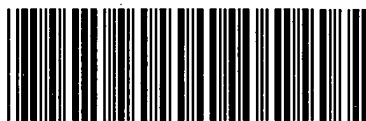


GROUP STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013
FOR
HYDRO DRILLING OFFSHORE LIMITED

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HYDRO DRILLING OFFSHORE LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2013

DIRECTOR: M Stein

SECRETARY: B Hamilton-Smith

REGISTERED OFFICE: Suite 12, 4/5 Park Place
London
SW1A 1LP

REGISTERED NUMBER: 03790251 (England and Wales)

AUDITORS: Stein Richards
Chartered Accountants
Statutory Auditors
10 London Mews
London
W21HY

HYDRO DRILLING OFFSHORE LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2013

The director presents his strategic report of the company and the group for the year ended 31st December 2013.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements

The results for the year are set out on page 7 and show the loss on ordinary activities after taxation of €2,831,101 (2012 - €12,205,306) of which €225,704 (2012- €1,121,518) was attributable to the minority interest and €2,605,397 (2012- €11,083,788) attributable to the Group.

At the year end, the net liabilities of the Group amounted to €16,611,969 (2012 - €13,780,868).

The Group achieved a gross profit margin of 90.41% compared to 96.79% in the previous year.

The details of investments held by the company are as follows:

Subsidiary	Company Shareholding	Activity carried out	Country of Incorporation
Hydro Drilling International s.p.a	90.20%	Management and operational services of drilling rigs.	Italy

PRINCIPAL RISKS AND UNCERTAINTIES

The director is aware of the changes in external factors affecting the economy as a whole and the company's specific industry and clients. Where applicable, the director has implemented procedures to mitigate any additional risks identified.

RESEARCH AND DEVELOPMENT

During the year, the company continued to focus on projects that are deemed particularly innovative.

KEY PERFORMANCE INDICATOR

The company manages the business by reference to key performance indicators, the principal indicators are as follows:

Liquidity : 45.02% (2012 : 42.88%) (current assets/current liabilities)

Gearing : 44.14% (2012 : 42.72%) (total borrowing/total assets)

ON BEHALF OF THE BOARD:



M Stein - Director

29th September 2014

HYDRO DRILLING OFFSHORE LIMITED
REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31ST DECEMBER 2013

The director presents his report with the financial statements of the company and the group for the year ended 31st December 2013.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the management and operational services of drilling rigs.

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2013.

DIRECTOR

M Stein held office during the whole of the period from 1st January 2013 to the date of this report.

FINANCIAL INSTRUMENTS

The financial instruments used by the company arise wholly and directly from its activities. The financial instruments comprise of debtors, cash at bank and creditors.

The company has put in place the following measures in order to manage the financial risks arising from these financial instruments.

- The company regularly monitors the level of its debtors by following up any overdue balances.
- The company manages its cash position by regularly monitoring its cashflow.
- The financial risk arising from its trade and other creditors either by exceeding the credit limit or not paying within the specified terms, is managed by regularly monitoring the trade balances and credit terms.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. 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 the group and of the profit or loss of the group 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 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and 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 group's auditors are aware of that information.

HYDRO DRILLING OFFSHORE LIMITED
REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31ST DECEMBER 2013

AUDITORS

The auditors, Stein Richards, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'M Stein', written in a cursive style.

M Stein - Director

29th September 2014

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HYDRO DRILLING OFFSHORE LIMITED

We have audited the financial statements of Hydro Drilling Offshore Limited for the year ended 31st December 2013 on pages seven to twenty one. 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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Director's Responsibilities set out on page three, 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 group's and the parent 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 Group Strategic Report and the Report of the Director 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 group's and of the parent company's affairs as at 31st December 2013 and of the group's 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.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of €2,605,397 during the year ended 31 December 2013 and at that date the company's current liabilities exceeded its total assets by €16,611,969. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Other matter

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

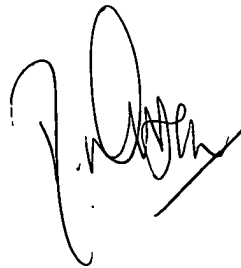
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HYDRO DRILLING OFFSHORE LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Robert Nissen F.C.A. (Senior Statutory Auditor)
for and on behalf of Stein Richards
Chartered Accountants
Statutory Auditors
10 London Mews
London
W21HY



