Company Registration No. SC273793

SERIMAX ANGOLA LIMITED

Annual report and financial statements

For the period ended 31 December 2011

SERIMAX ANGOLA LIMITED

Annual report and financial statements 2011

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Annual report and financial statements 2011

Officers and professional advisers

Director

F Castrec

Secretary

Burness Paull & Williamsons LLP

Registered office

16 Airfield Road
Evanton
Ross-shire
IV16 9XJ

Bankers

The Royal Bank of Scotland plc
1 Albyn Place
Aberdeen
AB10 1BR

Solicitors

Burness Paull & Williamsons LLP
Union Plaza
1 Union Wynd
Aberdeen
AB10 1DQ

Independent Auditor

Deloitte LLP
Aberdeen
United Kingdom

SERIMAX ANGOLA LIMITED

Director's report

The director presents his annual report and the audited financial statements for the period ended 31 December 2011.

On 19 December 2011 the accounting reference date was extended from 30 November to 31 December. Accordingly these financial statements cover the 13 months ended 31 December 2011.

Results and dividends

The loss for the period, after taxation, was £815,802 (2010: profit £571,612).

The director does not recommend the payment of a dividend in respect of the period ended 31 December 2011 (2010: £nil).

Principal activities and business review

The principal activity of the company is to undertake contract pipeline fabrication in Angola. The entity is part of the Vallourec S.A. Group ("the Group"), which is an international full service welding provider, in both onshore and offshore environments. The company's existing contracts were completed in 2011 and management are seeking new business opportunities. The company will be non trading until such opportunities arise.

The Group's operations are managed on a divisional and regional basis. For this reason, key performance indicators for the company are not identified and presented.

Going concern

At 31 December 2011 the company has net liabilities of £166,385. Management are seeking new business opportunities for the company, and until these are secured the company will not have traded. Accordingly the director has prepared these financial statements on a basis other than that of a going concern (see note 2 to the financial statements).

Financial risk management objectives and policies

The company's prior activities expose it to a number of risks including cash flow risk, credit risk, liquidity risk and interest risk.

Cash flow risk

The company's activities expose it primarily to the cash flow risk of changes in foreign currency exchange rates. This is managed by the ultimate parent company holding accounts in sterling, US Dollars and Euros, the three main currencies involved in the business. The company does not use derivative financial instruments.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables arising from contract activities. The amounts presented in the balance sheet are net of allowances for doubtful receivables. Where there is a significant concentration of credit risk due to a high percentage of our work being with one customer, we have a long standing working relationship with the customer and are assured of its financial security.

The credit risk on liquid funds is limited because the counterparties are internationally recognised banks.

Liquidity risk

The company ensures that sufficient funds are available for ongoing operations through group arrangements.

Director's report (continued)

Financial risk management objectives and policies (continued)

Interest risk

The company's financial liabilities include amounts due to other group undertakings which bear a market rate of interest. Interest rate risk is managed at Group level.

Director

The present membership of the board is set out on page 1. The directors who served during the period and to the date of this report were as follows:

F Castrec (appointed 31 October 2011)
D Williams (resigned 31 October 2011)

Auditor

The director, at the date of approval of this report, confirms that:

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

The 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 be re-appointed for another term and appropriate arrangements are being put in place for them to be deemed re-appointed as auditor in the absence of an Annual General Meeting.

Approved by the Director

Fred Castrec

F Castrec
Director
20th February 2013

SERIMAX ANGOLA LIMITED

Director's responsibilities statement

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial period. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 SERIMAX ANGOLA LIMITED

We have audited the financial statements of Serimax Angola Limited for the period ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. 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 director and auditor

As explained more fully in the Director's Responsibilities Statement, the director is 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 director; 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 loss 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.

Emphasis of matter – Financial statements prepared other than going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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.

