

Company Registration No. 02074427

Subsea 7 M.S. Limited

Report and Financial Statements

for the 13 months ended December 2011



Subsea 7 M.S. Limited

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Subsea 7 M.S. Limited

Officers and professional advisers

Directors

Jean Cahuzac
Keith Tipson
Ricardo Rosa
Nathalie Louys

Secretary

Lorna Peace

Registered Office

200 Hammersmith Road
London
England
W6 7DL

Bankers

HSBC
95-99 Union Street
Aberdeen
AB11 6BD

Independent Auditor

Deloitte LLP
Chartered Accountants
London

Subsea 7 M.S. Limited

Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 December 2011

During the period, the Company's year end was changed to 31 December. Accordingly, the financial statements presented below represent the 13 month period starting 1 December 2010 until 31 December 2011. The comparative period for 2010 is for the period from 1 December 2009 to 30 November 2010.

Principal activities, enhanced business review and future prospects

The Company is a wholly owned subsidiary of Subsea 7 Senior Holdings (UK) Limited, a company incorporated in England and Wales, and operates as part of the Subsea 7 S A (formerly known as Acergy S A) group's corporate division.

The Company's principal activity is the provision of management services to other group companies. The Company has a contract in Brazil to provide engineering and subsea services to the offshore oil and gas industry. The company entered into an undisclosed agency agreement with another Subsea 7 S A group company whereby all the financial risks and rewards in connection with the Company's Brazilian contract will be borne by the other Subsea 7 S A group company. As a result no profit or loss in connection with this contract is recorded in the books of the Company.

The directors foresee this change in the Company's activities as a temporary change and do not intend to enter into any further operational contracts.

In January 2011, the ultimate parent company, Acergy S A , combined with Subsea 7 Inc , to create Subsea 7 S A , a global leader in seabed-to-surface engineering, construction and services.

On 12 January 2011 the Company changed its name from Acergy M S Limited to Subsea 7 M S Limited. During the period the immediate parent company of Subsea 7 M S Limited changed from Acergy (Gibraltar) Limited to Subsea 7 Holdings (UK) Limited. On 31 July 2012, the shares in the Company were transferred to Subsea 7 Senior Holdings (UK) Limited.

Results and dividends

Results and statement of profit and loss reserve are as follows

	2011 £'000	2010 £'000
Profit and loss reserve at the beginning of the period	6,625	25,050
(Loss)/profit for the financial period/year	(1,278)	1,575
Dividend payment	-	(20,000)
	<hr/>	<hr/>
Profit and loss reserve at the end of the period	5,347	6,625
	<hr/>	<hr/>

Dividends on equity shares

No dividends have been paid or proposed in respect of the period (2010 £20,000,000)

Going concern

In December 2011, the Company entered into an agreement to sell trade, assets and liabilities, apart from specific excluded assets and liabilities, to fellow subsidiary company, Subsea 7 (UK Service Company) Limited with the intention of ceasing to trade. The completion date for this agreement was 1 January 2012. As a result, the financial statements have been prepared on the basis that the Company is no longer a going concern.

As the assets and liabilities will be transferred to Subsea 7 (UK Service Company) Limited at their carrying amounts the directors do not consider the carrying value of the assets and liabilities to be uncertain and no material adjustments arose as a result of ceasing to apply the going concern basis. Further details are included within note 1 of the financial statements.

Subsea 7 M.S. Limited

Directors' report (continued)

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 8, the Company's sales have increased by £3.6 million over the prior year. This increase is primarily as a result of the increase in administrative and accounting services provided to the group, offset by the decrease in revenue from the above mentioned operating contract which was substantially completed in a prior year. The Company's profit before tax has increased during the period to £2.7m from £1.6m in the prior year, largely as a result of the relative margins earned by the Company on various management services it provides to other group companies. The tax charge for the period is higher mainly as a result of adjustments in respect of prior years.

The level of group funding is discussed in detail within the liquidity risk paragraph below.

As the Subsea 7 S.A. 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's activities expose it to a number of risks and uncertainties. These include price risk, cash flow risk, credit risk, foreign exchange and liquidity risk.

Price risk

The operational contract entered into by the Company was a "lump sum" price in nature and these are significantly higher-risk than "cost plus" priced contracts. The Company manages its risks in numerous ways including, but not limited to: a rigorous review and authorisation process for all tenders, detailed review and approval of all significant contractual terms and conditions, careful selection and monitoring of all subcontractors, application of specific processes for the selection, training and development of staff, and the close monitoring of all variances to the original scope of work.

The risks to the Subsea 7 S.A. group as a whole are discussed in the Subsea 7 S.A. annual report which does not form part of this report.

Cash flow risk

The Company's cash flow risk is managed by group funding.

Credit risk

Credit risk on cash deposits is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies. Credit risk on trading activities is also limited as the only exposure is to a major national oil and gas company.

Foreign exchange risk

The Company's funding structure exposes it primarily to financial risks of changes in foreign currency exchange rates due to inter-company funding balances in non-functional currencies with the Group treasury company. The treasury company uses a range of financial instruments (foreign exchange forward and swap contracts) to minimise this foreign currency exposure on behalf of the Group.