29th September 2014

HYDRO DRILLING OFFSHORE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2013

	Notes	31.12.13 €	31.12.12 €
TURNOVER	3	27,063,466	33,241,945
Cost of sales		2,595,271	1,068,485
GROSS PROFIT		24,468,195	32,173,460
Administrative expenses		28,820,741	43,176,417
		(4,352,546)	(11,002,957)
Other operating income		1,960,559	1,504,584
OPERATING LOSS	5	(2,391,987)	(9,498,373)
Interest receivable and similar income		-	201
		-	201
		(2,391,987)	(9,498,172)
Amounts written off investments			
Joint ventures		(100,000)	-
		(2,491,987)	(9,498,172)
Interest payable and similar charges	6	(354,467)	(2,130,145)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,846,454)	(11,628,317)
Tax on loss on ordinary activities	7	(15,353)	576,989
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(2,831,101)	(12,205,306)
Minority interest - equity		(225,704)	(1,121,518)
DEFICIT FOR THE GROUP CARRIED FORWARD		(2,605,397)	(11,083,788)

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the losses for the current year or previous year.

The notes form part of these financial statements

HYDRO DRILLING OFFSHORE LIMITED (REGISTERED NUMBER: 03790251)

**CONSOLIDATED BALANCE SHEET
31ST DECEMBER 2013**

	Notes	31.12.13 €	€	31.12.12 €	€
FIXED ASSETS					
Intangible assets	9		8,368,023		8,865,922
Tangible assets	10		9,502,520		10,364,045
Investments	11				
Interest in joint venture					
Share of gross assets			-		100,000
			-		100,000
Interest in associate			350,000		350,000
Other investments			32,306		32,306
			<u>18,252,849</u>		<u>19,712,273</u>
CURRENT ASSETS					
Stocks	12	1,059,480		1,171,110	
Debtors	13	24,453,667		23,042,793	
Cash at bank		1,887,231		150,519	
		<u>27,400,378</u>		<u>24,364,422</u>	
CREDITORS					
Amounts falling due within one year	14	60,856,427		56,825,082	
NET CURRENT LIABILITIES			<u>(33,456,049)</u>		<u>(32,460,660)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(15,203,200)</u>		<u>(12,748,387)</u>
CREDITORS					
Amounts falling due after more than one year	15		1,408,769		1,032,481
NET LIABILITIES			<u>(16,611,969)</u>		<u>(13,780,868)</u>
CAPITAL AND RESERVES					
Called up share capital	18		12,003		12,003
Minority interests	19		956,440		1,182,144
Other reserves	19		(1,309)		(1,309)
Profit and loss account	19		(17,579,103)		(14,973,706)
SHAREHOLDERS' FUNDS	20		<u>(16,611,969)</u>		<u>(13,780,868)</u>

The financial statements were approved by the director on 29th September 2014 and were signed by:



M Stein - Director

The notes form part of these financial statements

HYDRO DRILLING OFFSHORE LIMITED (REGISTERED NUMBER: 03790251)

COMPANY BALANCE SHEET
31ST DECEMBER 2013

	Notes	31.12.13	31.12.12
		€	€
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	3,410,470	3,566,273
Investments	11	31,200,000	31,300,000
		<u>34,610,470</u>	<u>34,866,273</u>
CURRENT ASSETS			
Debtors	13	500,185	992,702
Cash at bank		10,366	842
		<u>510,551</u>	<u>993,544</u>
CREDITORS			
Amounts falling due within one year	14	35,091,336	35,794,198
NET CURRENT LIABILITIES		<u>(34,580,785)</u>	<u>(34,800,654)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,685</u>	<u>65,619</u>
CAPITAL AND RESERVES			
Called up share capital	18	12,003	12,003
Other reserves	19	(1,309)	(1,309)
Profit and loss account	19	18,991	54,925
SHAREHOLDERS' FUNDS	20	<u>29,685</u>	<u>65,619</u>

The financial statements were approved by the director on 29 SEPTEMBER 2014 and were signed by:



.....
M Stein - Director

The notes form part of these financial statements

HYDRO DRILLING OFFSHORE LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2013

