

Registered No: SC226359

# **OneSubsea Operations Limited**

## **Report and Financial Statements**

9 month period ended 31 December 2016



## Company information

### Directors

A Variu

C Platt (resigned 30 April 2016)

J Purcell (appointed 30 April 2016)

### Secretaries

A Variu

G Karathanos

Abogado Nominees Limited

### Auditors

Ernst & Young LLP

1 Bridgewater Place

Water Lane

Leeds LS11 5QR

### Registered Office

Badentoy Avenue

Portlethen

Aberdeenshire

AB12 4YB

## Strategic report

### Review of the business

The Company's principal activity during the period was to supply engineering products and services to the oil and gas industry. All activity during the nine month period relates to the company's Libya branch.

Turnover from operations for the nine month period ended 31 December 2016 at US\$94,318,000 represents a 396% increase from the equivalent comparative period turnover for the three months to 31 March 2016 of US\$19,017,000. All results are driven from a singular profitable contract, for which performance is in line with expectations and the directors remain satisfied with the results recorded.

The key financial and other operating indicators during the period were as follows:

	9 months ended 31 December 2016 US\$000	3 months ended 31 March 2016 US\$000	Change/equivalent comparative period*change % %
Turnover	94,318	6,339	396%*
Shareholders' funds	49,037	30,356	62%
Gross Profit %	24%	15%	9%

\*The change figures presented compare the results for the nine months ended 31 December 2016 with the results for the 3 months ended 31 March 2016 over the equivalent comparative period.

### Principal risks and uncertainties

Given the singular contract and country specific nature of the Company's current activities the key risks and uncertainties relates to its dependence on the OneSubsea Group which is the provider of not only commercial guidance and support but also in the provision of equipment, services and operational support.

As such the principal risks and uncertainties of the Company, and their impact on the Company's future prospects, are integrated with the principal risks of the OneSubsea segment and significant commercial and operating risks are not managed separately. Accordingly, the principal risks and uncertainties of the OneSubsea segment, which include those of the Company, are discussed in the Directors' report disclosed in the financial statements of OneSubsea UK Limited (400176), which does not form part of this report.

Management assess the internal controls at the end of each year and also as an integral part of the internal audit on an on-going basis. Policies and procedures are also in force and serve to formalise the support for required controls and the execution of on-going work practices. The Company considers health and safety as a number one priority and Group and local health forums have been established whose goals are to eliminate work related injuries, comply with regulatory requirements and improve performance. It reviews performance in these areas, collects data, shares best practices and plans for the future. This ensures consistency in performance measurement and improvement activities. Forum members also conduct safety audits to identify practices that are working well and areas for improvement. Their reporting is used to track completion of corrective actions.

On behalf of the board

  
J Purcell  
Director

27 September 2017

## Directors' report

The directors present their report and financial statements for the nine month period ended 31 December 2016. Comparative information is presented for the three month period ended 31 March 2016.

### Directors

The present directors of the Company, who have also served as directors throughout the period, are shown on page 1, with appointment and resignation dates.

### Results and dividends

The profit for the period, after taxation, amounted to US\$18,682,000 (3 months ended 31 March 2016: profit of US\$187,000). No dividends were paid or proposed during the period (3 month period ending 31 March 2016: US\$ nil).

### Foreign Branches

All trading activity in the period relates to the Libya branch of OneSubsea Operations Ltd (3 month period ended 31 March 2016: same).

### Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2.

The directors have considered the company's forecast performance and position for the foreseeable future and expect the company to continue to trade profitably. Furthermore, the Schlumberger group has strong financial resources and the company is continuing in its role within the wider Schlumberger group. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

### Currency and change of accounting period length

As reported in the directors' report for the three month period ended 31 March 2016, after reviewing market conditions and taking into account how the OneSubsea business is anticipated to operate globally going forward, including an increasing trend for the business to invoice customers in USD, the Directors concluded that the company's functional currency from 1 April 2016 is US Dollars.