Liquidity risk

Although the Company had net assets at the balance sheet date a proportion of the debts are due from other Subsea 7 entities. These entities are part of a larger group of which the ultimate parent company is Subsea 7 S.A. The Group has considerable financial resources and the directors consider these balances to be recoverable.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company relies on short-term debt finance from the Group treasury company.

Subsea 7 M.S. Limited

Directors' report (continued)

Directors and their interests

The directors of the Company who served throughout the period and subsequently, except as noted, were as follows

Jean Cahuzac

Keith Tipson

Simon Crowe (resigned 31 July 2012)

Ricardo Rosa (appointed 28 August 2012)

Graeme Murray (appointed 25 July 2011, resigned 30 March 2012)

Nathalie Louys (appointed 30 March 2012)

Post balance sheet events

During 2012 a substantial portion of the agreed trade and assets were transferred to Subsea 7 (UK Service Company) Limited, however the sale is not fully complete and is expected to be finalised by the end of 2012

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report

Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements on page 15

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Auditor

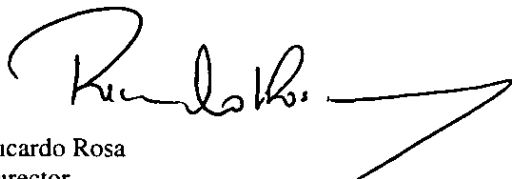
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board and signed on its behalf by



Ricardo Rosa
Director

27 September 2012

Subsea 7 M.S. Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Subsea 7 M.S. Limited

We have audited the financial statements of Subsea 7 M.S. Limited for the period ended 31 December 2011 which comprise the Profit and Loss account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – cessation of trade

In forming our opinion on the company's financial statements, which is not modified, we note that the financial statements have been prepared on a basis other than that of a going concern as the entity intends to cease to trade. We have considered the adequacy of the disclosures made in note 1 of the financial statements. The sale of trade and assets to Subsea 7 (UK Service Company) Limited at their carrying amounts is ongoing and has been appropriately disclosed in the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Subsea 7 M.S. Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Dean Cook MA FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
28 September 2012

Subsea 7 M.S. Limited

Profit and loss account

For the period ended 31 December 2011

(in £000s)	Notes	2011 31 Dec	2010 30 Nov
Turnover	2	115,119	111,492
Cost of sales		1,450	(6,456)
Gross Profit		116,569	105,036
Administrative expenses		(111,974)	(84,086)
Impairment		-	(4,483)
Loss on sale of fixed assets		(13)	(7)
Operating profit	3	4,582	16,460
Interest payable and similar charges	4	(242)	(1,149)
Other expenses	5	(1,564)	(13,695)
Profit on ordinary activities before taxation		2,776	1,616
Tax charge on profit on ordinary activities	7	(4,054)	(41)
Retained (loss)/profit for the financial period/year	17, 18	(1,278)	1,575

The profit and loss account includes the results for the 13 months ended 31 December 2011. Comparatives are for the 12 months to 30 November 2010.

The (loss)/profit for the period/prior year has been wholly derived from continuing activities.

Subsea 7 M.S. Limited

Statement of total recognised gains and losses For the period ended 31 December 2011

(in £000s)	Notes	2011 31 Dec	2010 30 Nov
(Loss)/profit for the financial period/year		(1,278)	1,575
Currency translation difference on foreign branch	17,18	(1)	(2,330)
Total recognised loss relating to the period/year		<u>(1,279)</u>	<u>(755)</u>

Subsea 7 M.S. Limited

Balance sheet As at 31 December 2011

(in £000s)	Notes	2011 31 Dec	2010 30 Nov
Fixed assets			
Investments	9	-	-
Tangible fixed assets	10	7,198	5,684
		<u>7,198</u>	<u>5,684</u>
Current assets			
Debtors amounts falling due within one year	11	104,753	80,981
Cash at bank and in hand		-	1,262
		<u>104,753</u>	<u>82,243</u>
Creditors: amounts falling due within one year	12	(103,609)	(79,804)
		<u>1,144</u>	<u>2,439</u>
Net current assets			
Total assets less current liabilities		<u>8,342</u>	<u>8,123</u>
Creditors' amounts falling due after more than one year	14	(3,060)	(1,800)
Provisions for liabilities	15	(305)	(506)
		<u>4,977</u>	<u>5,817</u>
Capital and reserves			
Called up equity share capital	16	-	-
Profit and loss account	17	5,347	6,625
Translation reserve	17	(6,185)	(6,184)
Other reserves	17	5,815	5,376
Shareholder's funds	18	<u>4,977</u>	<u>5,817</u>

The financial statements of Subsea 7 M S Limited (registered number 02074427) were approved by the Board of Directors on 27 September 2012

Signed on behalf of the Board of Directors



Ricardo Rosa
Director

Subsea 7 M.S. Limited

Notes to the financial statements

1 Accounting policies

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

Basis of accounting

The financial statements are prepared under the other than that of a going concern basis and in accordance with applicable United Kingdom laws and accounting standards

Presentation of the financial statements

During the period, the Company's year end was changed to 31 December. Accordingly, the financial statements presented represent the 13 month period ended 31 December 2011. Comparatives are for the 12 months to 30 November 2010. The Balance Sheet information is presented as at 31 December 2011 with comparatives as at 30 November 2010.