	Notes	31.12.13	31.12.12
		€	€
Net cash (outflow)/inflow from operating activities	1	(1,168,537)	5,561,439
Returns on investments and servicing of finance	2	(354,467)	(2,129,944)
Taxation		4,483,211	1,064,270
Capital expenditure and financial investment	2	(2,562,521)	(4,934,956)
		<u>397,686</u>	<u>(439,191)</u>
Financing	2	<u>1,339,026</u>	<u>(9,280,747)</u>
Increase/(decrease) in cash in the period		<u><u>1,736,712</u></u>	<u><u>(9,719,938)</u></u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase/(decrease) in cash in the period		1,736,712	(9,719,938)
Cash (inflow)/outflow from (increase)/decrease in debt		<u>(1,339,026)</u>	<u>9,280,747</u>
Change in net debt resulting from cash flows		<u>397,686</u>	<u>(439,191)</u>
Movement in net debt in the period		397,686	(439,191)
Net debt at 1st January		<u>(18,663,382)</u>	<u>(18,224,191)</u>
Net debt at 31st December		<u><u>(18,265,696)</u></u>	<u><u>(18,663,382)</u></u>

The notes form part of these financial statements

HYDRO DRILLING OFFSHORE LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2013

1. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	31.12.13	31.12.12
	€	€
Operating loss	(2,391,987)	(9,498,373)
Depreciation charges	3,921,945	3,828,220
Other reserves	-	(1,309)
Decrease/(increase) in stocks	111,630	(627,627)
(Increase)/decrease in debtors	(1,410,874)	3,577,767
(Decrease)/increase in creditors	(1,399,251)	8,282,761
Net cash (outflow)/inflow from operating activities	(1,168,537)	5,561,439

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.13	31.12.12
	€	€
Returns on investments and servicing of finance		
Interest received	-	201
Interest paid	(354,467)	(2,130,145)
Net cash outflow for returns on investments and servicing of finance	(354,467)	(2,129,944)
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,562,521)	(4,978,658)
Purchase of fixed asset investments	-	(500)
Sale of intangible fixed assets	-	44,202
Net cash outflow for capital expenditure and financial investment	(2,562,521)	(4,934,956)
 Financing		
New loans in year	1,339,026	-
Loan repayments in year	-	(9,280,747)
Net cash inflow/(outflow) from financing	1,339,026	(9,280,747)

The notes form part of these financial statements

HYDRO DRILLING OFFSHORE LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2013

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.13 €	Cash flow €	At 31.12.13 €
Net cash:			
Cash at bank	150,519	1,736,712	1,887,231
	<u>150,519</u>	<u>1,736,712</u>	<u>1,887,231</u>
Debt:			
Debts falling due within one year	(18,813,901)	(1,339,026)	(20,152,927)
	<u>(18,813,901)</u>	<u>(1,339,026)</u>	<u>(20,152,927)</u>
Total	<u>(18,663,382)</u>	<u>397,686</u>	<u>(18,265,696)</u>

The notes form part of these financial statements

HYDRO DRILLING OFFSHORE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST DECEMBER 2013**

1. BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis. Whilst the company has a net deficit on its balance sheet it is reliant on the continued support of the creditors. The director has been given assurances by the creditors that loans are not re-payable until the company's cashflow allows it to do so.

2. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Basis of consolidation

The company financial statements consolidate the financial statements of the company made up to 31 December 2013 and the financial statements of its subsidiary undertakings made up to 31 December 2013.

The profit and loss of subsidiary undertakings listed in the report of the director are consolidated from the date of acquisition. When the company's shares are issued in respect of an acquisition, the share premium is computed on the basis of the market value of the shares at the date of acquisition. The difference between the cost of acquisition of shares in subsidiaries and the fair value of separable net assets acquired is written off in equal instalments over 10 years.

Turnover

Turnover represents net invoices sales of goods and services, excluding value added tax.

The revenue for the sale of products is recognised at the time the ownership passes which generally coincides with delivery.

Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of separable net assets acquired.

Goodwill is amortised through the profit and loss account in equal instalments over 20 years.

Intangible fixed assets

Other intangible assets consist of licences, trade marks and research costs which are shown at cost.

They are amortised at the following annual rates in order to write off each asset over its estimated useful life:

- Licences, trade marks and research costs - 10% - 33% per annum at cost.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write the cost less residual value of each asset over its expected life as follows:-

- Land and buildings - 5% per annum on cost
- Plant and machinery - 10% - 25% per annum on cost
- Fixtures and fittings - 10% - 25% per annum on cost

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

HYDRO DRILLING OFFSHORE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST DECEMBER 2013**

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

Fixed asset investments

Fixed asset investments are valued at cost less any provision if appropriate.

