

**Subsea 7 International Contracting Limited  
(formerly Acergy International Limited)**

**Annual Report and Financial Statements**

**For the 13 months ended 31 December 2011**

**Company Registration No. 03073521**



# **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

## **Annual report and financial statements for the 13 months ended 31 December 2011**

### **Contents**

|                                              |           |
|----------------------------------------------|-----------|
| <b>Officers and professional advisers</b>    | <b>1</b>  |
| <b>Directors' Report</b>                     | <b>2</b>  |
| <b>Directors' responsibilities statement</b> | <b>5</b>  |
| <b>Independent auditor's report</b>          | <b>6</b>  |
| <b>Profit and loss account</b>               | <b>8</b>  |
| <b>Balance sheet</b>                         | <b>9</b>  |
| <b>Notes to the financial statements</b>     | <b>10</b> |

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **Officers and professional advisers**

#### **Directors**

Victor Jorge Snabaitis Bomfim (appointed 24 May 2011)  
Gael Cailleaux (appointed 24 May 2011)  
John Gordon (appointed 24 May 2011)  
Gary Gray (appointed 24 May 2011)

#### **Secretaries**

Lorna Peace  
Subsea 7 M S Limited (formerly Acergy M S Limited)

#### **Registered office**

200 Hammersmith Road  
London  
W6 7DL

#### **Bankers**

HSBC PLC  
2 Queens Road  
Aberdeen  
AB15 4ZT

HSBC PLC  
8 Canada Square  
London  
E14 5HQ

#### **Independent Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Union Plaza  
Aberdeen  
AB10 1SL

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **Directors' report for the 13 months ended 31 December 2011**

The directors present their annual report and the audited financial statements for the 13 months ending 31 December 2011

#### **Principal activities, business review and future prospects**

Appropriate shareholder approvals at the Extraordinary General Meeting on 9 November 2010 granted that the accounting period end be changed to 31 December. Accordingly this report and financial statements are for the 13 month period of 1 December 2010 to 31 December 2011. The Company's future fiscal years will commence on 1 January and end on 31 December.

On 12 January 2011, the Company changed its name from Acergy International Limited to Subsea 7 International Contracting Limited. The Company is a wholly-owned subsidiary of Subsea 7 Senior Holdings (UK) Limited. Its principal activity is the provision of project management and subsea installation services to the offshore oil and gas industry, particularly offshore Brazil.

As had been anticipated, there was a significant rise in activity during 2011 with revenue for the period of \$194 million, representing an increase of 34% in comparison with the previous year. The main reason for the increased revenue was largely as a consequence of the performance of the Seven Mar (ex- Polar Queen) being on charter to Petrobras for most of the period and the commencement of Gasoduto Sul Norte Capixaba Trecho Raso (GSNC Shallow) project for Petrobras. The Acergy Petrel successfully commenced and executed the Pipeline Inspection project in 2011 involving the Survey of 2,600 km of rigid pipelines.

Levels of activity within the oil and gas industry offshore Brazil continue at a high level and the directors are confident that the future prospects of the Company are good.

Subsea 7 International Contracting Limited (formerly Acergy International Limited) is part of the Subsea 7 S A (formerly Acergy S A) group and further details and key performance indicators ("KPI's") of the group's performance can be found in the Annual Report of Subsea 7 S A (formerly Acergy S A), which does not form part of this report.

Subsea 7 International Contracting Limited (formerly Acergy International Limited) is part of the Subsea 7 S A (formerly Acergy S A) group and manages its operations on a geographical basis. For this reason, the directors believe that further key performance indicators for the Company, other than turnover and profit (see page 8), are not necessary or appropriate for an understanding of the development, performance or position of the Company.

On 25 November 2010, as part of an intra-group reorganisation, the Company's immediate parent company changed from Subsea 7 B V (formerly Acergy B V) to Subsea 7 Holdings (UK) Limited (formerly Acergy Holdings Limited), a company incorporated in the United Kingdom.

#### **Principal risks and uncertainties**

The Company's activities expose it to a number of risks and uncertainties. These include price risk, cash flow risk and credit risk.