Going concern

The going concern basis is no longer considered appropriate due to the Company's agreement to sell the majority of its trade, assets and liabilities to Subsea 7 (UK Service Company) Limited as described in the Directors' report on page 2.

As part of that agreement, certain excluded assets and liabilities will remain with the Company, such as an ongoing contract for which there is minimal ongoing activity. This contract will remain with the Company until the end of its warranty period.

There is no uncertainty about the carrying amount of assets and liabilities recorded in the financial statements and the Company will be able to access financial support from parent and fellow subsidiaries of the Subsea 7 S A group if this becomes necessary.

As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the Company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

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 Subsea 7 S A (note 22) whose financial statements contain a consolidated cash flow statement and are available to the public.

Basis of consolidation

Consolidated financial statements have not been prepared for the Company and its subsidiary undertakings as provided by section 400 of the Companies Act 2006. These financial statements accordingly present the position of the Company, and not of the group.

Foreign currency and financial instruments

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Forward contracts are accounted for on an accruals basis.

The results of an overseas branch are translated at the average rate of exchange during the period and its balance sheet at the rate ruling at the balance sheet date. Exchange differences arising on the translation of the balance sheet are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Subsea 7 M.S. Limited

Notes to the financial statements

1. Accounting policies (continued)

Investments

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

Tangible fixed assets

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

Assets under construction are carried at cost, less any recognised impairment loss. Cost includes external professional fees and borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

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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Fixtures and fittings	5 years
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Residual value is calculated on prices prevailing at the date of acquisition.

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.

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 19.

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.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as work in progress.

Subsea 7 M.S. Limited

Notes to the financial statements

1. Accounting policies (continued)

Revenue recognition

Long-term contracts are accounted for using the percentage of completion method. Revenue and gross profit are recognised each period based upon the advancement of the work-in-progress unless the stage of completion is insufficient to enable a reasonably certain forecast of gross profit to be established. In such cases, no gross profit is recognised during the period. The percentage of completion is calculated based on the ratio of costs incurred to date to total estimated costs. Provisions for anticipated losses are made in the period in which they become known.

A part of the Company's revenue is billed under a fixed-priced contract. However, due to the nature of the services performed, variation orders and claims are commonly billed to the customers in the normal course of business and are recognised as contract revenue when realisation is probable and can be reasonably estimated. In addition, some contracts contain incentive provisions based upon performance in relation to established targets which are recognised in the contract estimates when deemed realisable.

The financial reporting of the Company's operational contract depends on estimates, which are assessed continually during the term of the contract. Recognised revenues and profits are subject to revisions as the contract progresses to completion and revisions in profit estimates are reflected in the period in which the facts that give rise to the revision become known.

Revenue from the provision of administrative and accounting services is recognised in line with the service being provided.

Share based payments

Certain employees of the Group receive part of their remuneration in the form of share options, shares and cash bonuses on performance of the Group.

Equity-settled transactions with employees are measured at fair value at the date on which they are granted. The fair value is determined using a Black-Scholes or Monte Carlo model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, in the period in which performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognised for equity-settled transactions at each balance sheet date, until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity transactions in respect of social security contributions, based on the intrinsic unrealised value of the stock option using the stock price on the balance sheet date. The net income or expense for a period represents the differences in cumulative expense recognised at the beginning and end of that period.

Cash-settled share-based payments are measured at fair value on the date on which the scheme has been granted. The cost is recognised and remeasured at the balance sheet date until the liability is settled and the date of settlement with any changes in fair value recognised in the consolidated income statement.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

Derivative financial instruments

The Company does not hold or issue derivative financial instruments for speculative purposes, but entered into a contract in a prior year which contained an embedded derivative. The Company has chosen not to adopt the valuation requirements of FRS 26 Financial Instruments: Recognition and Measurement. Amounts payable or receivable in respect of the contract are recognised on an accruals basis in line with the requirements of the respective agreement.

Subsea 7 M.S. Limited

Notes to the financial statements

2. Turnover

The turnover is specified as follows

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Construction activities – Brazil	185	21,999
Provision of administrative and accounting services	114,934	89,493
	<u>115,119</u>	<u>111,492</u>

3. Operating profit

Operating profit is stated after charging

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Depreciation of owned tangible fixed assets	2,399	3,040
Impairment of software development costs	-	4,483
Operating lease expenses – Buildings	1,001	904
Defined pension contribution scheme	72	54
	<u> </u>	<u> </u>

The Company incurred fees payable to the Company's auditor for the audit of the Company's annual accounts of £5,000 (2010 £15,000) during the period. There were no non-audit fees incurred in either the current period or the preceding year.