3. TURNOVER

The entire turnover is attributable to geographical markets outside of the United Kingdom.

4. STAFF COSTS

	31.12.13	31.12.12
	€	€
Wages and salaries	6,551,977	6,725,363
Social security costs	2,157,759	1,875,067
Other pension costs	400,002	403,497
	<u>9,109,738</u>	<u>9,003,927</u>

The average monthly number of employees during the year was as follows:

	31.12.13	31.12.12
Administration staff	11	11
Workers and supervisors	112	112
	<u>123</u>	<u>123</u>

5. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	31.12.13	31.12.12
	€	€
Hire of plant and machinery	1,473,038	2,825,848
Depreciation - owned assets	3,424,046	3,255,752
Goodwill amortisation	492,061	492,061
Licences, trademarks and research costs amortisation	5,838	80,407
Auditors' remuneration	9,287	15,000
Foreign exchange differences	196,876	(303,127)
	<u>-</u>	<u>-</u>
Director's remuneration	-	-

HYDRO DRILLING OFFSHORE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2013

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.13	31.12.12
	€	€
Bank interest	1,084	-
Other loan interest	-	300,897
Bank loans interest	353,383	1,829,248
	<u>354,467</u>	<u>2,130,145</u>

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	31.12.13	31.12.12
	€	€
Current tax:		
UK corporation tax	-	(26,423)
Foreign tax	(15,353)	603,412
	<u>(15,353)</u>	<u>576,989</u>
Tax on loss on ordinary activities	<u>(15,353)</u>	<u>576,989</u>

8. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was €(35,934) (2012 - €10,092 profit).

HYDRO DRILLING OFFSHORE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2013

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill €	Licences, trademarks and research costs €	Totals €
COST			
At 1st January 2013 and 31st December 2013	9,841,222	350,308	10,191,530
AMORTISATION			
At 1st January 2013	984,122	341,486	1,325,608
Amortisation for year	492,061	5,838	497,899
At 31st December 2013	1,476,183	347,324	1,823,507
NET BOOK VALUE			
At 31st December 2013	8,365,039	2,984	8,368,023
At 31st December 2012	8,857,100	8,822	8,865,922

10. TANGIBLE FIXED ASSETS

Group

	Freehold property €	Plant and machinery €	Fixtures and fittings €	Totals €
COST				
At 1st January 2013	142,197	18,240,385	840,115	19,222,697
Additions	-	2,562,521	-	2,562,521
At 31st December 2013	142,197	20,802,906	840,115	21,785,218
DEPRECIATION				
At 1st January 2013	-	8,118,710	739,942	8,858,652
Charge for year	-	3,407,612	16,434	3,424,046
At 31st December 2013	-	11,526,322	756,376	12,282,698
NET BOOK VALUE				
At 31st December 2013	142,197	9,276,584	83,739	9,502,520
At 31st December 2012	142,197	10,121,675	100,173	10,364,045

HYDRO DRILLING OFFSHORE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2013

10. TANGIBLE FIXED ASSETS - continued

Company

	Plant and machinery €
COST	
At 1st January 2013 and 31st December 2013	3,895,076
DEPRECIATION	
At 1st January 2013	328,803
Charge for year	155,803
At 31st December 2013	484,606
NET BOOK VALUE	
At 31st December 2013	3,410,470
At 31st December 2012	3,566,273

11. FIXED ASSET INVESTMENTS

Group

	Shares in group undertakings €	Interest in joint venture €	Interest in associate €	Totals €
COST				
At 1st January 2013 and 31st December 2013	32,306	100,000	350,000	482,306
PROVISIONS				
Provision for year	-	100,000	-	100,000
At 31st December 2013	-	100,000	-	100,000
NET BOOK VALUE				
At 31st December 2013	32,306	-	350,000	382,306
At 31st December 2012	32,306	100,000	350,000	482,306

HYDRO DRILLING OFFSHORE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST DECEMBER 2013**

11. **FIXED ASSET INVESTMENTS - continued**

Company

	Shares in group undertakings €	Interest in joint venture €	Totals €
COST			
At 1st January 2013 and 31st December 2013	31,200,000	100,000	31,300,000
PROVISIONS			
Provision for year	-	100,000	100,000
At 31st December 2013	-	100,000	100,000
NET BOOK VALUE			
At 31st December 2013	31,200,000	-	31,200,000
At 31st December 2012	31,200,000	100,000	31,300,000

Investments in subsidiary companies via Hydro Drilling International s.p.a

The group holds 22% of the share capital of Albanian General Contractors and 50% of the share capital of Consorzio Up & Down Stream Service. Both companies are in liquidation.

