

Company Registration No. 01442908 (England and Wales)

OIL STATES MCS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

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OIL STATES MCS LIMITED

COMPANY INFORMATION

Directors	S Moses G Stephen
Secretaries	T D Lucas M A Waite
Company number	01442908
Registered office	Bouthwood Road Sowerby Woods Barrow-in-Furness Cumbria England LA14 4HB
Auditors	Ernst & Young LLP, Statutory Auditor Blenheim House Fountainhall Road Aberdeen AB15 4DT
Bankers	Barclays Bank Plc Union Plaza 1 Union Wynd Aberdeen AB10 1SL

OIL STATES MCS LIMITED

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OIL STATES MCS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present the strategic report and financial statements for the year ended 31 December 2014.

Review of the business

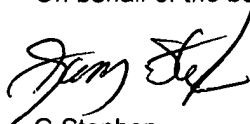
The principle activities during the prior year was the repair to offshore platform seawater and firewater pump caissons.

On 1 January 2014 the business and assets of Oil States MCS Limited were hived up to become a trading division of Oil States Industries (UK) Limited and will be known as Oil States Barrow. This is in line with our strategy to simplify the structure and operation of the group companies in the UK. The company did not trade for the rest of the year.

The company's key financial and other performance indicators during the year were:

	2014	2013	Change
	£000	£000	%
Turnover	-	15,023	(100)
Operating profit	-	3,413	(100)
Profit after tax	-	2,669	(100)
Shareholders' funds	<u>12,236</u>	<u>12,236</u>	0
Current assets as percentage of current liabilities	-	467%	(100)
Average number of employees	-	53	(100)

On behalf of the board



G Stephen

Director

11 December 2015

OIL STATES MCS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The results for the year are set out on page 6.

Going Concern

As of 1 January 2014 the company became non-trading as a result of the hive up of the business and assets to its parent company Oil States Industries (UK) Limited.

The directors have reasonable expectations to continue the going concern basis in preparing the annual report and accounts.

Directors

The following directors have held office since 1 January 2014:

S Moses

C Moses

(Resigned 1 July 2015)

G Stephen

Auditors

In accordance with the company's articles, a resolution proposing that Ernst & Young LLP, Statutory Auditor be reappointed as auditors of the company will be put at a General Meeting.

On behalf of the board



G Stephen

Director

11 December 2015

OIL STATES MCS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom 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 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;
- 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



G Stephen
Director

11 December 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OIL STATES MCS LIMITED

We have audited the financial statements of Oil States MCS Limited for the year ended 31 December 2014 which comprise the Profit and Loss, the Balance Sheet, and the related notes 1 to 19. 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 auditors' 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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF OIL STATES MCS 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.

Ernst & Young LLP

Moirra Ann Lawrence (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Aberdeen

11 DECEMBER 2015

OIL STATES MCS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £'000	2013 £'000
Turnover	2	-	15,023
Cost of sales		-	(10,578)
Gross profit		-	4,445
Distribution costs		-	(172)
Administrative expenses		-	(860)
Operating profit	6	-	3,413
Other interest receivable and similar income	3	-	20
Interest payable and similar charges	4	-	(1)
Profit on ordinary activities before taxation		-	3,432
Tax on profit on ordinary activities	5	-	(763)
Profit for the year	13	-	2,669

There are no recognised gains and losses other than those passing through the profit and loss account.

OIL STATES MCS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	7	-	2,882
Current assets			
Stocks	8	-	176
Debtors	9	12,236	8,617
Cash at bank and in hand		-	2,629
		<u>12,236</u>	<u>11,422</u>
Creditors: amounts falling due within one year	10	-	(1,960)
Net current assets		<u>12,236</u>	<u>9,462</u>
Total assets less current liabilities		<u>12,236</u>	<u>12,344</u>
Provisions for liabilities	11	-	(108)
		<u>12,236</u>	<u>12,236</u>
Capital and reserves			
Called up share capital	17	200	200
Share premium account	13	637	637
Other reserves	13	1,920	1,920
Profit and loss account	13	9,479	9,479
Shareholders' funds	14	<u>12,236</u>	<u>12,236</u>

Approved by the Board and authorised for issue on 11 December 2015



G Stephen
Director

Company Registration No. 01442908

OIL STATES MCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	25 years
Plant and machinery	3 to 10 years
Motor vehicles	4 years

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.8 Pensions

The company provides pensions to its employees through a group personal pension plan. The amount charged to the profit and loss account is the contributions payable in the year. Any difference between contributions payable in the year and the amounts paid to the pension scheme is shown as either accruals or prepayments.