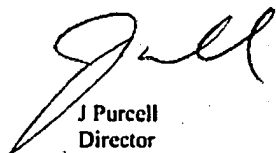
Although the functional currency of OneSubsea Operations is already US Dollars, in order to facilitate the most meaningful comparison of information in the company's statutory financial statements, the company shortened its accounting period and prepared financial statements for the three month period ending 31 March 2016. These financial statements report the company's results over the nine month period from 1 April 2016 to 31 December 2016, enabling the company to revert to an annual accounting date of 31 December.

## Directors' report (continued)

### Disclosure of information to the auditors

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken such steps as he should have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



J Purcell  
Director

27 September 2017

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Strategic Report, Directors' Report and 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 auditors' report**

### **to the members of OneSubsea Operations Limited**

We have audited the financial statements of OneSubsea Operations Limited for the three month period ended 31 March 2016 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and the related notes 1 to 11. 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Reports and financial statements 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 nine month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 our 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.

## Independent auditors' report

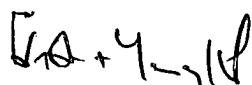
to the members of OneSubsea Operations Limited (continued)

### Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.



Alistair Denton (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Leeds

28/9/2017



## Income statement

for the nine month period ended 31 December 2016

		9 months ended 31 December 2016	3 months ended 31 March 2016
	Note	US \$000	US \$000
<b>Turnover</b>	2	94,318	6,339
Cost of sales		(71,530)	(5,405)
<b>Gross profit</b>		22,788	934
Administrative expenses		(4,107)	(747)
<b>Profit on ordinary activities before taxation</b>	3	18,681	187
Tax on profit on ordinary activities	9	-	-
<b>Profit for the financial period</b>		18,681	187

## Statement of comprehensive income

for the nine month period ended 31 December 2016

		9 months ended 31 December 2016	3 months ended 31 March 2016
	Note	US \$000	US \$000
<b>Profit for the period</b>	3	18,681	187
Other comprehensive income		-	-
<b>Total other comprehensive income</b>		-	-
<b>Total comprehensive income for the financial period</b>		18,681	187

# Statement of changes in equity

for the nine month period ended 31 December 2016

	Share capital US \$000	Profit and loss account US \$000	Total equity US \$000
<b>At 1 January 2016</b>	-	30,169	30,169
Profit for the period	-	187	187
Other comprehensive income	-	-	-
Total comprehensive income	-	187	187
<b>At 31 March 2016</b>	-	30,356	30,356


	Share capital US \$000	Profit and loss account US \$000	Total equity US \$000
<b>At 1 April 2016</b>	-	30,356	30,356
Profit for the period	-	18,681	18,681
Other comprehensive income	-	-	-
Total comprehensive income	-	18,681	18,681
<b>At 31 December 2016</b>	-	49,037	49,037

## Statement of financial position

as at 31 December 2016

		31 Dec 2016	31 March 2016
	Note	US \$000	US \$000
<b>Current assets</b>			
Stocks	4	23,679	4,379
Debtors – amounts falling due within one year	5	43,581	93,849
Cash at bank and in hand		5,987	4,317
		<u>73,247</u>	<u>102,545</u>
Creditors - amounts falling due within one year	6	(24,210)	(72,189)
<b>Net current assets and net assets</b>		<u>49,037</u>	<u>30,356</u>
<b>Capital and reserves</b>			
Share capital	7	-	-
Profit and loss account	8	49,037	30,356
<b>Shareholders' funds</b>		<u>49,037</u>	<u>30,356</u>

The financial statements were approved for issue by the board and signed on its behalf by:

  
J Purcell  
Director

27 September 2017

## Notes to the financial statements

for the nine month period ended 31 December 2016

### 1. Accounting policies

#### ***Authorisation of financial statements and statement of compliance with FRS 102***

Onesubsea Operations Limited is a limited liability company incorporated in Scotland. The Registered Office is Badentoy Avenue, Portlethen, Aberdeenshire AB12 4YB.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the nine month period ended 31 December 2016. FRS102 has been consistently applied across the current and prior accounting periods.

