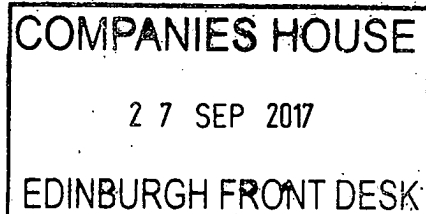


M-I Swaco (UK) Limited

Registration Number: SC236479

Annual report and financial statements

For the year ended 31 December 2016



M-I Swaco (UK) Limited

Annual report and financial statements For the year ended 31 December 2016

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M-I Swaco (UK) Limited

Officers and professional advisers

Directors

I Jack
S Smoker
D Marsh

Company secretary

S Smoker

Registered office

Peregrine House
Peregrine Road
Westhill Business Park
Westhill
Aberdeenshire
Scotland
AB32 6JL

Solicitors

Pinsent Masons LLP
13 Queens Road
Aberdeen
AB15 4YL

Independent auditor

Deloitte LLP
Statutory Auditor
Aberdeen
United Kingdom

M-I Swaco (UK) Limited

Strategic report for the year ended 31 December 2016

The directors present their Strategic report on the Company for the year ended 31 December 2016.

Principal activity and review of the business

The principal activity of the Company was the provision of business support services until its trade and assets were transferred to a fellow group company.

The profit for the year after taxation amounted to £109,000 (2015: Profit of £118,000).

The Company did not trade in the current or prior year and the result reflected in the profit and loss account represents interest income and foreign currency exchange revaluation.

Principal risks and uncertainties

The company does not trade and therefore its principal risks and uncertainties are linked to fellow group companies from whom there are amounts receivable. The related group companies operate in the oil and gas sector and are exposed to market activity which is impacted by the oil price.

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.

Going concern

The Company's net assets substantially comprise balances due from other group companies. Having considered financial commitments falling due in the twelve months from the date of this report we consider the company has sufficient assets available to satisfy its obligations. Accordingly, we continue to adopt the going concern basis in preparing the financial statements.

This report was approved by the Board of Directors on 14 August 2017 and signed on its behalf by:



D Marsh
Director

M-I Swaco (UK) Limited

Directors' report for the year ended 31 December 2016

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2016.

Principal activities, review of the business, results, principal risks and uncertainties and key performance indicators

Details of these matters have been included in the Strategic report on page 2.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

I Jack
R A Kidd (resigned 3 November 2016)
S Smoker (appointed 3 November 2016)
D Marsh (appointed 3 November 2016)

Financial risk management

Credit risk

The Company's credit risk is primarily attributable to its amounts due from fellow group companies. The directors consider the credit risk associated with these amounts to be minimal as supported by the financial position of the respective group companies.

Interest rate risk

The Company is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows from its financial instruments, principally amounts due from group companies. Interest rate risk is managed at group level.

Dividends

The directors did not propose a dividend during the year (2015: £Nil).

Future developments

The Company does not trade and the directors anticipate in the future the company will continue to be dormant.

On 23 June 2016 Great Britain voted to leave the European Union. The longer term political and economic effects of these events are as yet unclear as negotiations on Britain's future relationship with EU member states have yet to begin. However, management continue to monitor the situation closely and review potential risks to M-I Swaco (UK) Limited.

M-I Swaco (UK) Limited


Directors' report for the year ended 31 December 2016 (continued)

Disclosure of information to independent auditor

Each person who are directors of the company at the date of approval of this report, confirms that:

- so far the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on ~~10~~ August 2017 and signed on its behalf by


D Marsh
Director

M-I Swaco (UK) Limited

Directors' responsibilities statement

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 Accounting standards comprising FRS 102 "The Financial Reporting Standards" applicable in UK and Republic of Ireland and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 M-I Swaco (UK) Limited

We have audited the financial statements of M-I Swaco (UK) Limited for the year ended 31 December 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 12. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Independent auditor's report to the members of M-I Swaco (UK) 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.

L. Cowie

Lyn Cowie CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom

10 August 2017

M-I Swaco (UK) Limited

Profit and loss account For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Administrative expenses		(10)	(2)
Operating loss	5	(10)	(2)
Interest receivable and similar income	7	146	150
Profit before taxation		136	148
Tax on profit	8	(27)	(30)
Profit for the financial year		109	118

All results for the year ended 31 December 2016 arose from discontinued operations.

There were no items of comprehensive income in the current or prior year other than the profit for the year and, accordingly, no statement of comprehensive income is presented.

The notes on pages 11 to 15 form part of these financial statements.

M-I Swaco (UK) Limited

Balance sheet As at 31 December 2016

	Note	2016 £'000	2015 £'000
Current assets			
Debtors	9	10,804	10,689
		<u>10,804</u>	<u>10,689</u>
Creditors: amounts falling due within one year	10	(113)	(107)
		<u>(113)</u>	<u>(107)</u>
Net current assets		<u>10,691</u>	<u>10,582</u>
Total assets less current liabilities		<u>10,691</u>	<u>10,582</u>
Net assets		<u>10,691</u>	<u>10,582</u>
Capital and reserves			
Called-up share capital	11	-	-
Profit and loss account	11	10,691	10,582
		<u>10,691</u>	<u>10,582</u>
Total shareholder's funds		<u>10,691</u>	<u>10,582</u>

The notes on pages 11 to 15 form part of these financial statements.