##### *Price risk*

The Gasoduto Sul Norte Capixaba Trecho Raso (GSNC Shallow) project, on which Subsea 7 International Contracting Limited (formerly Acergy International Limited) bears the risk, is "lump sum" in nature and as such is significantly higher-risk than "cost plus" or day-rate contracts. Most of the 2011 revenue, however, is generated from day-rate contracts. These include the long-term charter of the Seven Phoenix (ex-Pertinacia), Seven Mar (ex-Polar Queen), Acergy Condor and Acergy Harrier. With these contracts the main risk relates to the possibility of breakdown of the ships or related equipment. This risk is managed by ensuring that all significant items of equipment are covered by a detailed planned maintenance schedule which is strictly adhered to. The risk is also reduced by ensuring that a comprehensive inventory of spare parts is maintained on the ships and that qualified mechanical technicians are onboard at all times.

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **Directors' report for the 13 months ended 31 December 2011 (continued)**

#### **Principal risks and uncertainties (continued)**

##### *Cash flow risk*

The Company's cash flow risk is managed by the use of group funding. The Company uses derivative financial instruments to manage its exposure to risk arising from fluctuations in foreign exchange rates. The Company does not enter into derivative financial instruments for speculative trading purposes.

##### *Credit risk*

Credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies. The Company has no significant exposure to credit risk with customers who are major multinational oil and gas companies.

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

#### **Liquidity and going concern**

In order to maintain liquidity to ensure that funds are available for ongoing operations and future developments, the Company is party to group funding arrangements, none of which have specified repayment dates.

The revenue expected to be reported for the next 12 months will continue to be generated from the existing long term charter agreements for the Seven Phoenix (ex-Pertinacia), Seven Mar (ex-Polar Queen), Acergy Condor and Acergy Harrier. These are day-rate contracts with lower risk profiles than would be for "lump sum" contracts. The contracts are profitable and generate positive cash flows. Gasoduto Sul Norte Capixaba Trecho Raso (GSNC Shallow) project, engineering has already commenced and offshore installation commenced in late 2012 using the Acergy Polaris and Acergy Harrier vessels. During January and February 2011, the Skandi Acergy successfully installed several structures for Petrobras in the Tambaú field. The Pipeline Inspection project was also successfully completed using the Acergy Petrel.

In view of the current backlog, the mix of projects (day rate and lump sum) and the profit margins expected to be generated from the long term charter agreements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

#### **Results and dividends**

Results and statement of accumulated gains reserves are as follows:

Operating profit is stated after charging

|                                       | <b>\$'000</b> |
|---------------------------------------|---------------|
| Accumulated gains at 30 November 2011 | <b>5,376</b>  |
| Profit for the financial period       | <b>25,114</b> |
| Accumulated gains at 31 December 2011 | <b>30,490</b> |

No dividends have been paid or proposed in respect of the period (2010: £nil).

#### **Employees**

The Company had no employees in the current period or prior year.

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **Directors' report for the 13 months ended 31 December 2011 (continued)**

#### **Directors**

The directors who served during the period were as follows

Victor Jorge Snabaitis Bomfim (appointed 24 May 2011)  
Gael Cailleaux (appointed 24 May 2011)  
Bruno Chabas (resigned 24 May 2011)  
John Gordon (appointed 24 May 2011)  
Gary Gray (appointed 24 May 2011)  
Isoken Imohe (appointed 26 October 2011, resigned 18 May 2012)  
Gilles Lafaye (resigned 24 May 2011)  
Gordon Willox (resigned 24 May 2011)

#### **Directors' indemnities**

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

#### **Auditor**

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

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming annual general meeting

Approved by the Board of Directors and signed on behalf of the Board



John Gordon  
**Director**  
**20 December 2012**

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- confirm that applicable UK Accounting Standards have been followed, 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

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **Independent Auditor's report to the members of Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

We have audited the financial statements of Subsea 7 International Contracting Limited (formerly Acergy International Limited) for the 13 months ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditor**

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

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

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

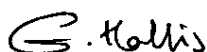
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **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



Graham Hollis ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Aberdeen  
20 December 2012

