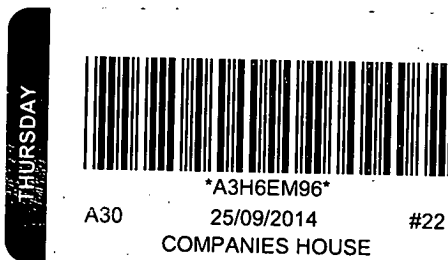


**Company Registration No. 02074427**

**Subsea 7 M.S. Limited**

**Strategic Report, Directors' Report and  
Financial Statements**

**Year ended 31 December 2013**



**Subsea 7 M.S. Limited**

**Registration Number: 02074427**

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## **Strategic Report**

The Directors present their strategic report of Subsea 7 M.S. Limited (the "Company") for the year ended 31 December 2013.

### **Review of Business**

Effective from 1 January 2012, the Company sold its trade, assets and liabilities to fellow subsidiary entity, Subsea 7 (UK Service Company) Limited with the intention of ceasing to trade. In the year ended 31 December 2013, the Company had limited activity.

Profit before taxation for the year ended 31 December 2013 was £810,000 (2012: loss of £4,387,000). This was largely due to foreign exchange gains and interest receivable on the amounts due from group undertakings.

The Company has access to a working capital facility provided by Subsea 7 Treasury (UK) Limited which, in the opinion of the Directors, provides sufficient liquidity to support the business going forward. In addition the Directors believe that should additional short-term or long-term funding be required, over and above that available from the Subsea 7 Treasury (UK) Limited facility, this would be made available from the Subsea 7 S.A. group.

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. Key business risks and uncertainties affecting the Company are considered to relate to the trading position and results of certain fellow subsidiary undertakings. In the opinion of the Directors, the Company is well placed to successfully manage the principal risks and uncertainties.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Mark Foley', written over a horizontal line.

Mark Foley

Director

12 September 2014

## **Directors' Report**

The Directors present their report and the audited financial statements of Subsea 7 M.S. Limited (the "Company") for the year ended 31 December 2013.

### **Principal activity**

The Company is a wholly owned subsidiary of Subsea 7 Senior Holdings (UK) Limited, an entity incorporated in England, and is part of the Subsea 7 S.A. group of entities (the "Group").

The Company's principal activity is as an investment holding company within the Group. There have been no significant changes in the Company's principal activity during the year and the Directors are not aware at the date of this report of any likely changes in the Company's activities in the forthcoming year.

### **Dividends**

No dividends have been paid or proposed in respect of the year ended 31 December 2013 (2012: nil).

### **Future outlook**

The Company will continue to act as an investment holding company in the short term.

### **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 entity, Subsea 7 (UK Service Company) Limited with the intention of ceasing to trade. The effective 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 have been 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.

As part of that agreement, certain excluded assets and liabilities have remained with the Company, such as an ongoing contract for which there is no 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 (the "Group") of entities 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.

### **Financial risk management**

The Company's operations expose it to a variety of financial risks. During 2013, the Group had in place a risk management programme that seeks to limit the adverse effects of these factors on the financial performance of the Group. These policies are also applicable to the Company. The financial risk management policies of the Group are disclosed in the consolidated financial statements of Subsea 7 S.A. Those applicable to the Company are detailed in the Strategic Report on page 2 of these financial statements.

## **Directors' Report**

### **Directors**

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

Karen Lawrie (appointed 7 March 2013)  
Mark Foley (appointed 1 October 2013)  
Rachel Watts (appointed 1 October 2013)  
Jean Cahuzac (resigned 1 October 2013)  
Ricardo Rosa (resigned 1 October 2013)  
Nathalie Louys (resigned 20 February 2013)  
Keith Tipson (resigned 1 October 2013)

### **Employees**

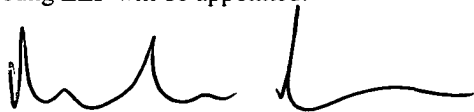
Details of the number of employees and related costs can be found in Note 6.

### **Statement as to disclosure of information to auditors**

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

Subsequent to the audit for the year ended 31 December 2013, Deloitte LLP, will be resigning as auditor and Ernst & Young LLP will be appointed.



Mark Foley  
Director

12 September 2014

## **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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 those 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 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 year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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 auditors**

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 and of its profit for the year 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 – Financial statements prepared other than on a going concern basis**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

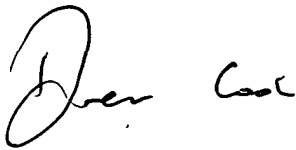
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **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  
16 September 2014



## Subsea 7 M.S. Limited

### Profit and Loss Account For the year ended 31 December

(in £000s)	Notes	2013	2012
<b>Turnover</b>	2	-	301
Cost of sales		-	(436)
<b>Gross profit/(loss)</b>		-	(135)
Administrative expenses		261	(4,383)
<b>Operating profit/(loss)</b>	3	261	(4,518)
Interest receivable	4	549	-
Interest payable	4	-	(177)
Other income	5	-	308
<b>Profit/(loss) on ordinary activities before taxation</b>		810	(4,387)
Tax on profit/(loss) on ordinary activities	7	(323)	(810)
<b>Retained profit/(loss) for the financial year</b>	12, 13	487	(5,197)

The profit for the current year and loss for the previous year have been wholly derived from discontinuing activities.