4. Interest payable and similar charges

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
On borrowings from group undertakings	188	1,149
Other interest	54	-
	<u>242</u>	<u>1,149</u>

5. Other expenses

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Construction contract losses borne by another group company	<u>1,564</u>	<u>13,695</u>

Subsea 7 M.S. Limited

Notes to the financial statements

6. Staff costs

The average monthly number of administrative persons employed by the Company during the period was 307 (2010 – 298)

For the period (in £'000s)	2011 31 Dec	2010 30 Nov
Employee costs during the period amounted to		
Wages and salaries	26,876	22,736
Social security costs	3,523	2,571
Other pension costs (see note 19)	2,232	2,369
Share-based payments (see note 20)	2,487	1,504
	<u>35,118</u>	<u>29,180</u>

Directors' remuneration

The directors of the Company also served as directors for other Subsea 7 S A group companies during the period and the remuneration paid to them is in respect of their services to the Company as well as to fellow subsidiary and parent undertakings

The employee costs shown above include the following remuneration in respect of three directors of the Company in respect of their services to the Company and other group companies

For the period (in £'000s)	2011 31 Dec	2010 30 Nov
Emoluments	2,918	2,696
Contributions to defined contribution schemes	262	316
Share-based payments	2,394	892
	<u>5,574</u>	<u>3,904</u>

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

For the period (in £'000s)	2011 31 Dec	2010 30 Nov
Emoluments	1,581	1,431
Contributions to defined contribution schemes	155	207
Share-based payments	1,527	678
	<u>3,263</u>	<u>2,316</u>

Details of the remuneration paid to the other directors during the period is disclosed in the statutory accounts for the period ended 31 December 2011 of the Company's fellow subsidiary undertaking, Subsea 7 (UK Service Company) Limited

Subsea 7 M.S. Limited

Notes to the financial statements

7. Tax on profit on ordinary activities

The tax charge comprises

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Current tax		
UK corporation tax	(60)	1,354
Foreign tax charge	238	221
Adjustment in respect of prior years		
- UK Corporation Tax	3,731	(572)
Total current tax	<u>3,909</u>	<u>1,003</u>
Deferred tax		
Origination and reversal of timing differences		
- Current year	594	(1,021)
Adjustment in respect of prior years	(694)	(16)
Adjustments in respect of rate change	245	75
Total deferred tax (see note 13)	<u>145</u>	<u>(962)</u>
Total tax charge on profit on ordinary activities	<u>4,054</u>	<u>41</u>

With effect from 1 April 2011, the standard rate of Corporation tax in the UK changed from 28% to 26%. Accordingly, the effective tax rate for the period was 26.6% (2010: 28%).

The actual current tax charge for the current period and previous year is different than that using the standard rate for the reasons set out in the following reconciliation

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Profit on ordinary activities before taxation	<u>2,776</u>	<u>1,616</u>
Tax on profit on ordinary activities at standard UK corporation tax rate 26.6% (2010: 28%)	738	452
Effects of		
Adjustment in respect of share options	106	(597)
Other timing differences	(294)	400
Expenses not deductible for tax purposes	28	13
Depreciation in excess of capital allowances	(575)	1,086
Adjustment in respect of prior years	3,731	(572)
Foreign tax not recoverable	175	221
Current tax charge for period	<u>3,909</u>	<u>1,003</u>

Subsea 7 M.S. Limited

Notes to the financial statements

8. Dividends on equity shares

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Final dividend for the period of £nil (2010 £200,000) per ordinary share	-	20,000

9. Fixed asset investments

	2011 £	2010 £
Cost		
At 1 December 2010 and 31 December 2011	1	1

Name of Company	Country of incorporation	Principal activity	Proportion of shares held by the Company	Description of shares held by the Company
Thames International Enterprise Limited	England	Service company	100%	1 £1 ordinary share

10. Tangible assets

	Fixtures and fittings £'000	Computer equipment £'000	Construction in progress £'000	Software development costs £'000	Total tangible assets £'000
Cost					
At 1 December 2010	1,024	26,994	216	7,006	35,240
Additions	-	3,562	-	364	3,926
Transfer	-	216	(216)	-	-
Written off	-	(13,357)	-	-	(13,357)
At 31 December 2011	1,024	17,415	-	7,370	25,809
Accumulated depreciation					
At 1 December 2010	547	24,526	-	4,483	29,556
Charge for the period	221	2,178	-	-	2,399
Written off	-	(13,344)	-	-	(13,344)
At 31 December 2011	768	13,360	-	4,483	18,611
Net book value					
At 31 December 2011	256	4,055	-	2,887	7,198
At 30 November 2010	477	2,468	216	2,523	5,684

Subsea 7 M.S. Limited

Notes to the financial statements

11 Debtors, amounts falling due within one year

	2011 31 Dec	2010 30 Nov
As at (in £'000s)		
Trade debtors	-	10,639
Amounts due from group undertakings	98,806	59,987
Amounts due from other related parties (note 23)	121	128
Deferred tax asset (note 13)	3,061	3,206
Other debtors	2,765	7,021
	<u>104,753</u>	<u>80,981</u>

12. Creditors: amounts falling due within one year

	2011 31 Dec	2010 30 Nov
As at (in £'000s)		
Bank overdraft	996	-
Trade creditors	1,305	6,309
Amounts owed to group undertakings	86,156	53,524
Group relief and corporation tax owed to group undertakings	411	3,320
Accruals and deferred income	14,741	16,651
	<u>103,609</u>	<u>79,804</u>

