

Pathfinder Energy Services Limited

(Registered Number: 03709500)

Directors' report and financial statements

For the year ended 31 December 2017



Pathfinder Energy Services Limited

Strategic report for the year ended 31 December 2017

The directors present their Strategic report on the Company for the year ended 31 December 2017.

Principal activities and future developments

The Company's principal activities in prior years were the supply of directional drilling and logging services to the oil and gas industry. The Company did not trade during the year and is expected to continue in its current form in the foreseeable future.

Review of the business

The results show a loss before taxation for the financial year of £2,000 (profit: 2016: £1,000).

The Company's net assets decreased to £2,824,000 (2016: £2,827,000) due to the loss incurred during the year.

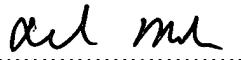
Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Schlumberger Limited group and are not managed separately. For an analysis of the principal risk factors affecting the Schlumberger Limited group, see item 1A, Risk Factors, in the 2017 Annual Report of Schlumberger Limited, copies of which can be obtained from www.slb.com.

This report was approved by the Board of Directors on 13th September 2018 and signed on its behalf by:



D Marsh

Director

13 September 2018

Pathfinder Energy Services Limited

Directors' report for the year ended 31 December 2017

The directors present their report together with the audited financial statements of Pathfinder Energy Services Limited (the "Company") for the year ended 31 December 2017.

Principal activities and future developments, Review of the business, Principal risks and uncertainties and Key performance indicators

Details of these matters have been included in the Strategic report on page 1.

Directors

The directors who served during the year and to the date of this report were:

G Boyault
D Marsh

S Smoker

Qualifying third-party indemnity provisions

During the year and up to the date of this report, the Company maintained liability insurance for its directors and officers. The Company also provides an indemnity for its directors, which is a qualifying thirdparty indemnity provision for the purposes of the Companies Act 2006.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the following:

Foreign exchange risk

The Company is exposed to foreign exchange risk, primarily with respect amounts due from group undertakings in US Dollars. The Company does not currently enter into financial instruments to mitigate this risk, as it is monitored centrally at Schlumberger Limited group level.

Credit risk

The Company's principal financial assets are amounts due from group undertakings and cash at bank and in hand. The credit risk on amounts due from group undertakings is considered minimal as the counterparties are subsidiaries of the ultimate holding company, Schlumberger Limited, a company listed on the New York Stock Exchange (NYSE).

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Dividends

The directors did not propose a dividend during the year (2016: £nil).

Future development

The Company did not trade during the year and will continue to wind-down its activities for the remainder of 2018.

Going concern

The directors have a reasonable expectation that the Company has adequate resources for the foreseeable future, considering that at 31 December 2017 the Company has net assets of £2,824,000. On this basis, they feel it is reasonable to continue to adopt a going concern basis in preparing the financial statements.

Pathfinder Energy Services Limited

Directors' report for the year ended 31 December 2017 (continued)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Directors' confirmations


In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 13 September 2018 and signed on its behalf by



D Marsh
Director
13 September 2018

Pathfinder Energy Services Limited

Independent auditors' report to the members of Pathfinder Energy Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Pathfinder Energy Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2017; the Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Pathfinder Energy Services Limited

Independent auditors' report to the members of Pathfinder Energy Services Limited (continued)

Reporting on other information (continue)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Pathfinder Energy Services Limited

Independent auditors' report to the members of Pathfinder Energy Services Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Graham Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
13 September 2018

Pathfinder Energy Services Limited

Profit and loss account For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Administrative expenses		(7)	(3)
Operating loss	6	(7)	(3)
Interest receivable and similar income	7	5	4
(Loss)/ profit before taxation		(2)	1
Tax on (loss)/profit	8	(1)	(7)
Loss for the financial year		(3)	(6)

The Company did not have any other comprehensive income during the current year or the preceding year and consequently has not presented a statement of comprehensive income for the year ended 31 December 2017.

The notes on pages 10 to 15 form part of these financial statements.