## Subsea 7 International Contracting Limited (formerly Acergy International Limited)

### Profit and loss account for the 13 months ended 31 December 2011

|                                                                                                        | Note | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
|--------------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| <b>Turnover: continuing operations</b>                                                                 | 2    | <b>193,976</b>           | 144,887                  |
| Cost of sales                                                                                          |      | (167,089)                | (109,589)                |
| <b>Gross profit</b>                                                                                    |      | <b>26,887</b>            | 35,298                   |
| Administrative expenses                                                                                |      | (447)                    | (8,682)                  |
| <b>Total administrative expenses (net)</b>                                                             |      | <b>(447)</b>             | (8,682)                  |
| <b>Operating profit: continuing operations</b>                                                         |      | <b>26,440</b>            | 26,616                   |
| Gain on disposal of fixed assets                                                                       |      | -                        | 100                      |
| <b>Profit on ordinary activities before finance charges</b>                                            |      | <b>26,440</b>            | 26,716                   |
| Interest payable and similar charges                                                                   | 4    | (1,970)                  | (1,343)                  |
| Other income                                                                                           |      | 22                       | -                        |
| <b>Profit on ordinary activities before taxation</b>                                                   |      | <b>24,492</b>            | 25,373                   |
| Tax credit/(charge) on profit on ordinary activities                                                   | 6    | 622                      | (5,816)                  |
| <b>Total comprehensive income for the period, net of tax,<br/>attributable to owners of the parent</b> |      | <b>25,114</b>            | 19,557                   |

The Company has no recognised gains or losses in the current period or prior year, other than the profit reported above. Accordingly, no statement of total recognised gains and losses is presented.

# Subsea 7 International Contracting Limited (formerly Acergy International Limited)

## Balance Sheet

As at 31 December 2011

|                                                        | Note | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
|--------------------------------------------------------|------|--------------------------|--------------------------|
| <b>Fixed assets</b>                                    |      |                          |                          |
| Tangible fixed assets                                  | 7    | 86,662                   | 93,334                   |
|                                                        |      | <b>86,662</b>            | <b>93,334</b>            |
| <b>Current assets</b>                                  |      |                          |                          |
| Stock                                                  | 8    | 5,864                    | 6,200                    |
| Debtors amounts falling due within one year            | 9    | 94,608                   | 61,391                   |
| Debtors amounts falling due after more than one year   | 9    | 3,596                    | 8,913                    |
| Cash at bank and in hand                               |      | 9,827                    | 69                       |
| <b>Total current assets</b>                            |      | <b>113,895</b>           | <b>76,573</b>            |
| Creditors amounts falling due within one year          | 10   | (129,906)                | (124,001)                |
| <b>Net current liabilities</b>                         |      | <b>(16,011)</b>          | <b>(47,428)</b>          |
| <b>Total assets less current liabilities</b>           |      | <b>70,651</b>            | <b>45,906</b>            |
| Creditors amounts falling due after more than one year | 11   | (161)                    | (162)                    |
| Provisions for liabilities                             | 12   | -                        | (368)                    |
| <b>NET ASSETS</b>                                      |      | <b>70,490</b>            | <b>45,376</b>            |
| <b>Capital and reserves</b>                            |      |                          |                          |
| Share capital                                          | 13   | -                        | -                        |
| Share premium account                                  | 14   | 40,000                   | 40,000                   |
| Profit and loss account                                | 14   | 30,490                   | 5,376                    |
| <b>SHAREHOLDERS' FUNDS</b>                             | 15   | <b>70,490</b>            | <b>45,376</b>            |

The financial statements of Subsea 7 International Contracting Limited (formerly Acergy International Limited), Company registration number 03073521, were approved by the board of directors and authorised for issue on 20 December 2012

Signed on behalf of the Board of Directors



John Gordon  
Director

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **Notes to the financial statements for the 13 months ended 31 December 2011**

#### **1 Accounting policies**

The principal accounting policies are summarised below and have been applied consistently throughout the period and the preceding year

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice)

##### **Going concern**

As shown in the balance sheet, as at 31 December 2011 the Company had net current liabilities of \$16 million and net assets of \$70 million (2010 net current liabilities of \$47 million and net assets \$45 million)

The directors have provided details regarding the future of the Company within the Directors' Report. Having considered this information, and after having made enquiries, the directors of Subsea 7 International Contracting Limited (formerly Acergy International Limited), have a reasonable expectation that Subsea 7 International Contracting Limited (formerly Acergy International Limited) has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

##### **Cashflow statement**

The Company is exempt from the requirement of FRS 1 (revised) to include a cash flow statement as part of its financial statements on the basis that it is a subsidiary of Subsea 7 S A (formerly Acergy S A) which includes the Company in its own publicly available consolidated financial statements.

##### **Leases**

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

##### **Taxation**

Current tax, including UK corporation 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 timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

The Company joined the UK tonnage tax regime during the year ended 30 November 2005. A key feature of this regime is that the commercial profits from the ship operations qualifying as tonnage tax activities are adjusted by reference to a formula linked to the tonnage of the vessels, before being taxed at the UK statutory tax rate.