Graeme Sheils CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom
21 February 2013

SERIMAX ANGOLA LIMITED

Profit and loss account
Period ended 31 December 2011

	Notes	13 months to 31 December 2011 £	Year ended 30 November 2010 £
Turnover	3	1,951,415	15,132,380
Cost of sales		(1,429,913)	(13,058,908)
Gross profit		521,502	2,073,472
Administrative expenses		(343,295)	(1,083,427)
Operating profit: continuing operations	4	178,207	990,045
Interest receivable and similar income	5	5,315	2,864
Interest payable and similar charges	6	(41,802)	(35,837)
Profit on ordinary activities before taxation		141,720	957,072
Tax on profit on ordinary activities	8	(957,522)	(385,460)
(Loss)/profit for the financial period/year	14	(815,802)	571,612

All of the results for the current period and prior year arise from continuing activities. There are no recognised gains or losses other than as included in the profit and loss account for the current period and preceding year. Accordingly, no statement of total recognised gains and losses is presented.

SERIMAX ANGOLA LIMITED

Balance sheet
At 31 December 2011

	Notes	At 31 December 2011 £	At 30 November 2010 £
Fixed assets			
Tangible assets	9	-	10,492
Current assets			
Stock	10	-	339,768
Debtors	11	9,783,609	10,380,778
Cash at bank and in hand		11,895	48,283
		9,795,504	10,768,829
Creditors: amounts falling due within one year	12	(9,961,889)	(10,129,904)
Net current (liabilities)/assets		(166,385)	638,925
Total assets less current liabilities		(166,385)	649,417
Net (liabilities)/assets		(166,385)	649,417
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	(166,386)	649,416
Shareholders' (deficit)/funds	15	(166,385)	649,417

These financial statements of Serimax Angola Limited, company number SC273793, were approved and authorised for issue on 20th February 2013.

F Castrec

Director

SERIMAX ANGOLA LIMITED

Notes to the financial statements
Period ended 31 December 2011

1. **Accounting policies**

The principal accounting policies adopted are described below and have been applied consistently throughout the current period and preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards. The company is incorporated and domiciled in the UK. The financial statements are presented in Sterling and all values rounded to the nearest pound.

Comparative figures

On 19 December 2011 the director changed the company's accounting reference date to 31 December, to align the year end with thier ultimate parent company, Vallourec S.A. As a result, these financial statements include the company's results for the 13 months ended 31 December 2011. Comparative figures are for the 12 months ended 30 November 2010, as previously reported.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes consolidated financial statements (note 17).

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value of acquisition of each asset over its expected useful life, as follows:

Plant & machinery - 14% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

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 substantially 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 balances are not discounted.

Notes to the financial statements (continued)
Period ended 31 December 2011

1. **Accounting policies (continued)**

Foreign currencies

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

Short term contracts

The company's principal activities are ordinarily delivered through short term contracts that by their nature are not expected to extend over multiple accounting periods in their duration. Revenue is recognised by reference to measured milestone completion of contract deliverables. Profit is recognised as deliverables are completed except to the extent where the costs required to complete the contract exceed the value of the overall contract revenues. In these circumstances full provision is made for such excess arising.

2. **Going concern**

As discussed in the Directors' Report the company's existing contracts were completed in 2011 and new business opportunities are being sought. At 31 December 2011 the company has net liabilities of £166,385. Accordingly, the director has prepared these financial statements on a basis other than that of a going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

3. **Turnover**

Turnover, which is stated net of sales tax, represents the value of services provided to third parties and is attributable to the principal activities of the company. All of the turnover arose from operations in Africa.

4. **Operating (loss)/profit**

Operating (loss)/profit is stated after charging/(crediting):

	13 months to 31 December 2011 £	Year ended 30 November 2010 £
Depreciation	10,492	-
Foreign exchange gain	(13,759)	(256,290)
Equipment rentals from group companies	52,421	257,849
Provision for losses on contracts	-	400,391

In the prior year a loss of £400,391 was recognised, representing the best estimate of foreseeable losses on a project.

Auditor's remuneration in the current period and preceding year has been borne by a fellow group company. In the opinion of the director £5,000 (2010: £5,000) of the total fee related to the company.

Notes to the financial statements (continued)
Period ended 31 December 2011

5. Interest receivable and similar income

	13 months to 31 December 2011 £	Year ended 30 November 2010 £
Interest receivable from group companies	5,315	2,864

6. Interest payable and similar charges

	13 months to 31 December 2011 £	Year ended 30 November 2010 £
Interest payable to group companies	41,802	35,837

7. Information regarding director and employees

The directors received remuneration from Serimax Holdings SAS in the current period and prior year, details of which are disclosed in its reports and accounts. It is not considered practicable to allocate this between services provided to that company and services provided in their capacity as directors to Serimax Angola Limited.