Joint Venture

The company entered into joint venture agreement with Sao Tome America Petroleum Corporation (STAPET), a company registered in The United States of America.

The company holds 28% participating interest in the petroleum exploration licence held by STAPET at a cost of €100,000 (2011 - €100,000). During the year a provision was made against the cost of this investment.

Interest in associate company via Hydro Drilling International s.p.a

The group holds 5% of the share capital in Compagnia Generale Idrocarburi s.r.l., a company registered in Italy.

12. **STOCKS**

	31.12.13 €	Group 31.12.12 €
Finished goods	1,059,480	1,171,110

HYDRO DRILLING OFFSHORE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2013

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.13	31.12.12	31.12.13	31.12.12
	€	€	€	€
Trade debtors	10,854,392	11,113,371	473,762	597,012
Other debtors	8,181,127	7,687,208	26,423	26,423
Prepayments and accrued income	5,418,148	4,242,214	-	369,267
	<u>24,453,667</u>	<u>23,042,793</u>	<u>500,185</u>	<u>992,702</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.13	31.12.12	31.12.13	31.12.12
	€	€	€	€
Bank loans and overdrafts (see note 16)	20,152,927	18,813,901	24	-
Trade creditors	8,932,545	12,708,470	1,585,462	1,692,820
Tax	6,047,918	2,302,992	-	26,423
Social security and other taxes	349,904	365,376	-	-
VAT	-	2,016,665	-	-
Other creditors	24,983,882	20,521,151	33,308,599	33,990,266
Accrued expenses	389,251	96,527	197,251	84,689
	<u>60,856,427</u>	<u>56,825,082</u>	<u>35,091,336</u>	<u>35,794,198</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	31.12.13	31.12.12
	€	€
Tax	1,148,786	425,854
Other creditors	259,983	606,627
	<u>1,408,769</u>	<u>1,032,481</u>

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.13	31.12.12	31.12.13	31.12.12
	€	€	€	€
Amounts falling due within one year or on demand:				
Bank overdrafts	-	-	24	-
Bank loans	20,152,927	18,813,901	-	-
	<u>20,152,927</u>	<u>18,813,901</u>	<u>24</u>	<u>-</u>

HYDRO DRILLING OFFSHORE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2013

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	31.12.13	31.12.12
	€	€
Bank loans	20,152,927	18,813,901

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.13	31.12.12
			€	€
10,000	Ordinary	€1.2003	12,003	12,003

19. RESERVES

Group

	Profit and loss account €	Minority interests €	Other reserves €	Totals €
At 1st January 2013	(14,973,706)	1,182,144	(1,309)	(13,792,871)
Deficit for the year	(2,605,397)			(2,605,397)
Share of losses	-	(225,704)	-	(225,704)
At 31st December 2013	(17,579,103)	956,440	(1,309)	(16,623,972)

Company

	Profit and loss account €	Other reserves €	Totals €
At 1st January 2013	54,925	(1,309)	53,616
Deficit for the year	(35,934)		(35,934)
At 31st December 2013	18,991	(1,309)	17,682

HYDRO DRILLING OFFSHORE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31ST DECEMBER 2013**

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31.12.13	31.12.12
	€	€
Loss for the financial year	(2,605,397)	(11,083,788)
Minority interest	(225,704)	(1,121,518)
Other reserves	-	(1,309)
	<hr/>	<hr/>
Net reduction of shareholders' funds	(2,831,101)	(12,206,615)
Opening shareholders' funds	(13,780,868)	(1,574,253)
	<hr/>	<hr/>
Closing shareholders' funds	(16,611,969)	(13,780,868)
	<hr/>	<hr/>

Company

	31.12.13	31.12.12
	€	€
(Loss)/profit for the financial year	(35,934)	10,092
Other reserves	-	(1,309)
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(35,934)	8,783
Opening shareholders' funds	65,619	56,836
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Closing shareholders' funds	29,685	65,619
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