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

OIL STATES MCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (Continued)

1.10 Foreign currency translation

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

2 Turnover

Geographical market

	2014 £'000	2013 £'000
United Kingdom	-	4,361
Europe	-	1,953
Rest of the world	-	8,709
	<u>-</u>	<u>15,023</u>

3 Other interest receivable and similar income

	2014 £'000	2013 £'000
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Bank interest	-	11
Other interest	-	9
	<u>-</u>	<u>20</u>

4 Interest payable and similar charges

	2014 £'000	2013 £'000
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Other interest	-	1
	<u>-</u>	<u>1</u>

OIL STATES MCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

5	Taxation	2014 £'000	2013 £'000
	Domestic current year tax		
	U.K. corporation tax	-	852
	Adjustment for prior years	-	(34)
	Total current tax	-	818
	Deferred tax		
	Origination and reversal of timing differences	-	(55)
		-	763
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	-	3,432
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.49% (2013 - 23.25%)	-	798
	Effects of:		
	Non deductible expenses	-	15
	Capital allowances	-	32
	Tax losses utilised	-	6
	Adjustments to previous periods	-	(34)
	Other tax adjustments	-	1
		-	20
	Current tax charge for the year	-	818
6	Operating profit	2014 £'000	2013 £'000
	Operating profit is stated after charging:		
	Depreciation of tangible assets	-	642
	Loss on foreign exchange transactions	-	18
	Research and development	-	20
	Operating lease rentals		
	- Plant and machinery	-	13
	- land and buildings	-	60
	Fees payable to the company's auditor for the audit of the company's annual accounts in the current year amounted to £20,000 which has been paid for by the parent company	-	16

OIL STATES MCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

7 Tangible assets

	Land and buildings Freehold	Plant and machinery	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2014	901	10,031	13	10,945
Transfer	(901)	(10,031)	(13)	(10,945)
At 31 December 2014	-	-	-	-
Depreciation				
At 1 January 2014	691	7,359	13	8,063
Transfer	(691)	(7,359)	(13)	(8,063)
At 31 December 2014	-	-	-	-
Net book value				
At 31 December 2014	-	-	-	-
At 31 December 2013	210	2,672	-	2,882

8	Stocks	2014 £'000	2013 £'000
	Work in progress	-	176
9	Debtors	2014 £'000	2013 £'000
	Trade debtors	-	6,296
	Amounts owed by subsidiary undertakings	12,236	2,262
	Prepayments and accrued income	-	59
		12,236	8,617

OIL STATES MCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

10	Creditors: amounts falling due within one year	2014 £'000	2013 £'000
	Trade creditors	-	325
	Amounts owed to parent and fellow subsidiary undertakings	-	453
	Corporation tax	-	351
	Other taxes and social security costs	-	494
	Other creditors	-	25
	Accruals and deferred income	-	312
		<u>-</u>	<u>1,960</u>

11	Provisions for liabilities	Deferred tax liability £'000
	Balance at 1 January 2014	108
	Transfer	(108)
	Balance at 31 December 2014	<u>-</u>

Deferred tax is provided as follows:

	2014 £'000	2013 £'000
Other timing differences	-	(9)
Tax losses available	-	117
	<u>-</u>	<u>108</u>

12	Retirement Benefits	2014 £'000	2013 £'000
	Contributions payable to the fund at the year end and included in creditors	-	(42)

OIL STATES MCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

13 Statement of movements on reserves

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000
Balance at 1 January 2014	637	1,920	9,479
Balance at 31 December 2014	637	1,920	9,479

14 Reconciliation of movements in Shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	-	2,669
Opening Shareholders' funds	12,236	9,567
Closing Shareholders' funds	12,236	12,236

15 Contingent liabilities

The company's bankers have given guarantees in favour of certain customers for £Nil (2013 £204,000).

OIL STATES MCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Administration	-	11
Production and manufacturing	-	40
Sales and marketing	-	2
	<u>-</u>	<u>53</u>

Employment costs

	2014 £'000	2013 £'000
Wages and salaries	-	2,320
Social security costs	-	292
Other pension costs	-	91
	<u>-</u>	<u>2,703</u>

17 Share capital

	2014 £'000	2013 £'000
Authorised, allotted, called up and fully paid		
200,000 Ordinary Shares of £1 each	200	200
	<u>200</u>	<u>200</u>

18 Control

The company's immediate parent undertaking is Oil States Industries (UK) Limited.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Oil States International, Inc., which is incorporated in United States of America. Copies of its group financial statements, which include the company, are available from 333 Clay Street, Suite 3460, Houston, TX 77002, USA.

OIL STATES MCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

19 Related party relationships and transactions

Under Financial Reporting Standard No. 8 the company is exempt from the requirement to disclose related party transactions with other wholly owned members of the Oil States Industries, Inc. group. There are no other related party transactions which would not be within FRS No 8 exemption.