The company had no employees during the current period and prior year. However, employees of a fellow group company were utilised and all associated costs were recharged accordingly. Recharged wages and social security costs amounted to £8,985 (2010: £66,748).

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Notes to the financial statements (continued)
Period ended 31 December 2011

8. **Taxation on profit on ordinary activities**

The tax charge is made up as follows:

	13 months to 31 December 2011 £	Year ended 30 November 2010 £
Current tax:		
Foreign Tax	957,522	385,460
Total current tax	957,522	385,460
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax on loss on ordinary activities	957,522	385,460

The main rate of corporation tax was reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011 and is therefore taken into account in these financial statements.

In addition, a further reduction was announced in the 2012 Budget Statement to reduce the main rate to 24% from 1 April 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 21% by 1 April 2014. Beyond the reduction to 25%, the changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements. The impact of these changes on the deferred tax balances is not expected to be material.

The foreign tax charge represents taxes suffered which the company no longer believes are recoverable in the forseeable future.

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows.

	13 months to 31 December 2011 £	Year ended 30 November 2010 £
Profit on ordinary activities before taxation	141,720	957,072
Tax at 26% (2010: 28%) thereon	36,847	267,980
Effects of:		
Capital allowances in excess of depreciation	2,791	(3,786)
Utilisation of tax losses	(10,493)	(156,264)
Generation of tax losses	225,662	-
Foreign tax	702,715	277,530
Total current tax	957,522	385,460

A deferred tax asset amounting to £628, 063 (2010: £475,124) has not been recognised as recovery is considered uncertain in the foreseeable future.

Notes to the financial statements (continued)
Period ended 31 December 2011

9. Tangible fixed assets

	Plant & machinery £
Cost	
At 1 December 2010 and 31 December 2011	195,484
Depreciation	
At 1 December 2010	184,992
Charge for the period	10,492
At 31 December 2011	195,484
Net book value	
At 31 December 2011	-
At 30 November 2010	10,492

10. Stock

	At 31 December 2011 £	At 30 November 2010 £
Consumables	-	339,768

11. Debtors

	At 31 December 2011 £	At 30 November 2010 £
Amounts falling due within one year:		
Trade debtors	412,163	2,480,578
Amounts due from group companies	5,517,778	2,257,585
Other debtors	3,282,248	791,388
Prepayments and accrued income	571,420	4,851,227
	9,783,609	10,380,778

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Notes to the financial statements (continued)
Period ended 31 December 2011

12. Creditors: amounts falling due within one year

	At 31 December 2011 £	At 30 November 2010 £
Trade creditors	3,771	-
Amounts due to group companies	6,675,870	9,681,189
Accruals and deferred income	-	94,896
Other creditors	3,282,248	353,819
	9,961,889	10,129,904

13. Called up share capital

	At 31 December 2011 £	At 30 November 2010 £
Called up, allotted and fully paid:		
1 ordinary share of £1	1	1

14. Profit and loss account

	£
At 1 December 2010	649,416
Loss for the financial period	(815,802)
At 31 December 2011	(166,386)

15. Reconciliation of movement in shareholder's (deficit)/funds

	At 31 December 2011 £	At 30 November 2010 £
(Loss)/profit for the financial period/year	(815,802)	571,612
Opening shareholder's funds	649,417	77,805
Closing shareholder's (deficit)/funds	(166,385)	649,417

16. Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties who are fellow group undertakings.

Notes to the financial statements (continued)
Period ended 31 December 2011

17. Immediate and ultimate parent company

The company's immediate parent undertaking is Serimax Limited, a company registered in Scotland.

The smallest group in which the results of the group are consolidated is that headed by Serimax Holdings SAS, a company registered in France.

The largest group in which the results of the company are consolidated is that headed by the ultimate parent company, Vallourec S.A. a company registered in France, and whose share capital is listed on NYSE Euronext.

Copies of the group accounts are available from:

Vallourec S.A., 27, Avenue du Général Leclerc, 92100 Boulogne, Billancourt, France.