

Company Registration No. 08592390

Rowan (UK) Resolute Limited

Annual Report and Financial Statements

For the year ended 31 December 2016

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Rowan (UK) Resolute Limited

Annual report and financial statements 2016

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Rowan (UK) Resolute Limited

Statutory information

Directors

Dennis S. Baldwin
Ross W. Gallup
Theodore D. Gobillot

Company Secretary

Mark F. Mai	(Appointed 18 May 2017)
Geji T. Loether	(Appointed 1 May 2017; resigned 17 May 2017)
Melanie M. Trent	(Resigned 30 April 2017)

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London EC4A 3BZ
United Kingdom

Principal Bankers

Wells Fargo Bank, N.A.
1000 Louisiana Street
Houston, TX 77002
United States of America

Registered Office

Cannon Place
78 Cannon Street
London EC4N 6AF
United Kingdom

Rowan (UK) Resolute Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Principal activity

Rowan (UK) Resolute Limited (referred to as "the company") is a limited company incorporated on 1 July 2013 under the laws of the United Kingdom. Since September 1, 2015 Rowan Resolute has been subcontracted to Atlantic Maritime Service LLC, a related party. The company continues to provide support service such as invoicing the customer and charges a management fee of \$2,500 per month to Atlantic Maritime Service LLC.

Financial risk management policies and objectives

The company holds financial assets which relates primarily to trade receivables and cash. These financial assets are subject to various risks such as credit risk, liquidity risk and cash flow risk. Given the receivables is with one of the world's largest publicly traded oil and gas companies, Anadarko, the directors deem credit risk to be low as the related counterparties of the company have no history of default and management does not expect any losses from non-performance of these counterparties. The financial risks applicable to the external financial assets and the central management of those risks have been disclosed within the group financial statements for Rowan Companies plc. See Note 14 for information on obtaining copies of group financial statements.

On June 23, 2016, the U.K. voted to exit from the E.U. (commonly referred to as "Brexit"). The terms of Brexit and the resulting U.K./E.U. relationship are uncertain for companies doing business both in the U.K. and the overall global economy. Risks related to Brexit that we may encounter include:

- adverse impact on macroeconomic growth and oil and gas demand resulting from the strength of the U.S. dollar;
- continued volatility in currencies including the British pound and U.S. dollar that may impact our financial results;
- reduced demand for our services in the U.K. and globally;
- increased costs of doing business in the U.K. and in the North Sea;
- increased regulatory costs and challenges for operating our business in the North Sea;
- volatile capital and debt markets, and access to other sources of capital;
- risks related to our global tax structure and the tax treaties upon which we rely;
- business uncertainty resulting from prolonged political negotiations; and
- uncertain stability of the E.U. and global economy if other countries exit the E.U.

Going concern

The company incurred a loss in 2016, but is in a net assets and net current assets position, funded by equity. The administrative expenses of the Company are borne by Rowan Companies plc, the ultimate parent. The directors have obtained a letter of support from a parent company confirming that financial support will be provided to enable the company to meet its liabilities as they fall due for 12 months from the date of approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Company's financial statements.

Subsequent event

There have been no significant events since the balance sheet date.

Dividend

During the year, the company did not declare or pay dividends (2015: US\$3,472,085).

Rowan (UK) Resolute Limited

Directors' report (continued)

Directors

The company has made qualifying third party provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

The directors of the company who served throughout the period and up to the date of this report, except as noted, were:

Dennis S. Baldwin	(appointed 4 April 2016)
Ross W. Gallup	
Theodore D. Gobillot	
G. M. Hatfield	(resigned 30 March 2016)

Company secretary

Melanie M. Trent	(resigned 30 April 2017)
Gejl T. Loether	(appointed 1 May 2017; resigned 17 May 2017)
Mark F. Mai	(appointed 18 May 2017)

Auditor

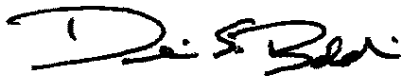
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

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



Dennis S. Baldwin
Director
03 October 2017

Rowan (UK) Resolute Limited

Strategic report

Review of business

The results of the company are shown on page 8. The company incurred a profit on ordinary activities before taxation of US\$28,957 (2015: US\$7,936,612) for the year ended 31 December 2016. The company recognized a total loss for the financial period of US\$32,189 (2015 profit: US\$7,043,406. Since 1 September 2015 the company has subcontracted its operation of the Rowan Resolute and charges a management fee of \$2,500 per month. The subcontract consolidates Gulf of Mexico operations into one company.

