Company Registration No. SC107956

MONO GROUP

(an unlimited company)

Report and Financial Statements

31 December 2008

REPORT AND FINANCIAL STATEMENTS 2008

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REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Naylon
S G Valentine
T D Boyle

SECRETARY

K J Leighton

REGISTERED OFFICE

c/o National Oilwell Varco
Badentoy Crescent
Badentoy Park Industrial Estate
Portlethen
Aberdeen
AB12 4YD

SOLICITORS

Hammonds Suddards Edge
Trinity Court
16 John Dalton Street
Manchester M60 8HS

INDEPENDENT AUDITORS

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the audited financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company is the parent company for a group involved in the manufacture and sale of pumping and waste water treatment equipment to the oilfield, chemical, mining, food, paper, waste water and other general industry markets.

The principal activities of its subsidiary companies, which are not consolidated in the financial statements, are the manufacture and sale of pumping and waste water treatment equipment in Australasia.

The directors consider the results for the year to be satisfactory. They continue to look for appropriate business opportunities and are confident for the future prospects of the company.

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

	2008	2007	Change
	£000	£000	%
Profit for the financial year	431	463	(7.0)
Shareholders' funds	25,743	25,312	1.7
Investments	15,183	15,183	-

Principal risks and uncertainties

The risks and uncertainties the company faces are the same as those of its subsidiary, Mono Pumps Limited. These are stated below.

Market risks

The sale of waste water equipment is largely driven by the winning of periodic competitive tenders. Renewal of these agreements is uncertain and largely based on financial and performance criteria.

The demand for pumps and associated spares is partly influenced by macroeconomic factors, which the company cannot influence.

The sales of oilfield equipment correlate strongly with the price of oil and drilling activity which is outside the company's control.

Other risks and uncertainties

In common with many other manufacturing companies, the increase in the cost of raw material, particularly steel, is putting margins under pressure.

Most oilfield sales are denominated in US dollars and so the continued weakness of the currency is reducing margins when those sales are translated into pounds sterling.

FUTURE DEVELOPMENTS

The directors consider the future prospects of the company to be satisfactory.

RESULTS AND DIVIDENDS

The company reported a profit on ordinary activities after taxation of £431,000 (2007: £463,000). The directors have not proposed payment of a dividend (2007: nil) and the retained profit for the year will be transferred to reserves.

DIRECTORS' REPORT

DIRECTORS

The following served as directors during the year:

P Naylon
S G Valentine
T D Boyle

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

In accordance with s.385 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for re-appointment of Ernst & Young LLP as auditors of the company

On behalf of the Board

Director

31 July 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 proper accounting records that 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 1985. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MONO GROUP

We have audited the financial statements of Mono Group for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst + Young LLP

Ernst & Young LLP

Registered auditor

Manchester

4 August 2009

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Administrative expenses		-	-
Operating loss: continuing operations	3	-	-
Interest receivable and similar income	4	603	661
Profit on ordinary activities before taxation		603	661
Tax on profit on ordinary activities	5	(172)	(198)
Profit for the financial year	10	431	463

All activity is from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There have been no recognised gains or losses other than as included in the profit and loss account for the current and preceding financial year. Accordingly, no Statement of Total Recognised Gains and Losses is presented.

BALANCE SHEET
as at 31 December 2008

	Notes	2008 £'000	2007 £'000
FIXED ASSETS			
Investments	6	15,183	15,183
CURRENT ASSETS			
Debtors	7	10,930	10,489
Creditors:Amounts falling due within one year	8	(370)	(360)
NET CURRENT ASSETS		10,560	10,129
NET ASSETS		25,743	25,312
CAPITAL AND RESERVES			
Called up share capital	9	14,009	14,009
Share premium account	10	5,377	5,377
Profit and loss account	10	6,357	5,926
SHAREHOLDERS' FUNDS	11	25,743	25,312

These financial statements were approved by the Board of Directors on 31 JULY 2009

Signed on behalf of the Board of Directors

SClet

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

1. **Accounting polices**

The financial statements were approved for issue by the Board of Directors on 31 July 2009.