## **Subsea 7 M.S. Limited**

### **Statement of Total Recognised Gains and Losses** **For the year ended 31 December**

<b>(in £000s)</b>	<b>Notes</b>	<b>2013</b>	<b>2012</b>
Profit/(loss) for the financial year		487	(5,197)
Currency translation difference on foreign branch	12, 13	26	(565)
Total recognised profit/(loss) relating to the year		513	(5,762)

## Subsea 7 M.S. Limited

### Balance Sheet 31 December

As at (in £000s)	Notes	2013	2012
<b>Fixed assets</b>			
Investments	8	-	-
		-	-
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	20,944	17,093
Cash at bank and in hand		69	66
		21,013	17,159
<b>Creditors: amounts falling due within one year</b>	10	(19,843)	(16,502)
<b>Net current assets</b>		1,170	657
<b>Total assets less current liabilities</b>		1,170	657
<b>Net assets</b>		1,170	657
<b>Capital and reserves</b>			
Called up equity share capital	11	-	-
Profit and loss account	12	1,170	7,407
Translation reserve	12	-	(6,750)
<b>Shareholder's funds</b>	13	1,170	657

The financial statements of Subsea 7 M.S. Limited (registered number 02074427) were approved by the Board of Directors on 12 September 2014.

Signed on behalf of the Board of Directors



Mark Foley  
Director

# **Subsea 7 M.S. Limited**

## **Notes to the Financial Statements**

### **1. Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

#### **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**

The financial statements are presented in GBP (£) as the Directors consider the GBP to be the main trading currency of Subsea 7 M.S. Limited (the "Company"). The accounting records are maintained in GBP, being the functional currency of the Company.

#### **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 entity, Subsea 7 (UK Service Company) Limited with the intention of ceasing to trade. The effective 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 have been 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.

As part of that agreement, certain excluded assets and liabilities have remained with the Company, such as an ongoing contract for which there is no 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 (the "Group") of entities 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 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 14) whose financial statements contain a consolidated cash flow statement and are available to the public.

#### **Preparation of consolidated financial statements**

The Company is exempt from the requirement to prepare group accounts under section 400 of the Companies Act 2006 by virtue of the Company being included in the financial statements of a larger group. The Company is a wholly-owned subsidiary of Subsea 7 S.A., a company established in Luxembourg, whose consolidated financial statements, which include the financial statements of the Company, have been prepared in accordance with International Financial Reporting Standards (IFRS).

#### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are included in the profit and loss account.

The results of an overseas branch are translated at the average rate of exchange during the year 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. The overseas branch was closed during 2013.

# Subsea 7 M.S. Limited

## Notes to the Financial Statements (continued)

### 1. Accounting policies (continued)

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### Investments

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

#### Taxation

Corporation tax payable is provided on taxable profits using the tax rates that have been enacted or substantively enacted at the balance sheet date. The taxation liabilities of certain Group entities are reduced, wholly or in part by the surrender of losses by affiliated Group entities. These affiliates are reimbursed for the value of such loss surrendered.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and law that have been enacted or substantively enacted at the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not discounted.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

### 2. Turnover

The turnover is specified as follows:

	2013 31 Dec	2012 31 Dec
For the year ended (in £'000s)		
Provision of administrative and accounting services	-	301
	<u>-</u>	<u>301</u>
	<u>-</u>	<u>301</u>

### 3. Operating profit/(loss)

The Company incurred fees payable to the Company's auditor for the audit of the Company's annual accounts of £5,550 (2012: £5,000) during the year. There were no non-audit fees incurred in either the current or preceding year.

The operating profit/(loss) is stated after crediting/(charging):

	2013 31 Dec	2012 31 Dec
For the year ended (in £'000s)		
Foreign exchange gains/(losses)	246	(352)
	<u>246</u>	<u>(352)</u>
	<u>246</u>	<u>(352)</u>

## Subsea 7 M.S. Limited

### Notes to the Financial Statements (continued)

#### 4. Interest receivable and payable

	2013 31 Dec	2012 31 Dec
For the year ended (in £'000s)		
Other interest	-	(1)
Interest on amounts due from and owed to group undertakings	549	(176)
	<u>549</u>	<u>(177)</u>

#### 5. Other income

	2013 31 Dec	2012 31 Dec
For the year ended (in £'000s)		
Construction contract profits borne by another group entity	-	308
	<u>-</u>	<u>308</u>

#### 6. Staff costs

The average monthly number of administrative persons employed by the Company during the year was nil (2012 – 4).