Interest bearing loans included within amounts owed to group undertakings bear interest at LIBOR +1%

13. Deferred tax asset

	2011 31 Dec	2010 30 Nov
As at (in £'000s)		
At beginning of period/year	3,206	2,244
(Charge)/credit for the period/year	(594)	1,021
Adjustments in respect of prior years	694	16
Adjustment in respect of tax rate change	(245)	(75)
At end of period/ year	<u>3,061</u>	<u>3,206</u>

Deferred tax has been provided on the following temporary differences

	2011 31 Dec	2010 30 Nov
As at (in £'000s)		
Depreciation in excess of capital allowances	2,481	2,318
Share options	580	342
Bonuses and pension	-	546
	<u>3,061</u>	<u>3,206</u>

Subsea 7 M.S. Limited

Notes to the financial statements

13. Deferred tax asset (continued)

During the period the 2011 Finance Bill was enacted which would reduce the UK Corporation tax from 26% to 25% from 1 April 2012. Deferred tax balances have been recognised at this rate (2010: 27%).

The UK Government subsequently announced, on 21 March 2012, that the rate of Corporation tax will reduce to 24% from 1 April 2012 with further reductions each year until the rate reaches 22% from 1 April 2014. Deferred tax has not been recognised at these rates as they had not been substantively enacted at the balance sheet date.

14. Creditors, amounts falling due after one year

	2011 31 Dec	2010 30 Nov
As at (in £'000s)		
Other creditors – long term bonus scheme	138	925
Share based cash option schemes	2,922	875
	<u>3,060</u>	<u>1,800</u>

15. Provision for liabilities

	£'000
At 1 December 2010	506
Credit to profit and loss	(201)
	<u>305</u>
At 31 December 2011	<u>305</u>

This provision relates to National Insurance Contributions which will become payable on exercise of share options (note 20).

16. Called up equity share capital

	2011 31 Dec	2010 30 Nov
As at (in £'000s)		
Authorised, allotted, called-up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

17. Reserves

	Profit and loss account £'000	Translation reserve £'000	Other reserves £'000	Total £'000
At 1 December 2010	6,625	(6,184)	5,376	5,817
Loss for the period	(1,278)	-	-	(1,278)
Currency translation difference on foreign branch	-	(1)	-	(1)
Share-based payments	-	-	439	439
	<u>5,347</u>	<u>(6,185)</u>	<u>5,815</u>	<u>4,977</u>
At 31 December 2011	<u>5,347</u>	<u>(6,185)</u>	<u>5,815</u>	<u>4,977</u>

With the exception of the translation reserve and other reserves, all reserves are regarded as distributable.

Other reserves

Other reserves relate to the provision for share-based payments measured at fair value at the date of grant.

Subsea 7 M.S. Limited

Notes to the financial statements

18 Reconciliation of movements in shareholder's funds

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Opening shareholder's funds	5,817	25,926
Loss/(profit) for the financial period/year	(1,278)	1,575
Currency translation difference on foreign branch	(1)	(2,330)
Share-based payments	439	646
Intercompany dividend	-	(20,000)
Closing shareholder's funds	<u>4,977</u>	<u>5,817</u>

19. Guarantees and other financial commitments

a) Capital commitments

There were no capital commitments at 31 December 2011 (2010 £nil)

b) Pension commitments

Personal pension plan

The Company makes contributions to employee's personal pension plans. Total contributions during the period were £2,232,266 (2010 £2,368,837)

Defined benefit scheme

Two of the Companies onshore employees participate in a defined benefit (final salary) 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 the disclosures for the whole scheme are shown below.

The scheme is financed through a separate trustee administered fund and is contracted in to SERPS. 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 and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement.

The most recent actuarial valuation of scheme assets and present value of the defined benefit obligation was carried out on 31 August 2009 by Mr Kenneth Auld, fellow of the Institute of Actuaries.

The actuarial valuation described above has been updated at 31 December 2011 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 sensitivities are set out below.

	2011 %	2010 %	2009 %
Rate of increase in salaries	4.55	4.85	4.8
Rate of increase in pensions in payment	2.80	3.05	3.0
Discount rate	4.70	5.50	5.4
Inflation assumption	2.05	3.10	3.0

Subsea 7 M.S. Limited

Notes to the financial statements

19. Guarantees and other financial commitments (continued)

b) Pension commitments (continued)

Defined benefit scheme (continued)

The mortality assumption adopted at 31 December 2011 implies the following life expectancies

Male retiring at age 65 in 2011	21 1 (2010 20 8)
Female retiring at age 65 in 2011	23 7 (2010 20 8)
Male retiring at age 65 in 2031	23 0 (2010 22 3)
Female retiring at age 65 in 2031	25 6 (2010 22 3)

The fair value of the assets in the scheme and the present value of the liabilities in the scheme were