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **Notes to the financial statements (continued)** **for the 13 months ended 31 December 2011**

#### **1 Accounting policies (continued)**

##### **Tangible fixed assets**

Tangible fixed assets are shown at cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write-off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

|                         |                                      |
|-------------------------|--------------------------------------|
| Operating equipment     | 3 to 10 years                        |
| Surface support vessels | 6 to 15 years                        |
| Dry-docking costs       | over the period to the next dry-dock |

Assets under construction are not depreciated.

##### **Mobilisation expenditure**

Mobilisation expenditures which consist of expenditure incurred prior to the deployment of a vessel are classified as prepayments and expensed over the period of the lease charter.

##### **Stock**

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

##### **Long-term contracts**

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are discounted to present value where the time value of money is material.

##### **Foreign currency**

Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing at the date of transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at 31 December. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

##### **Derivative financial instruments**

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative trading purposes. For a forward foreign exchange contract to be treated as a hedge, the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the Company's operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account, or as adjustments to the carrying amount of fixed assets, only when the hedged transaction has itself been reflected in the Company's financial statements.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

Details of open derivative transactions at the period end, including their fair values, are shown within note 18.

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **Notes to the financial statements (continued)** **for the 13 months ended 31 December 2011**

#### **2 Turnover and segmental information**

The company has two classes of business being the provision of support shipping services to third parties and other Group undertakings, and the provision of engineering and subsea construction services to the offshore oil and gas industry. In the opinion of the directors, the disclosure of segmental information would be seriously prejudicial to the interests of the company and has therefore not been provided.

#### **3 Operating profit**

Operating profit is stated after charging / (crediting)

|                                                                                       | <b>31 Dec<br/>2011<br/>\$'000</b> | <b>30 Nov<br/>2010<br/>\$'000</b> |
|---------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Depreciation of tangible fixed assets (note 7)                                        | <b>7,785</b>                      | 7,545                             |
| Operating lease expenditure (vessel rental)                                           | -                                 | 36,482                            |
| Foreign exchange (gains)/losses                                                       | <b>(316)</b>                      | 1,673                             |
| Fees payable to the Company's auditors for the audit of the Company's annual accounts | <b>2</b>                          | 10                                |

There were no fees payable in respect of non-audit services (2010 Nil)

#### **4 Interest payable and similar charges**

|                                                | <b>31 Dec<br/>2011<br/>\$'000</b> | <b>30 Nov<br/>2010<br/>\$'000</b> |
|------------------------------------------------|-----------------------------------|-----------------------------------|
| Bank interest payable                          | -                                 | 4                                 |
| Interest on borrowings from group undertakings | <b>1,118</b>                      | (1,901)                           |
| Foreign exchange losses                        | <b>852</b>                        | 3,240                             |
|                                                | <b>1,970</b>                      | 1,343                             |

#### **5 Employees and staff costs**

The Company had no employees in the current period or prior year. The directors are employees of another Subsea 7 S A (formally Acergy S A) group company and they do not receive remuneration in respect of their services as directors of the Company.

Staff costs for the vessel workers are borne by another group undertaking and recharged to Subsea 7 International Contracting Limited (formally Acergy International Limited).

## Subsea 7 International Contracting Limited (formerly Acergy International Limited)

### Notes to the financial statements (continued) for the 13 months ended 31 December 2011

#### 6 Tax charge / (credit) on profit on ordinary activities

The tax charge / (credit) comprises

|                                                                   | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
|-------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Current tax</b>                                                |                          |                          |
| UK corporation tax charge                                         | 1,417                    | 6,167                    |
| UK prior year tax adjustment                                      | (1,301)                  | -                        |
| <b>Total current tax</b>                                          | <b>116</b>               | <b>6,167</b>             |
| <b>Deferred tax</b>                                               |                          |                          |
| Origination and reversal of timing differences                    | (768)                    | (337)                    |
| Impact of tax rate change                                         | 30                       | (14)                     |
| <b>Total deferred tax (see note 12)</b>                           | <b>(738)</b>             | <b>(351)</b>             |
| <b>Total tax (credit)/charge on profit on ordinary activities</b> | <b>(622)</b>             | <b>5,816</b>             |