#### ***Basis of preparation***

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

The financial statements are prepared in United States Dollars which is the functional currency of the company and are presented to the nearest US \$'000.

The financial statements have been prepared on a going concern basis.

The Company is considered to be a qualifying entity under FRS 102 (for the purposes of this FRS) due to it being a subsidiary of Schlumberger Limited at the reporting date. As a qualifying entity, the Company has adopted the following disclosure exemptions:

- The requirements relating to certain disclosures in respect of key management personnel;
- The requirements relating to certain disclosures in respect of financial instruments;
- The requirements relating to certain disclosures in respect of share based payments;
- The requirement to present a statement of cash flows and related notes; and
- The requirements relating to certain disclosures in respect of related party transactions.

The financial statements of Schlumberger Limited are available to the public and are available from the address shown in note 11.

#### ***Critical accounting judgements and estimates***

##### ***Revenue recognition***

The Company generates revenue through long-term construction contracts. Some degree of estimation is required in assessing the revenue and profit to be recognised on these contracts in any particular period. Where a reliable estimate can be made, the estimates are kept accurate through regular (at least quarterly) reviews. More detail is provided in our revenue recognition policy.

##### ***Revenue recognition***

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the financial statements date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## Notes to the financial statements (continued)

for the nine month period ended 31 December 2016

### 1. Accounting policies (continued)

#### *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 substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary 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. Temporary 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 assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, 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 temporary differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the temporary difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## Notes to the financial statements (continued)

for the nine month period ended 31 December 2016

### 1. Accounting policies (continued)

#### *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies, and the financial statements of overseas branches, are translated into US Dollars at the rate of exchange ruling at the financial statements date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

#### *Stocks*

All stocks relate to work in progress on service contracts and are measured by reference to stage of completion of the anticipated total cost.

#### *Change of accounting period length*

As reported in the directors' report for the three month period ended 31 March 2016, after reviewing market conditions and taking into account how the OneSubsea business is anticipated to operate globally going forward, including an increasing trend for the business to invoice customers in USD, the Directors concluded that the company's functional currency from 1 April 2016 is US Dollars.

Although the functional currency of OneSubsea Operations is already US Dollars, in order to facilitate the most meaningful comparison of information in the company's statutory financial statements, the company shortened its accounting period and prepared financial statements for the three month period ending 31 March 2016. These financial statements report the company's results over the nine month period from 1 April 2016 to 31 December 2016, enabling the company to revert to an annual accounting date of 31 December.

In the opinion of the directors, there is no significant element of seasonality inherent in the company's operations or results which would impair the quality or usefulness of the information presented for the purposes of comparing performance across reporting periods.

## Notes to the financial statements (continued)

for the nine month period ended 31 December 2016

### 2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

An analysis of turnover by geographical market is given below:

	<i>9 months ended 31 Dec 2016 US\$000</i>	<i>3 months ended 31 March 2016 US\$000</i>
Africa	94,318	6,339
	<u>94,318</u>	<u>6,339</u>

An analysis of turnover by sales type is given below:

	<i>9 months ended 31 Dec 2016 US\$000</i>	<i>3 months ended 31 March 2016 US\$000</i>
Construction contracts	91,006	6,339
The rendering of services	3,312	-
	<u>94,318</u>	<u>6,339</u>

### 3. Profit on ordinary activities before taxation

This is stated after charging:

	<i>9 months ended 31 Dec 2016 US\$000</i>	<i>3 months ended 31 March 2016 US\$000</i>
Auditors' remuneration - audit services	12	12
	<u>12</u>	<u>12</u>

The directors received remuneration in the period of nil (31 March 2016: nil) in relation to qualifying services as directors of this company, all of which was paid by Cameron Flow Control Technology (UK) Limited and Cameron International Corporation. There were no employees in the period other than the directors.