	Value at 31 Dec 2011 £'000	Value at 30 Nov 2010 £'000	Value at 30 Nov 2009 £'000	Value at 30 Nov 2008 £'000	Value at 30 Nov 2007 £'000
Equities	-	2,982	7,564	5,640	7,356
Corporate Bonds	1,467	2,842	2,319	2,186	2,461
Fixed interest gilts	1,645	1,280	-	-	-
Index linked bonds	-	773	-	-	-
Cash	385	54	-	-	-
Other	8,554	3,007	(121)	102	186
Total fair value of assets	12,051	10,938	9,762	7,928	10,003
Present value of scheme liabilities	(17,989)	(15,666)	(15,288)	(12,456)	(13,709)
Deficit in the scheme	(5,938)	(4,728)	(5,526)	(4,528)	(3,706)
Related deferred tax asset	1,485	1,277	1,547	1,269	1,112
Net pension liability recognised in the balance sheet	(4,453)	(3,451)	(3,979)	(3,259)	(2,594)

Expected long term rates of return at the balances sheet date were

As at	2011 31 Dec %	2010 30 Nov %
Equities	7 10	8 50
Corporate Bonds	4 70	5 50
Fixed Interest Gilts	2 80	4 20
Index Linked Bonds	-	4 00
Cash	4 70	5 50
Other	7 10	8 50

Subsea 7 M.S. Limited

Notes to the financial statements

19. Guarantees and other financial commitments (continued)

b) Pension commitments (continued)

Defined benefit scheme (continued)

The overall expected rate of return on the Scheme assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities and absolute return funds is based on the rate of return on bonds with an allowance for out-performance.

Movement in deficit (pre deferred tax adjustment) during the period/year

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Deficit in scheme at beginning of period/year	(4,728)	(5,526)
Movement in period/year		
Current service cost	(198)	(180)
Contributions	827	602
Other finance costs	(118)	(58)
Actuarial (loss)/gain	(1,721)	434
	<u>(5,938)</u>	<u>(4,728)</u>

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

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Current service cost	<u>198</u>	<u>180</u>

Analysis of the amount that would have been charged to net cost

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Expected return on pension scheme assets	829	765
Interest on pension scheme liabilities	<u>(947)</u>	<u>(822)</u>
Net finance cost	<u>(118)</u>	<u>(57)</u>

Subsea 7 M.S. Limited

Notes to the financial statements

19. Guarantees and other financial commitments (continued)

b) Pension commitments (continued)

Defined benefit scheme (continued)

Movements in the fair value of scheme assets were as follows

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
At period beginning	10,938	9,762
Expected return on scheme assets	829	764
Actuarial gains and losses	(143)	307
Contributions by employer	827	602
Contributions from employees	23	21
Benefits paid	(423)	(518)
At period end	<u>12,051</u>	<u>10,938</u>

The actual return on scheme assets was £0 686 million (2010 £1 071 million)

Movements in the present value of scheme liabilities were as follows

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
At 1 December 2010	15,666	15,288
Current service cost	198	180
Interest cost	947	822
Contributions by scheme participants	23	21
Actuarial losses (gains)	1,578	(127)
Benefits paid and death in service insurance premiums	(423)	(518)
At 31 December 2011	<u>17,989</u>	<u>15,666</u>

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

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Actual return less expected return on pension scheme assets	(143)	307
Expected gains arising on the scheme liabilities	(104)	29
Changes in assumptions underlying the present value of the scheme liabilities	(1,474)	98
Actuarial (loss)/gain recognised in statement of total recognised gains and losses of the group	<u>(1,721)</u>	<u>434</u>

Subsea 7 M.S. Limited

Notes to the financial statements

19. Guarantees and other financial commitments (continued)

b) Pension commitments (continued)

Defined benefit scheme (continued)

	2011	2010	2009	2008	2007
History of experience gains and losses					
Difference between the expected and actual return on scheme assets.					
Amount (£'000)	(143)	307	(1,498)	(2,951)	468
Percentage of scheme assets	(1.2%)	2.80%	15.3%	(37.2)%	5.0%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	(104)	29	620	(405)	(539)
Percentage of the present value of scheme liabilities	0.6%	(0.2)%	(4.1)%	3.3%	4.0%
Total actuarial loss recognised in the statement of total recognised gains and losses					
Amount (£'000)	(1,721)	434	(1,280)	(1,122)	1,299
Percentage of the present value of scheme liabilities	9.6%	(2.8)%	8.4%	9.0%	9.0%

20. Share-based payments

Equity-settled share option plan (the '2003 Plan')

The ultimate holding company operates a share option plan which was approved in April 2003 (the '2003 Plan'). This plan includes additional options which are granted under the Senior Management Incentive Plan (SMIP). A Compensation Committee appointed by the Board of Directors administers these plans. Options are awarded at the discretion of the Compensation Committee to directors and key employees.

This plan replaced the previous plan (the '1993 Plan'). Other than options granted under the SMIP, options under the 2003 Plan may be granted, exercisable for periods of up to ten years, at an exercise price not less than the fair market value per share at the time the option is granted. Such options vest 25% on the first anniversary of the grant date, with an additional 25% vesting on each subsequent anniversary. The cost of these non-performance share options are therefore recognised using the graded vesting attribution method. Share options exercises are satisfied by either issuing new shares or reissuing treasury shares. Furthermore, options are generally forfeited if the option holder leaves the Group under any circumstances other than due to the option holder's death, disability or retirement before his or her options are exercised.