The average standard rate of tax for the 13 months, based on the weighted average UK standard rate of corporation tax, is 26.61% (2010 28%). The actual tax charge for the current period and previous year is different from that resulting from the average rate for the reasons set out in the following reconciliation

|                                                                       | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
|-----------------------------------------------------------------------|--------------------------|--------------------------|
| Profit on ordinary activities before taxation                         | 24,492                   | 25,373                   |
| Profit on ordinary activities at the standard UK corporation tax rate | 6,517                    | 7,104                    |
| Effects of                                                            |                          |                          |
| Tonnage tax regime                                                    | (5,385)                  | (1,728)                  |
| Prior year adjustment                                                 | (1,301)                  | -                        |
| Permanent differences                                                 | 18                       | 644                      |
| Timing differences                                                    | 267                      | 147                      |
| <b>Current tax charge for the period/year</b>                         | <b>116</b>               | <b>6,167</b>             |

## Subsea 7 International Contracting Limited (formerly Acergy International Limited)

### Notes to the financial statements (continued) for the 13 months ended 31 December 2011

#### 7 Tangible fixed assets

The movement during the period was as follows

|                                 | Construction<br>in progress<br>\$'000 | Operating<br>equipment<br>\$'000 | Surface<br>support<br>vessels<br>\$'000 | Land &<br>buildings<br>\$'000 | Total<br>\$'000 |
|---------------------------------|---------------------------------------|----------------------------------|-----------------------------------------|-------------------------------|-----------------|
| <b>Cost</b>                     |                                       |                                  |                                         |                               |                 |
| At 1 December 2010              | 33                                    | 28,523                           | 97,015                                  | 41                            | 125,612         |
| Additions at cost               | 1,113                                 | -                                | -                                       | -                             | 1,113           |
| Transfers                       | (533)                                 | 533                              | -                                       | -                             | -               |
| <b>At 31 December 2011</b>      | <b>613</b>                            | <b>29,056</b>                    | <b>97,015</b>                           | <b>41</b>                     | <b>126,725</b>  |
| <b>Accumulated depreciation</b> |                                       |                                  |                                         |                               |                 |
| At 1 December 2010              | -                                     | 22,055                           | 10,183                                  | 40                            | 32,278          |
| Charge for the period           | -                                     | 1,459                            | 6,325                                   | 1                             | 7,785           |
| <b>At 31 December 2011</b>      | <b>-</b>                              | <b>23,514</b>                    | <b>16,508</b>                           | <b>41</b>                     | <b>40,063</b>   |
| <b>Net book value</b>           |                                       |                                  |                                         |                               |                 |
| <b>At 31 December 2011</b>      | <b>613</b>                            | <b>5,542</b>                     | <b>80,507</b>                           | <b>-</b>                      | <b>86,662</b>   |
| <b>At 30 November 2010</b>      | <b>33</b>                             | <b>6,468</b>                     | <b>86,832</b>                           | <b>1</b>                      | <b>93,334</b>   |

The above fixed assets are held largely for charter under operating leases

#### 8 Stock

|                             | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
|-----------------------------|--------------------------|--------------------------|
| Spare parts and consumables | 5,864                    | 6,200                    |

## Subsea 7 International Contracting Limited (formerly Acergy International Limited)

### Notes to the financial statements (continued) for the 13 months ended 31 December 2011

#### 9 Debtors

|                                                      | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
|------------------------------------------------------|--------------------------|--------------------------|
| <b>Amounts falling due within one year</b>           |                          |                          |
| Trade debtors                                        | 58,979                   | 14,577                   |
| Prepayments and accrued income                       | 6,448                    | 6,265                    |
| Deferred tax asset (note 12)                         | 370                      | -                        |
| Amounts owed by group undertakings                   | 28,811                   | 40,549                   |
|                                                      | <b>94,608</b>            | <b>61,391</b>            |
|                                                      |                          |                          |
|                                                      | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
| <b>Amounts falling due after more than one year:</b> |                          |                          |
| Prepayments                                          | 3,596                    | 8,913                    |
|                                                      | <b>3,596</b>             | <b>8,913</b>             |

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

|                                    | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
|------------------------------------|--------------------------|--------------------------|
| Trade creditors                    | 1,896                    | 584                      |
| Corporation tax                    | 1,407                    | 6,308                    |
| Accruals and deferred income       | 14,181                   | 4,347                    |
| Amounts owed to group undertakings | 112,422                  | 112,762                  |
|                                    | <b>129,906</b>           | <b>124,001</b>           |

The amounts owed to group undertakings have no specific repayment terms. They bear interest at commercial rates, with the exception of balances due to Subsea 7 M S Limited (formally Acergy M S Limited) under an agency agreement relating to the Mexilhao project which is interest free.