Pathfinder Energy Services Limited

Balance sheet As at 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	9	1	1
		<u>1</u>	<u>1</u>
Current assets			
Debtors: amounts falling due within one year	10	22	21
Cash at bank and in hand		3,591	3,595
		<u>3,613</u>	<u>3,616</u>
Creditors: amounts falling due within one year	11	(790)	(790)
Net current assets		<u>2,823</u>	<u>2,826</u>
Total assets less current liabilities		<u>2,824</u>	<u>2,827</u>
Net assets		<u>2,824</u>	<u>2,827</u>
Capital and reserves			
Called up share capital	13	15	15
Profit and loss account		2,809	2,812
Total shareholders' funds		<u>2,824</u>	<u>2,827</u>

The notes on pages 10 to 15 form part of these financial statements.

The financial statements on pages 7 to 15 were approved by the board of directors on 13 September 2018.
They were signed on its behalf by:



S Smoker

Director

13 September 2018

Pathfinder Energy Services Limited

Registered number: 03709500

Pathfinder Energy Services Limited

Statement of changes of equity For the year ended 31 December 2017

	Note	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance as at 1 January 2016	13	15	2,818	2,833
Loss for the financial year and total comprehensive expense		-	(6)	(6)
Balance as at 31 December 2016	13	15	2,812	2,827
Loss for the financial year and total comprehensive expense		-	(3)	(3)
Balance as at 31 December 2017	13	15	2,809	2,824

The notes on pages 10 to 15 form part of these financial statements.

Pathfinder Energy Services Limited

Notes to the financial statements for the year ended 31 December 2017

1. General information

Pathfinder Energy Services Limited did not trade during the year and is expected to continue in its current form in the foreseeable future. The principal activities in prior years were the supply of directional drilling and logging services to the oil and gas industry.

Pathfinder Energy Services Limited is privately owned and limited by shares. The Company is incorporated in England and domiciled in the United Kingdom. The address of its registered office is Schlumberger House, Buckingham Gate, Gatwick Airport, West Sussex, RH6 0NZ, United Kingdom.

2. Statement of compliance

The financial statements of Pathfinder Energy Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standards 102, "The Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. The Company has adopted FRS 102 in these financial statements.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Exemption for qualified entities under FRS 102

In preparing the financial statements under FRS 102, the Company as a qualifying entity has taken advantage of certain permitted disclosure exemptions available, subject to certain conditions, which have been complied with, being the notification of, and no objection to the use of exemptions by the Company's shareholders.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flow, on a basis that it is a qualifying entity and the consolidated statement of cash flow of Schlumberger Limited, includes the Company's cash flow. (FRS 102 paragraph 1.12(b);
- ii) from the financial instrument disclosures, required under FRS 102 as the information is provided in the consolidated financial statement of Schlumberger Limited (paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29);
- iii) from the related party transactions disclosures, required under FRS 102 as the information is provided in the consolidated financial statement of Schlumberger Limited (paragraph 33.1A); and
- iv) from the preparation and delivering group financial statements under section 401 of the Companies Act 2006 (paragraph 9.3 (c), as the Company is a wholly owned subsidiary of Schlumberger Limited, a company incorporated in Curacao (a country within the Kingdom of the Netherlands), and its results are included in the publicly available consolidated financial statements of Schlumberger Limited.

Pathfinder Energy Services Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

3. Accounting policies (continued)

Going concern

The directors have a reasonable expectation that the Company has adequate resources for the foreseeable future, considering that at 31 December 2017 the Company has net assets of £2,824,000.

Having considered financial commitments falling due in the twelve months from the date of this report the Directors' consider the Company has sufficient assets available to satisfy its obligations. Accordingly, the going concern basis of preparation of the financial statements has continued to be adopted.

Foreign currencies

The Company's functional and presentation currency is the pound sterling.

Transactions and balances

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates in operation at the balance sheet date. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

Investments in subsidiaries

Investments are included in the balance sheet at cost less any provisions for impairment.

Impairment review

The Company assesses investments for an impairment indicator annually or if events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication of possible impairment exists, the Company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Where these circumstances have reversed the impairment previously made is reversed to the extent of the original cost of the investment.

Cash at bank and in hand

Cash balances represent current bank account balances, cash held on overnight deposit or cash in hand.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' equity. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Provisions are made on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither.

Pathfinder Energy Services Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

3. Accounting policies (continued)

Financial assets and liabilities

The classification of financial assets and liabilities depends on the purpose for which the financial assets were acquired or the financial liabilities were incurred. Management determines the classification of its financial assets and liabilities at initial recognition. The Company classifies its financial assets as loans and receivables and its financial liabilities as other financial liabilities.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

The Company's loans and receivables comprise debtors (including amounts owed by Schlumberger Limited group companies) and cash at bank and in hand.