In fiscal year 2011 no common share options were granted (2010: no common share options).

Special Incentive

In December 2009 the Board of Directors of the ultimate holding company approved and adopted a cash scheme awarded to selected employees as a cash bonus. The cash bonus is dependent on the share price performance over a three month period ending 31 March 2012 with a capped cash settlement. The cash bonus is determined as a percentage of the employees salary and capped at 100% of the employees' salary. The employee must remain with the Group over the three year vesting period.

Subsea 7 M.S. Limited

Notes to the financial statements

20. Share-based payments (continued)

2009 Long Term Incentive Plan ('Equity Plan')

During the 2010 fiscal year the Board of Directors of the ultimate holding company approved and adopted an equity-settled share plan. The shares issued to UK tax residents under the Equity Plan have been placed in an Employee Benefit Trust (583,000 shares) from shares already held within the group. Shares issued to other employees are held within the group. A Compensation Committee appointed by the Board of Directors administers these plans. Options are awarded at the discretion of the Compensation Committee to directors and key employees.

Performance conditions are based on relative Total Shareholder Return ('TSR') of Subsea 7 S A against a specified comparator group of 10 companies determined over a three-year period. Subsea 7 S A would have to deliver TSR above the median for any awards to vest. At the median level, only 30% of the maximum award would vest. The maximum award would only be achieved if Subsea 7 S A achieved top decile TSR (i.e. if, when added to the comparator group, Subsea 7 S A was first in terms of TSR performance). In addition, individual award caps have been introduced. No senior executive or other employee may be granted shares under the 2009 LTIP in a single calendar year that have an aggregate fair market value in excess of 150%, in the case of senior executives, or 100%, in the case of other employees, of his or her annual base salary as of the first day of said year. Additionally, a holding requirement for senior executives has been introduced. Senior executives must hold 50% of all awards that vest until they have built up a shareholding of 1.5 x salary, which must be maintained.

Restricted Share Plan

In March 2008 the Board of Directors of the ultimate holding company approved and adopted a restricted share plan to provide a retention incentive to selected senior executives. The plan stipulates that the number of free (without any cash compensation) shares that may be awarded under the plan may not exceed an average of 350,000 common shares over a three year period. During the three year restricted plan period, participants are not permitted to sell or transfer shares but will be entitled to dividends which will be held by the Group until the restricted period lapses during fiscal year 2011. In April 2008, 65,000 restricted shares were issued to selected senior executives as part of the retention incentive of the plan. These shares had a fair value representing their weighted average market price of USD \$22.23, being the market price on the date of issue. No further restricted shares have been issued under the Restricted Share Plan and these shares vested during the period.

2010 Long Term Incentive Plan ('Cash Plan')

During the fiscal 2010 year the Board of Directors of the ultimate holding company approved and adopted a Long Term Incentive Plan for selected employees as a cash bonus. The cash settlement is based on the share price movement over the specified three year vesting period to April 2013 for the nominal allocated number of shares to each employee. No shares have been held under this scheme. The cash bonus is capped at six months of the employees' salary or 12 months of the employees' salary depending on their employee rank.

2010 Executive Deferred Incentive Scheme

During the fiscal 2010 year the Board of Directors of the ultimate holding company approved and adopted a deferred incentive scheme for selected senior executives. The scheme enables the executives to defer, on a voluntary basis, up to 50% of their annual bonus into shares of Subsea 7 S A which will be matched in cash at the end of three years subject to performance conditions. The total Subsea 7 S A group value of the bonus deferred was used to purchase 44,015 shares based upon the prevailing share price on 16 April 2010 which was USD \$19.69. Participants who continue to be employed by the Group and hold the shares until 31 March 2013 will receive a cash payment consisting of two elements. There will be a guaranteed payment of 50% of the gross amount deferred and a variable element of up to 100% of the gross amount deferred, but conditional upon reaching target Total Shareholder Return over the three year period to March 2013.

Subsea 7 M.S. Limited

Notes to the financial statements

20 Share-based payments (continued)

2009 Executive Deferred Incentive Scheme

During the fiscal 2009 year the Board of Directors of the ultimate holding company approved and adopted a deferred incentive scheme for selected senior executives. The scheme enables the executives to defer, on a voluntary basis, up to 50% of their annual bonus into shares of Subsea 7 S A which will be matched in cash at the end of three years subject to performance conditions. The total Subsea 7 S A group value of the bonus deferred was used to purchase 58,374 shares based upon the prevailing share price on 17 April 2009 which was USD \$7.64. The matched element is conditional upon achieving target total shareholder return over the three years to March 2012 and is conditional on the shares being held for three years.