	2013 31 Dec	2012 31 Dec
For the year ended (in £'000s)		
Employee costs during the year amounted to:		
Wages and salaries	-	2,381
Social security costs	-	62
	<u>-</u>	<u>2,443</u>

#### Directors' remuneration

The Directors of the Company also served as directors for other Subsea 7 S.A. group entities during the year 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 Directors of the company received no remuneration for their services during the year (2012: £137,000):

	2013 31 Dec	2012 31 Dec
For the year ended (in £'000s)		
Emoluments	-	137
	<u>-</u>	<u>137</u>

Details of the remuneration paid to the Directors during the year is disclosed in the statutory accounts for the year ended 31 December 2013 of the Company's fellow subsidiary undertaking, Subsea 7 (UK Service Company) Limited.

## Subsea 7 M.S. Limited

### Notes to the Financial Statements (continued)

#### 7. Tax on profit/(loss) on ordinary activities

The tax charge comprises:

	2013 31 Dec	2012 31 Dec
For the year ended (in £'000s)		
<b>Current tax</b>		
UK corporation tax	189	(125)
Foreign tax charge	-	878
Adjustment in respect of prior years:		
- UK corporation tax	134	1,132
<b>Total current tax</b>	<u>323</u>	<u>1,885</u>
<b>Deferred tax</b>		
Adjustment in respect of prior years	-	(1,075)
<b>Total deferred tax</b>	<u>-</u>	<u>(1,075)</u>
<b>Total tax charge on profit/(loss) on ordinary activities</b>	<u><u>323</u></u>	<u><u>810</u></u>

During the year the 2013 Finance Bill was enacted which reduced the UK Corporation tax from 23% to 21% with effect from 1 April 2014.

The UK Government announced on 20 March 2013 that the rate of Corporation tax will reduce each year until the rate reaches 20% with effect from 1 April 2015.

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

	2013 31 Dec	2012 31 Dec
For the year ended (in £'000s)		
Profit/(loss) on ordinary activities before taxation	<u>810</u>	<u>(4,387)</u>
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate 23.25% (2012: 24.5%)	188	(1,075)
Effects of:		
Expenses not deductible for tax purposes	1	950
Adjustment in respect of prior years	134	1,132
Foreign tax not recoverable	-	878
<b>Current tax charge for year</b>	<u><u>323</u></u>	<u><u>1,885</u></u>

## Subsea 7 M.S. Limited

### Notes to the Financial Statements (continued)

#### 8. Fixed asset investments

	2013 £	2012 £
<b>Cost</b>		
At 31 December 2013 and 31 December 2012	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

#### 9. Debtors: amounts falling due within one year

	2013 31 Dec	2012 31 Dec
As at (in £'000s)		
Amounts due from group undertakings	20,944	16,897
Amounts due from other related parties (Note 15)	-	71
Group relief receivable	-	125
	<u>20,944</u>	<u>17,093</u>

#### 10. Creditors: amounts falling due within one year

	2013 31 Dec	2012 31 Dec
As at (in £'000s)		
Trade creditors	-	1
Amounts owed to group undertakings	19,514	16,501
Group relief and corporation tax owed to group undertakings	323	-
Accruals and deferred income	6	-
	<u>19,843</u>	<u>16,502</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

#### 11. Called up equity share capital

	2013 31 Dec £	2012 31 Dec £
<b>Allotted, called-up and fully paid</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>



## Subsea 7 M.S. Limited

### Notes to the Financial Statements (continued)

#### 12. Reserves

As at (in £000s)	Profit and loss account	Translation reserve	Total
At 31 December 2012	7,407	(6,750)	657
Profit for the year	487	-	487
Currency translation difference on foreign branch	-	26	26
Reclassification of translation reserve	(6,724)	6,724	-
At 31 December 2013	1,170	-	1,170

During the year ended 31 December 2013 the foreign branch was closed and the translation reserve reclassified to retained earnings.

#### 13. Reconciliation of movements in shareholder's funds

For the year (in £'000s)	2013 31 Dec	2012 31 Dec
Opening shareholder's funds	657	4,977
Profit/(loss) for the financial year	487	(5,197)
Currency translation difference on foreign branch	26	(565)
Capital contribution	-	1,442
Closing shareholder's funds	1,170	657

#### 14. Immediate and ultimate parent 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 or at [www.subsea7.com](http://www.subsea7.com).

#### 15. 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 2013 was £nil (2012: £70,622) from SapuraAcergy Sdn Bhd.