The financial statements of M-I Swaco (UK) Limited, (registered number SC236479), were approved by the board of directors, and authorised for issue on 7th August 2017 and were signed on the Board's behalf by:



S Smoker
Director

M-I Swaco (UK) Limited

Statement of changes in equity For the year ended 31 December 2016

	Called-up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 January 2015	-	10,464	10,464
Profit for the year and total comprehensive income	-	118	118
Balance at 31 December 2015	-	10,582	10,582
Profit for the year and total comprehensive income	-	109	109
Balance at 31 December 2016	-	10,691	10,691

M-I Swaco (UK) Limited

Notes to the financial statements For the year ended 31 December 2016

1. General information

M-I Swaco (UK) Limited's did not trade in the current or prior year and the results reflected in the profit and loss account represents interest income and foreign currency exchange revaluation.

M-I Swaco (UK) Limited is a private company limited by shares and is incorporated in Scotland under the Companies Act. The address of the registered office is given on page 1.

2. Statement of compliance

The individual financial statements of M-I Swaco (UK) 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 provisions of 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, unless otherwise stated.

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 principal accounting policies are set out below and have been applied consistently in the current and preceding year.

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 judgement 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.

All Company results are shown in £ thousands unless stated otherwise.

Exemption for qualified entities under FRS 102

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 Section 7 and paragraph 3.17(d);
- 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);

Going concern

The company's net assets substantially comprise balances due from other group companies. The directors consider it appropriate to prepare the financial statement on a going concern basis as, despite the uncertainties deriving from the current economic environment, the company is in an overall net assets position and therefore will be able to meet its liabilities as they fall due for the foreseeable future.

M-I Swaco (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

3. Accounting policies (continued)

Foreign currencies

Functional and presentation currency

The company's functional and presentation currency is the pound sterling. All values in these financial statements are rounded to the nearest thousand pound sterling (£'000).

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.

Taxation including deferred taxation

Corporation tax payable is provided on taxable profits at the current rate.

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 taxable profits and results as stated in the financial statements. 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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are only recognisable when it is regarded as more likely than not that there will be suitable taxable profits to recover them against in the future.

Interest income

Interest income is recognised as the interest accrues.

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.

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 mainly comprise debtors (including amounts owed by Schlumberger Limited group companies).

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.

Other financial liabilities

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

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs. Subsequently, other financial liabilities are stated at amortised cost using the effective interest method.

M-I Swaco (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

3. Accounting policies (continued)

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 key sources of estimation uncertainty

Critical accounting judgements

There are no critical accounting judgments impacting the financial statements.

Key sources of estimation uncertainty

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 amounts due by group undertakings. In making this assessment, management considers factors including the ability of parent company to provide support to respective group companies.

5. Operating loss

Operating loss is stated after charging:

	2016 £'000	2015 £'000
Foreign currency exchange loss	(10)	(2)

Auditor's remuneration of £3,625 (2015: £3,625) for the audit of the financial statements has been borne by M-I Drilling Fluids U.K. Limited, a fellow group company in the current and prior year.

6. Staff costs and directors' emoluments

During the current and preceding financial year the company had no employees. The directors did not receive any remuneration for their services to this company in the current or prior year.

7. Interest receivable and similar income

	2016 £'000	2015 £'000
Interest on loans owed by fellow group companies (see note 9)	146	150

M-I Swaco (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

8. Tax on profit

The taxation charge based on the profit for the year may be analysed as follows:

	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profit for the year	27	30

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax of 20.00% (2015: 20.25%) to the profit before tax is as follows.

	2016 £'000	2015 £'000
Profit before taxation	136	148
Tax on profit at standard rate of 20.00% (2015: 20.25%) and current tax charge	27	30

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the rates enacted at the balance sheet date now standing at 21% with effect from 1 April 2014, 20% from 1 April 2015, 19% from 1 April 2017 and 18% from 1 April 2020. In addition, Finance Act 2016 was substantively enacted on 6 September 2016 which further reduces the corporation tax rate to 17% on 1 April 2020.

9. Debtors

	2016 £'000	2015 £'000
Amounts owed by group undertakings	10,804	10,689
Total debtors – amounts falling due within one year	10,804	10,689

The amount owed by fellow group companies of £10,158,000 (2015: £10,158,000) is subject to formalised loan notes which were scheduled to be settled on 30 November 2014. Interest is charged at 12 month LIBOR plus 1%. As at the date of approval of these financial statements the company has not called the repayments as required by the loan agreements and the directors are working towards settling these amounts.

10. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	56	46
UK corporation tax	57	61
Total creditors – amounts falling due within one year	113	107

M-I Swaco (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

11. Called-up share capital

	£	Number
Authorised ordinary shares of £1 each:		
Balance at 1 January and 31 December 2016	100	100
	<hr/>	<hr/>
	£	Number
Called up, allotted, issued and fully paid ordinary shares of £1 each:		
Balance at 1 January and 31 December 2016	1	1
	<hr/>	<hr/>

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

12. Controlling parties

M-I Holdings (UK) Limited, a company registered in Scotland, is the immediate parent company.

Schlumberger Limited, a company incorporated in Curacao, a country within the Kingdom of the Netherlands, is the parent undertaking of the smallest and the largest group of undertakings of which M-I Swaco (UK) Limited is a member and for which group financial statements are drawn up. The directors consider Schlumberger Limited to be the ultimate parent company and controlling party.

Copies of the financial statements of Schlumberger Limited can be obtained from 17th Floor, 5599 San Felipe, Houston, Texas, 77056, USA or on the Group website at www.slb.com.