#### 11 Creditors: amounts falling due after more than one year

|                | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
|----------------|--------------------------|--------------------------|
| Deferred bonus | 161                      | 162                      |

## Subsea 7 International Contracting Limited (formerly Acergy International Limited)

### Notes to the financial statements (continued) for the 13 months ended 31 December 2011

#### 12 Deferred tax

|                                                        | Deferred tax<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------------------|------------------------|-----------------|
| At 1 December 2010                                     | 368                    | 368             |
| Credited to profit and loss account (note 6)           | (768)                  | (768)           |
| Adjustment to deferred tax due to rate effect (note 6) | 30                     | 30              |
| <b>At 31 December 2011</b>                             | <b>(370)</b>           | <b>(370)</b>    |

Deferred tax is provided as follows

|                                | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
|--------------------------------|--------------------------|--------------------------|
| Accelerated capital allowances | (370)                    | 368                      |

During the period the 2011 Finance Bill was enacted which would reduce the UK Corporation Tax rate from 26% to 25% from 1 April 2012. As such, deferred tax balances have been recognised at this rate.

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

#### 13 Called up share capital

|                                  | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
|----------------------------------|--------------------------|--------------------------|
| <b>Authorised</b>                |                          |                          |
| 1,000 ordinary shares of £1 each | 1,000                    | 1,000                    |

|                                           | 31 Dec<br>2011<br>\$'000 | 30 Nov<br>2010<br>\$'000 |
|-------------------------------------------|--------------------------|--------------------------|
| <b>Called up, allotted and fully paid</b> |                          |                          |
| 40 ordinary shares of £1 each             | 69                       | 69                       |

#### 14 Reserves

|                                 | Share<br>premium<br>account<br>\$'000 | Profit and<br>loss account<br>\$'000 |
|---------------------------------|---------------------------------------|--------------------------------------|
| At 1 December 2010              | 40,000                                | 5,376                                |
| Profit for the financial period | -                                     | 25,114                               |
| <b>At 31 December 2011</b>      | <b>40,000</b>                         | <b>30,490</b>                        |

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **Notes to the financial statements (continued) for the 13 months ended 31 December 2011**

#### **15 Reconciliation of movements in shareholders' funds.**

|                                      | <b>31 Dec<br/>2011<br/>\$'000</b> | <b>30 Nov<br/>2010<br/>\$'000</b> |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Profit for the financial period/year | <b>25,114</b>                     | 19,557                            |
| Net movement in shareholders' funds  | <b>25,114</b>                     | 19,557                            |
| Opening shareholders' funds          | <b>45,376</b>                     | 25,819                            |
| Closing shareholders' funds          | <b>70,490</b>                     | 45,376                            |

#### **16 Related party transactions**

The Company is exempt under the requirements of FRS 8 to include details of transactions with related parties who are fellow group undertakings. There were no other related party transactions in the current period or preceding year.

#### **17 Financial commitments**

The Company has no operating lease commitments in respect of bare boat charters. Annual commitments under non-cancellable operating leases are as follows:

|                              | <b>31 Dec<br/>2011<br/>\$'000</b> | <b>30 Nov<br/>2010<br/>\$'000</b> |
|------------------------------|-----------------------------------|-----------------------------------|
| Expiry date                  |                                   |                                   |
| - within one year            | -                                 | 5,001                             |
| - between two and five years | -                                 | 31,426                            |
|                              | -                                 | 36,427                            |

#### **18 Derivatives not included at fair value**

At 31 December 2011 there were no open derivatives. At 30 November 2010 there were open derivatives with a fair value not included in the financial statements amounting to an asset with fair value of \$0.7 million. This related to the forward purchases of 10.4 million Brazilian reals.

#### **19 Post balance sheet events**

On 16 July 2012, the Company's sole shareholder, Subsea 7 Holdings (UK) Limited distributed a dividend in kind of the entire issued share capital of the Company to Subsea 7 Senior Holdings (UK) Limited at its book value amount of £16,396,347.

## **Subsea 7 International Contracting Limited (formerly Acergy International Limited)**

### **20 Ultimate parent company**

The Company's immediate parent undertaking is Subsea 7 Senior Holdings Limited, a company incorporated in the United Kingdom. This changed from Subsea 7 Holdings (UK) Limited on 16 July 2012. Subsea 7 S A (formerly Acergy S A ) is the ultimate parent Company and controlling entity and is the smallest and largest group in which the results of the company are consolidated. The consolidated financial statements of Subsea 7 S A (formerly Acergy S A ) a company registered in Luxembourg, may be obtained from

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