auditors' remuneration – audit services	4,509	4,350
	<u>1,832,135</u>	<u>2,340,336</u>

6. Staff costs

The average monthly number of persons employed by the company during the year was 145 (2005 – 116). All employees were engaged in administrative activities.

	2006 £	2005 £
Employee costs during the year amounted to		
Wages and salaries	11,033,191	8,560,374
Social security costs	1,393,211	1,053,012
Other pension costs (see note 15)	717,875	560,144
	<u>13,144,277</u>	<u>10,173,530</u>

Directors' remuneration

The employee costs shown above include the following remuneration in respect of directors of the company

	2006 £	2005 £
Emoluments	976,185	835,727
Contributions to defined contribution schemes	74,668	84,602
	<u>1,050,853</u>	<u>920,329</u>

The above amounts for remuneration include the following in respect of the highest paid director

	2006 £	2005 £
Emoluments	354,013	350,598
Contributions to defined contribution schemes	22,189	21,190
	<u>376,202</u>	<u>371,788</u>

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2006

7 Tax on profit on ordinary activities

The tax charge comprises

	2006 £	2005 £
Current tax		
UK corporation tax	436,863	828,219
Adjustments in respect of prior years - UK corporation tax	(427,688)	-
Total current tax	<u>9,175</u>	<u>828,219</u>
Deferred tax		
Origination and reversal of timing differences	136,456	(98,969)
Total deferred tax (see note 11)	<u>136,456</u>	<u>(98,969)</u>
Total tax on profit on ordinary activities	<u><u>145,631</u></u>	<u><u>729,250</u></u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual current tax charge for the current year and previous year is different than that using the standard rate for the reasons set out in the following reconciliation

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>3,296,378</u>	<u>2,200,359</u>
Tax on profit on ordinary activities at standard UK corporation tax rate	988,914	660,108
Effects of		
Schedule 23 tax deduction relating to share options	(409,023)	-
Expenses not deductible for tax purposes	17,648	48,601
Depreciation in excess of capital allowances	(160,676)	119,510
Adjustments to tax charge in respect of previous periods	(427,688)	-
Current tax charge for year	<u><u>9,175</u></u>	<u><u>828,219</u></u>

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2006

8 Tangible fixed assets

All tangible fixed assets relate to computer hardware and software development

	£
Cost	
Beginning of year	18,488,709
Additions	2,992,128
End of year	<u>21,480,837</u>
Accumulated depreciation	
Beginning of year	15,615,530
Charge for the year	1,827,626
End of year	<u>17,443,156</u>
Net book value at end of year	<u>4,037,681</u>
Net book value at beginning of year	<u>2,873,179</u>

9 Debtors: amounts falling due within one year

	2006 £	2005 £
Amounts due from group undertakings	49,739,907	25,182,743
Amounts due from other related parties (note 17)	75,378	-
Deferred tax asset (note 10)	745,448	881,904
Other debtors	1,155,381	609,385
	<u>51,716,114</u>	<u>26,674,032</u>

10 Deferred tax asset

	2006 £	2005 £
At beginning of year	881,904	782,935
(Credit)/charge for the year	(136,456)	98,969
At end of year	<u>745,448</u>	<u>881,904</u>

The amount provided for deferred taxation arises on the differences between accumulated depreciation and capital allowances. A deferred tax asset has been recognised in respect of the tax written-down values being in excess of the carrying value of the company's fixed assets. This asset is recoverable based on the future projected profitability of the company.

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2006

11. Creditors, amounts falling within one year

	2006 £	2005 £
Trade creditors	1,871,561	2,566,834
Amounts owed to group undertakings	34,653,048	13,892,857
Group relief and corporation tax owed to group undertakings	2,478,641	2,315,168
Corporation tax	-	694,930
Accruals and deferred income	6,429,536	3,133,880
Bank overdraft	30,332	-
	45,463,118	22,603,669

Interest bearing loans included within amounts owed to group undertakings bear interest at normal commercial rates

12. Called-up equity share capital

	2006 £	2005 £
Authorised, allotted, called-up and fully paid 100 ordinary shares of £1 each	100	100

13. Reserves

The movement during the year was as follows

	2006 £	2005 £
Profit and loss account		
At beginning of year	7,139,830	5,668,721
Profit for the year	3,150,747	1,471,109
At end of year	10,290,577	7,139,830

All reserves are regarded as distributable

14. Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Opening shareholders' funds	7,139,930	5,668,821
Profit for the financial year	3,150,747	1,471,109
Closing shareholders' funds	10,290,677	7,139,930

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2006

15 Guarantees and other financial commitments

a) Capital commitments

There were no capital commitments at 30 November 2006 (2005 £nil)

b) Pension commitments

Personal pension plan

The company makes contributions to employee's personal pension plans. Total contributions during the year were £654,612 (2005 £499,090)

Defined benefit scheme

The company also participates in a defined benefit (final salary) pension scheme for some of its onshore employees. The scheme is financed through a separate trustee administered fund and is contracted in to SERPS. The scheme is a defined benefit multi-employer scheme, the assets of which are held independently from the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Accordingly, contributions to this scheme are charged to the profit and loss account as incurred. Any differences between contributions due and paid are included within prepayments or accruals. The following disclosure is given in accordance with FRS 17, "Retirement Benefits".