2008 Executive Deferred Incentive Scheme

During the fiscal 2008 year the Board of Directors of the ultimate holding company approved and adopted a deferred incentive scheme for selected senior executives including stipulating the number of shares that may be awarded. The scheme enables the executives to defer, on a voluntary basis, up to 50% of their annual bonus into shares of Subsea 7 S A which will be matched in shares at the end of three years subject to performance conditions. The total Subsea 7 S A group value of the bonus deferred was used to purchase 17,797 shares based upon the prevailing share price on 31 March 2008 which was USD \$21.35. The matched element is conditional upon the growth of earnings per share over the three years to 30 November 2010.

Details of the share options outstanding during the year are as follows:

	2011		2010	
	No of share Options '000	Weighted Ave Exercise price £	No of share Options '000	Weighted Ave Exercise price £
Outstanding at beginning of period/year	911	9.49	1,123	9.49
Transferred out during the period/year	(38)	11.27	-	-
Transferred in during the period/year	307	11.44	199	6.00
Forfeited during period/year	(10)	12.82	(91)	11.92
Exercised during period/year	(223)	7.39	(311)	3.73
Expired during period/year	(7)	8.01	(9)	8.79
Outstanding at end of the period/year	940	11.45	911	9.77
Exercisable at the end of the period/year	838	11.09	775	9.61

The weighted average exercise market price at exercise date of the options exercised during the period was \$25.15 (2010: \$16.06).

The expected life of the share is the vesting period on which the shares will be issued after the vesting period is complete, provided the performance criteria is met. The expected volatility over the expected term is estimated from our historical volatility. For the fiscal year 2011 the expected dividend takes into account the expected dividends over the three-year vesting period assuming growth of nil% (2010: 5%) over the dividend yield of nil% (2010: 2.6%).

Subsea 7 M.S. Limited

Notes to the financial statements

20. Share-based payments (continued)

The fair value of each share granted under the Equity Plan is estimated as of the date of grant using the Monte Carlo pricing model with weighted average assumptions as follows

For the fiscal year

	2011	2010
Weighted average share price (in USD \$)	11.65	10.46
Expected volatility	41.0%	51.4%
Expected life	5 years	3 years
Risk-free rate	1.8%	2.7%
Expected dividend yield (in USD \$)	Nil	0.22

The expected life of the share is the vesting period on which the shares will be issued after the vesting period is complete, provided the performance criteria is met. The expected volatility over the expected term is estimated from our historical volatility. For the fiscal year 2011 the expected dividend takes into account the expected dividends over the three-year vesting period assuming growth of nil% (2010: 5%) over the dividend yield of nil% (2010: 2.6%).

The following table summarises information about the share options outstanding as at 31 December 2011

Common shares (range of exercise prices)	Options outstanding (000's)	Weighted average remaining contractual life (in years)	Weighted average exercise price (in £)
\$17.01 - \$24.20	700	5.68	13.58
\$10.01 - \$17.00	137	3.94	7.08
\$ 3.01 - \$10.00	50	3.03	4.16
\$ 1.19 - \$3.00	53	2.09	1.37
Total	940	5.10	11.45

There are no shares vested under the Equity Plan and remain outstanding

The following table summarises the compensation expense

	2011 31 Dec	2010 30 Nov
For the period (in £'000s)		
Expense arising from equity-settled share-based payments transactions	439	646
Expense arising from cash-settled share-based payment transactions	2,048	858
	<u>2,487</u>	<u>1,504</u>

Recognised cash-settled share based payment liability

The carrying amount of the liability relating to cash-settled payment at 31 December 2011 is £2,922,924 (2010: £3,126,255). No cash awards vested during the period ended 31 December 2011 (2010: £nil).

Subsea 7 M.S. Limited

Notes to the financial statements

21. Financial commitments

Annual commitments under non-cancellable operating leases are as follows

As at (in £'000s)	Buildings	
	2011 31 Dec	2010 30 Nov
Expiry date		
Within one year	705	880
Within one to two years	896	807
Between two and five years	1,195	-
	<u>2,796</u>	<u>1,687</u>

22 Immediate and ultimate holding company

The immediate parent company of Subsea 7 M S Limited is Subsea 7 Senior Holdings (UK) Limited

Subsea 7 S A , a company incorporated in Luxembourg, 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 Subsea 7 S A are available on request from the Registered Office at 412F, route d'Esch, L-2086, Luxembourg R C S Luxembourg B-43 172

23. 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 Subsea 7 S A group joint venture undertakings at 31 December 2011 were £114,943 (2010 £92,759) from SapuraAcergy Sdn Bhd and £6,536 (2010 £35,327) from Seaway Heavy Lifting

24. Post balance sheet events

During 2012 a substantial portion of the agreed trade and assets were transferred to Subsea 7 (UK Service Company) Limited, however the sale is not fully complete and is expected to be finalised by the end of 2012

In July 2012, the Company and the Trustees of the Comex Benefits Scheme agreed to a buy-out of the Comex Benefits Scheme by Legal & General which will provide full security for the scheme's members

On 21 March 2012 the Chancellor announced that the rate of UK Corporation Tax would be reduced to 24% from 26% with effect from 1 April 2012 No adjustments have been made as these rates had not been substantively enacted at the balance sheet date and will not have a material affect on the reported results of the Company

On 31 July 2012, the shares in the Company were transferred to Subsea 7 Senior Holdings (UK) Limited