Loans and receivables are recognised initially at fair value plus directly attributable transaction costs. Subsequently, loans and receivables are stated at amortised cost using the effective interest method, less provision for impairment.

(b) Other financial liabilities

The Company's other financial liabilities comprise creditors (including amounts owed to Schlumberger Limited group companies).

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. Critical accounting judgements and estimation uncertainty policies

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of debtors

The Company makes an estimate of recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the credit rating and ageing profile of the debtors.

Pathfinder Energy Services Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

5. Information regarding directors and employees

Remuneration for those Directors in office at the end of the year is borne by Schlumberger Plc and Schlumberger Oilfield UK Plc related companies in the current and prior year. The Company's directors are of the opinion that no reasonable allocation of this remuneration can be made to the Company.

The Company did not employ any staff during the year and hence no staff costs were incurred (2016: £ nil).

6. Operating loss

Operating loss is stated after crediting:

	2017 £'000	2016 £'000
Foreign exchange gain	-	(4)

Auditors' remuneration of £6,335 (2016: £6,150) for the audit of the financial statements is borne by Smith International (North Sea) Limited, a related company, in the current and prior year.

7. Interest receivable and similar income

	2017 £'000	2016 £'000
Other interest	5	4

8. Tax on (loss)/profit

	2017 £'000	2016 £'000
Current tax		
Intercompany tax	1	2
Adjustments in respect of prior years	-	5
Tax charge on (loss)/profit	1	7

Pathfinder Energy Services Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

8. Tax on (loss)/ profit (continued)

The corporation tax charge for the year is lower (2016: lower) than the blended rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	2017 £'000	2016 £'000
(Loss)/profit before taxation	(2)	1
Tax at standard rate of 19.25% (2016: 20.00%)	-	-
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	1	2
Adjustment in respect of prior years	-	5
Tax charge for the year	1	7

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted by Finance (No. 2) Act 2016 on 15 September 2016. The main rate of corporation tax for 1 April 2016 is set at 20% and was reduced to 19% for the financial year beginning 1 April 2017 to 1 April 2019.

9. Investments

	Subsidiary £'000
Cost and net book amount at 31 December 2017 and 31 December 2016	1

The Company has investments in the following undertakings:

Subsidiary undertakings	Country of incorporation	Principal activity	Holding	%
3D Stabilisers Limited *	United Kingdom	Dormant	Ordinary shares	100%
East Energy Pathfinder S.A.E. **	Egypt	Drilling Services	Ordinary shares	1%

* The registered address for the above is Peregrine House, Peregrine Road, Westhill, Aberdeen, AB32 6JL.

** The registered address for the above is Land #26B, North Kattamyia, Kilometer 11, Ain Soukhna Old Road, Egypt.

10. Debtors: amounts falling due within one year

	2017 £'000	2016 £'000
Corporation tax recoverable	20	21
VAT receivable	2	-
Total debtors: amounts falling due within one year	22	21

Pathfinder Energy Services Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

11. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts due to Schlumberger UK Limited group companies	<u>790</u>	<u>790</u>

Balances between all Schlumberger UK Limited group companies are unsecured, repayable on demand and bear no interest.

12. Dividends

No dividends were declared during the year (2016: £nil).

13. Called up share capital

	£'000	Number
Authorised ordinary shares of £1 each:		
Balance at 1 January and 31 December 2017	<u>15</u>	<u>15,000</u>
Allotted and fully paid ordinary shares of £1 each:		
Balance at 1 January and 31 December 2017	<u>15</u>	<u>15,000</u>

14. Controlling parties

The Company's immediate parent undertaking is Pathfinder Energy Services Holding BV, a company incorporated in Netherlands.

Schlumberger Limited, a company incorporated in Curacao (a country within the Kingdom of the Netherlands), is the ultimate parent company (and ultimate controlling party). Schlumberger Limited is also the parent undertaking of the smallest and largest group of undertakings of which Pathfinder Energy Services Limited is a member and for which group financial statements are drawn up.

Copies of the group financial statements may be obtained from Schlumberger Limited, 5599 San Felipe, Houston, Texas 77056 USA.