Contributions to the scheme by the employer are in accordance with recommendations of independent professional actuaries. Scheme valuations are carried out by independent professionally qualified actuaries to determine pension costs. Any imbalance between the assets and liabilities is adjusted over the average future service life of members of the scheme. The scheme is closed to new entrants.

The most recent full actuarial valuation was carried out on 30 November 2003 calculated using the Projected Unit Credit method.

The actuarial valuation described above has been updated at 30 November 2006 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value. The major assumptions used for the actuarial valuation were:

	2006 %	2005 %	2004 %
Rate of increase in salaries	5.0	3.5	3.5
Rate of increase in pensions in payment	2.5	2.5	2.5
Discount rate	4.95	4.85	5.25
Inflation assumption	2.5	2.5	2.5

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2006

15. Guarantees and other financial commitments (continued)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were

	Long-term rate of return expected at 30 November 2006 %	Value at 30 November 2006 £'000	Long-term rate of return expected at 30 November 2005 %	Value at 30 November 2005 £'000	Long-term rate of return expected at 30 November 2004 %	Value at 30 November 2004 £'000
Equities	7.5	6,464	7.5	5,789	8	4,535
Bonds	4.85	2,190	4.85	1,954	5.25	1,331
Other	4	106	4	180	4	497
Total fair value of assets		8,760		7,923		6,363
Present value of scheme liabilities		(13,766)		(11,774)		(9,999)
Deficit in the scheme		(5,006)		(3,851)		(3,636)
Related deferred tax asset		1,502		1,155		1,091
Net pension liability		<u>(3,504)</u>		<u>(2,696)</u>		<u>(2,545)</u>

	2006 £'000	2005 £'000
Movement in deficit (pre deferred tax adjustment) during the year		
Deficit in scheme at beginning of year	(3,851)	(3,636)
Movement in year		
Current service cost	(215)	(182)
Contributions	338	297
Other finance income	(28)	(73)
Actuarial loss	(1,250)	(257)
	<u>(5,006)</u>	<u>(3,851)</u>

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2006

15. Guarantees and other financial commitments (continued)

Analysis of the amount that would have been charged to operating profit of the group under FRS 17

	2006 £'000	2005 £'000
Current service cost	215	182
Total operating charge	215	182

Analysis of the amount that would have been charged to net finance income under FRS 17

	2006 £'000	2005 £'000
Expected return on pension scheme assets	536	458
Interest on pension scheme liabilities	(564)	(531)
Net finance cost	(28)	(73)

Analysis of the actuarial loss that would have been recognised in the statement of total recognised gains and losses of the group

	2006 £'000	2005 £'000
Actual return less expected return on pension scheme assets	314	912
Experience gains and losses arising on the scheme liabilities	409	(413)
Changes in assumptions underlying the present value of the scheme liabilities	(1,973)	(756)
Actuarial loss recognised in statement of total recognised gains and losses	(1,250)	(257)

History of experience gains and losses	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets:				
Amount (£'000)	314	912	322	(217)
Percentage of scheme assets	3.6%	11.5%	5.1%	(3.8%)
Experience gains and losses on scheme liabilities:				
Amount (£'000)	409	(413)	(3)	(39)
Percentage of the present value of scheme liabilities	3.0%	3.5%	0.0%	(0.4%)
Total actuarial loss recognised in the statement of total recognised gains and losses				
Amount (£'000)	(1,250)	(257)	(375)	(256)
Percentage of the present value of scheme liabilities	9.1%	2.2%	3.8%	(2.9%)

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2006

16. Immediate and ultimate holding company

The immediate parent company of Acergy M S Limited is Acergy M S Ltd, a company incorporated in Bermuda

Acergy S A (formerly Stolt Offshore S A) is the ultimate parent company and controlling entity of the company and is the parent company of the smallest and largest group in which the results of the company are consolidated Copies of the financial statements of Acergy S A are available from Dolphin House, Windmill Road, Sunbury-on-Thames, Middlesex TW16 7HT, United Kingdom

17. Related party transactions

The company is exempt from the requirement of FRS 8 to include details of transactions with related parties who are fellow group undertakings

Amounts due from Acergy Group joint venture undertakings at 30 November 2006 were £10,602 46 (2005 £nil) from SapuraAcergy SBN BHD and £nil (2005 £1,566) due from Seaway Heavy Lifting Limited