The statement of financial position on page 9 reflects a net assets position of US\$8,301,911.

The directors do not expect any material changes in the nature of the company's activities.


Key performance indicators

The management of the company's ultimate parent monitors regional performance of its rigs, primarily considering contracted non-productive time (NPT) as well as earnings before interest, taxes, depreciation and amortization (EBITDA). EBITDA targets are established at a Rowan group level by region and not at a legal entity level.

Principal risks and uncertainties

The company's primary risk is that volatility in the oil and gas industry adversely impacts demand for the company's drilling services or the rate that the company can charge for such services. The company's short-term risks associated with this volatility are partially mitigated by the Rowan Resolute contract (which is for a three-year term at a fixed base rate) and the associated management fee that the company is entitled to make during the period of this contract. The risk is further mitigated as the subcontract agreement is with a related party.

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



Dennis S. Baldwin
Director
03 October 2017

Rowan (UK) Resolute Limited

Directors' responsibilities statement

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 period. 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) including FRS 101 "Reduced Disclosure Framework". 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; 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.

Rowan (UK) Resolute Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROWAN (UK) RESOLUTE LIMITED

We have audited the financial statements of Rowan (UK) Resolute Limited for the year ended 31 December 2016 which comprise the Statement of profit or loss and other comprehensive income, the Statement of financial position, the Statement of changes in shareholders' equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss 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.

Rowan (UK) Resolute Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROWAN (UK) RESOLUTE LIMITED (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

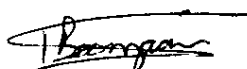
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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.



Ivan Boonzaaier, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
03 October 2017

Rowan (UK) Resolute Limited

Statement of profit or loss and other comprehensive income for the year ended 31 December 2016

	Note	2016 US\$	2015 US\$
Revenue	4	30,000	146,966,143
Operating expenses		-	(135,832,785)
Gross profit		30,000	11,133,358
Administrative expenses		(51,975)	(3,211,717)
Operating (loss)/profit	5	(21,975)	7,921,641
Finance income		48,932	14,971
Profit on ordinary activities before taxation		26,957	7,936,612
Income tax expense	8	(59,146)	(893,206)
(Loss)/profit for the financial period		(32,189)	7,043,406

All results arise in respect of continuing activities.

There were no items of other comprehensive income or expense in either year. Accordingly, no statement of other comprehensive income has been prepared.

The notes on pages 11 to 19 form an integral part of these financial statements.

Rowan (UK) Resolute Limited

Statement of financial position as at 31 December 2016

	Note	2016 US\$	2015 US\$
Trade and other receivables	9	11,490,385	35,456,184
Cash and cash equivalents		12,048,181	11,798,510
Total assets		23,538,566	47,255,694
Equity and liabilities			
Shareholders' equity			
Share capital	11	1	1
Other reserve	12	69,604	69,604
Retained earnings	13	8,232,306	8,264,495
Total equity		8,301,911	8,334,100
Liabilities			
Current liabilities			
Trade and other payables	10	15,236,655	38,921,594
Total liabilities		15,236,655	38,921,594
Total equity and liabilities		23,538,566	47,255,694

The financial statements on pages 8 to 19 were approved by the board of directors on 03 October 2017 for 08592390 and were signed on its behalf



Dennis S. Baldwin
Director

The notes on pages 11 to 19 form an integral part of these financial statements.