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below; they have been applied consistently throughout the current and preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The Company and all of its subsidiary undertakings are included in consolidated accounts for a larger group drawn up to the same date in the same financial year and those accounts are drawn up in accordance with the provisions of the Seventh Directive (83/349/EEC) or in a manner equivalent to consolidated accounts and consolidated annual reports so drawn up. Accordingly the company, in accordance with the exemption in S228(A) of the Companies Act, has not prepared consolidated financial statements. The financial statements therefore present information about the company as an individual undertaking and not as a group.

Cash flow

The company has taken advantage of exemptions within Financial Reporting Standard 1 (Revised 1996) and has not prepared a cash flow statement on the grounds that the group is a wholly owned subsidiary of a parent undertaking which produces publicly available consolidated financial statements.

Investments

Investments are included in the balance sheet at cost less provision for any impairment in value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rate and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax has not been provided on timing differences arising from the revaluation of fixed assets, where there is no commitment to sell the asset.

Interest Receivable

Revenue is recognised as interest accrues using the effective interest method.

2 **Information regarding directors and employees**

Directors have received remuneration from other group companies and it is not considered practical to separately identify the remuneration for the services to the company.

3 **Operating loss**

The audit fee is borne by a fellow group company at an estimated cost of £3,000 (2007: £3,000).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

4 Interest receivable and similar income

	2008 £'000	2007 £'000
Interest receivable from subsidiary undertakings	603	661

5 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
UK corporation tax		
Current tax on income for the year	172	198

Factors affecting the tax charge for the current period:

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28.5%, (2007: 30%).The actual tax charge for the current year and prior year differs from the standard rate for the reasons set out in the following reconciliation:

	2008 £'000	2007 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	603	661
Tax on profit on ordinary activities at standard UK corporation tax rate at 28.5% (2007: 30%)	172	198
Effects of:		
Non-deducible expenses	-	-
Total current tax charge (see above)	172	198

Factors affecting future tax charges

UK Corporation tax is calculated at 28.5% (2007: 30%) of the estimated assessable profit for the year. A reduction in the UK tax rate from 30% to 28% has applied from 1 April 2008. This impacts the current tax charge for the year to 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

6. INVESTMENTS HELD AS FIXED ASSETS

The following are included in the net book value of fixed asset investments:

	Shares in subsidiary undertakings £'000
Cost and net book value	
At 1 January 2008 and 31 December 2008:	
Mono Pumps Limited	15,183

The subsidiary undertakings of the company at 31 December 2008 were:

Subsidiary Undertakings	Country of Registration	Nature of Business	Proportion of shares held
Mono Pumps Limited	Great Britain	Manufacture and sale of pumping and waste water treatment equipment	100 %
Mono Pumps (Australia) Pty Limited*	Australia	Manufacture and sale of pumping and waste water treatment equipment	100 %
Mono Pumps (New Zealand) Limited*	New Zealand	Manufacture and sale of pumping and waste water treatment equipment	100 %
Mono Pumps (Manufacturing) Limited*	Great Britain	Dormant	100 %
Mono Group Pension Trustee Limited	Great Britain	Dormant	100 %

*held indirectly via subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

7. DEBTORS

	2008 £'000	2007 £'000
Amounts due from group undertakings	10,930	10,489

The amounts due from group undertakings have not set repayments dates.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Corporation tax	370	360

9. SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised		
14,010,000 ordinary shares of £1 each	14,010	14,010
Issued, allotted, called-up and fully paid		
14,009,196 ordinary shares of £1 each	14,009	14,009

10. RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 January 2008	5,377	5,926
Retained profit for the financial year	-	431
At 31 December 2008	5,377	6,357

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
Retained profit for the financial year	431	463
Opening shareholders' funds	25,312	24,849
Closing shareholders' funds	25,743	25,312

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of paragraph 3(c) of FRS 8 (Related Party Disclosures) which allows exemption from disclosure of related party transactions with group companies. There were no other related party transactions.

13. PARENT AND ULTIMATE HOLDING COMPANY

The smallest and largest group in which the results of this company are consolidated is that headed by the ultimate company, National Oilwell Varco Inc., which is the company's immediate parent and is incorporated in the United States of America. Copies of the group financial statements, which include the results of the company, are available from National Oilwell Varco Inc. Houston, Texas, USA.