### 4. Stocks

	<i>31 Dec 2016 US\$000</i>	<i>31 March 2016 US\$000</i>
Work in progress	23,679	4,379
	<u>23,679</u>	<u>4,379</u>

Stocks recognised as an expense in the period were \$54,216,000 (three month period ended 31 March 2016: nil).

## Notes to the financial statements (continued)

for the nine month period ended 31 December 2016

### 5. Debtors

	31 Dec 2016 US\$000	31 March 2016 US\$000
<i>Amounts due within one year</i>		
Trade debtors	5,292	-
Amounts due from group undertakings	38,289	90,911
Prepayments and accrued income	-	2,938
	<u>43,581</u>	<u>93,849</u>

### 6. Creditors

	31 Dec 2016 US\$000	31 March 2016 US\$000
<i>Amounts due within one year</i>		
Payments on account	21,849	71,290
Amounts due to group undertakings	2,272	-
Trade creditors	-	851
Accruals and deferred income	89	48
Corporation tax payable	-	-
	<u>24,210</u>	<u>72,189</u>

### 7. Called up share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	31 Dec 2016 Number	31 March 2016 Number	31 Dec 2016 US\$	31 March 2016 US\$
"A" Ordinary shares of £0.10 each	457	457	67	67
Ordinary shares of £0.10 each	1,180	1,180	173	173
	<u>1,637</u>	<u>1,637</u>	<u>240</u>	<u>240</u>

### 8. Reserves

*Profit and loss account*

Cumulative profit and loss net of distributions to owners.



## Notes to the financial statements (continued)

for the nine month period ended 31 December 2016

### 9. Tax

#### *Tax on profit on ordinary activities*

The tax charge is made up as follows:

	<i>9 months ended 31 Dec 2016 US\$000</i>	<i>3 months ended 31 March 2016 US\$000</i>
Current tax	-	-
Tax on profit on ordinary activities	-	-

The charge for the period can be reconciled to the profit per the income statement as follows:

	<i>9 months ended 31 Dec 2016 US\$000</i>	<i>3 months ended 31 March 2016 US\$000</i>
Profit on ordinary activities before tax	18,681	187
Tax on profit at standard UK tax rate of 20% (March 2016: 20%)	3,736	37
<b>Effects of:</b>		
Expenses not deductible	-	1
Effects of group relief	(3,813)	(65)
Transfer pricing adjustments	77	27
<b>Total tax charge for the period</b>	-	-

#### **Factors that will affect future tax charges**

Finance Act No.2 2015, was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. Subsequent to this Finance Act 2016 included a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020.

## Notes to the financial statements (continued)

for the nine month period ended 31 December 2016

### 10. Related party transactions

Advantage has been taken of the FRS 102 exemption from disclosing transactions with other wholly owned members of the group of companies headed by Schlumberger Limited.

Balances with wholly owned fellow group undertakings as at 31 December 2016:

	<i>Amounts owed from related party US\$000</i>	<i>Amounts owed to related party US\$000</i>
Parent undertakings	38,289	-
Fellow group undertakings	-	2,272
	<u>38,289</u>	<u>2,272</u>
	<u><u>38,289</u></u>	<u><u>2,272</u></u>

Balances with wholly owned fellow group undertakings as at 31 March 2016:

	<i>Amounts owed from related party US\$000</i>	<i>Amounts owed to related party US\$000</i>
Parent undertakings	90,911	-
	<u>90,911</u>	<u>-</u>
	<u><u>90,911</u></u>	<u><u>-</u></u>

### 11. Parent undertaking and ultimate parent company

The company's immediate parent undertaking is OneSubsea UK Limited, a company registered in England.

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Schlumberger Limited, which is incorporated in Curacao, a country within the Kingdom of the Netherlands. Schlumberger Limited is also the company's ultimate parent company and controlling party and is listed on the New York Stock Exchange.