Rowan (UK) Resolute Limited

Statement of changes in shareholder's equity for the year ended 31 December 2016

	Note	Share capital US\$	Other reserve US\$	Retained earnings US\$	Total equity US\$
Balance at 1 January 2015		1	54,404	4,693,174	4,747,579
Stock compensation		-	15,200	-	15,200
Dividend paid	11	-	-	(3,472,085)	(3,472,085)
Profit for the financial year		-	-	7,043,406	7,043,406
Balance at 31 December 2015		1	69,604	8,264,495	8,334,100
Loss for the financial year		-	-	(32,189)	(32,189)
Balance at 31 December 2016		1	69,604	8,232,306	8,301,911

Other reserve is the sum of additional paid in capital and employee stock compensation.

The notes on pages 11 to 19 form an integral part of these financial statements.

Rowan (UK) Resolute Limited

Notes to the financial statements 31 December 2016

1. General Information

Rowan (UK) Resolute Limited (referred to as "the company") is a Limited Company incorporated on 1 July 2013 under the laws of the United Kingdom. The company's registered address is Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom.

On 1 September 2015, the company subcontracted the operation and provisioning of services of the rig Rowan Reliance to third-party customers in the Gulf of Mexico to Atlantic Maritime Services, an affiliated company. Since 1 September 2015, in accordance with the subcontract agreement, the company's principal activity has been to provide management support services to Atlantic Maritime Services.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

All amounts in the notes are shown in United States Dollars (US\$), unless otherwise stated.

2.1 Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries of the Rowan group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Rowan Companies plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures (not all of these exemptions are directly relevant in the current year):

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Rowan (UK) Resolute Limited

Notes to the financial statements

31 December 2016

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Going concern

The company posted a loss in 2016, but is in a net current asset and net asset position. The administrative expenses of the Company are borne by Rowan Companies plc, the ultimate parent. The directors have obtained a letter of support from a parent company confirming that financial support will be provided to enable the company to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Company's financial statements.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The company's financial statements are presented in United States Dollars (US\$), which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations, where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated.

Rowan (UK) Resolute Limited

Notes to the financial statements

31 December 2016

2. Summary of significant accounting policies (continued)

2.4 Financial Instruments

Financial assets

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables in the balance sheet, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. After initial recognition, loans and receivables are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial liabilities not classified at fair value through profit or loss.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

Trade and other payables are classified with current liabilities and are stated at their nominal value.

2.5 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.6 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.7 Current and deferred income tax

UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in

Rowan (UK) Resolute Limited

Notes to the financial statements

31 December 2016

2. Summary of significant accounting policies (continued)

2.7 Current and deferred income tax (continued)

the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.8 Revenue recognition

Revenue represents the total, excluding sales taxes, receivable in respect of goods and services supplied. Revenue is recognised as services are delivered to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or settle the asset and liability simultaneously.

3. Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting judgement

Revenue recognition

Since September 2015, the operation of the rig has been subcontracted to a related party. The company continues to manage the contract in an agency capacity for a monthly management fee. In making the judgement to record revenue on an agency basis, the company took into consideration that the risks and rewards associated with the 3rd party drilling contract have been transferred by the subcontract to the affiliated entity.

Rowan (UK) Resolute Limited

Notes to the financial statements 31 December 2016

4. Revenue

Revenue represents income from subcontracting the Rowan Resolute, which operates in the Gulf of Mexico, to Atlantic Maritime Service LLC, a related party. This income is exempt from VAT. The drilling services agreements do not have contingent-based income. The company continues to provide support services such as, invoicing the customer, and charges a management fee of \$2,500 per month which is recorded as revenue. The revenue in 2015 was also generated in the Gulf of Mexico.

	2016 US\$	2015 US\$
Revenue		
Day rate	-	139,700,844
Miscellaneous	-	7,255,298
Management fees	30,000	10,000

5. Operating profit

	2016 US\$	2015 US\$
Operating profit is stated after charging:		
Operating lease - drilling rigs	-	91,203,777
Professional services	51,975	42,714

The decrease in operating lease reflects the change in the revenue stream of the company. The company no longer leases the drillship and charges the customer a day rate. The company charges a management fee per note 4.

6. Administrative expenses

Fees payable to company's auditor for the audit of the company's 2016 financial statements are US\$47,100 (2015: \$47,100).

Rowan (UK) Resolute Limited

Notes to the financial statements 31 December 2016

7. Information regarding directors and employees

During the year ending 31 December 2016, the company had an average of zero employees (2015: 137).

No director received remuneration for their services to the company during either period as their remuneration is borne by a related party undertaking which is not recharged.

	2016 number	2015 number
Operations personnel	-	137

Their aggregate remuneration comprised:

	2016 US\$	2015 US\$
Wages and salaries	-	19,141,447
Social security costs	-	3,053,769
Other pensions costs	-	2,474,213
	<hr/>	<hr/>
	-	24,669,429

Rowan (UK) Resolute Limited

Notes to the financial statements 31 December 2016

8. Tax charge on profit on ordinary activities

	2016 US\$	2015 US\$
Current tax charge for the year	10,508	893,206
Uncertain tax provision	48,638	-
Tax on profit on ordinary activities	<u>59,146</u>	<u>893,206</u>

The tax assessed for the year differs from applying the standard rate of corporation tax in the United States, being the tax rate applicable to the jurisdiction in which the Company operates.

The differences are explained below:

Profit on ordinary activities before tax	<u>26,957</u>	<u>7,936,612</u>
Corporation tax at 35%	<u>9,435</u>	<u>2,777,814</u>

Effects of:

Income not taxable for tax purposes	-	(1,884,608)
expenses not deductible for tax purposes	1,073	-
Uncertain tax provision	48,638	-
Tax charge for the year	<u>59,146</u>	<u>893,206</u>

The directors do not believe that future changes in the tax rate will materially effect the tax charge.

Rowan (UK) Resolute Limited made an election under s18A CTA2010, for the Foreign Branch Exemption to apply this company. This election was effective from 1 January 2014 and all subsequent accounting periods.

9. Trade and other receivables

	2016 US\$	2015 US\$
Trade receivables	10,882,446	33,058,754
Receivables from related parties	607,939	2,368,678
Prepayments and other receivables	-	28,752
	<u>11,490,385</u>	<u>35,456,184</u>

Amounts due from related parties are unsecured and interest free with no fixed terms of repayment.

Rowan (UK) Resolute Limited

Notes to the financial statements 31 December 2016

10. Trade and other payables

	2016 US\$	2015 US\$
Trade payables	6,237	576,747
Tax liability	45,556	857,775
Accruals	2,175	569,490
Amounts due to affiliated entities	15,182,687	38,917,582
	<u>15,236,655</u>	<u>38,921,594</u>

Amounts owed to affiliated entities is unsecured and interest free with no fixed terms of repayment. Those these payables have no fixed date for repayment, the company has no unconditional right to defer settlement of these amounts for at least twelve months after the reporting period.

11. Share capital

	2016 US\$	2015 US\$
Allotted, called up and fully paid		
One ordinary share of US\$1 each	1	1
	<u>1</u>	<u>1</u>

In the year ended 31 December 2016 no dividend was declared or paid (2015: \$3,472,085 per share).

12. Other reserve

	2016 US\$	2015 US\$
At 1 January	69,604	54,404
Stock compensation	-	15,200
At 31 December	<u>69,604</u>	<u>69,604</u>

The other reserve comprises stock compensation granted to employees in respect of the ultimate parent company and additional paid in capital.

13. Retained earnings

The reserve comprises accumulated profits and losses of the company less any dividends paid.

Rowan (UK) Resolute Limited

Notes to the financial statements 31 December 2016

14. Ultimate parent company

The immediate parent company is Manatee Limited, a company incorporated in Malta. Group financial statements are prepared for Rowan Companies plc, the ultimate parent and controlling party, which is the smallest and largest group for which consolidated financial statements are prepared of which the company is a member. Copies of that company's financial statements can be obtained from:

5450 Williams Tower
2800 Post Oak Boulevard
Suite 5450
Houston
Texas 77056
USA