

ANDALUSIAN RESORTS AND SPAS, INC.

FINANCIAL STATEMENTS

For the Period Ended December 31, 2013

ANDALUSIAN RESORTS AND SPAS, INC.

BALANCE SHEET

in 000's

December 31, 2013

Assets

Current assets

|                           |    |            |
|---------------------------|----|------------|
| Cash and cash equivalents | \$ | 79         |
| Net receivables           |    | 96         |
| Inventory                 |    | 355        |
| Other current assets      |    | <u>114</u> |

Total current assets \$ 644

Fixed assets

|                               |              |
|-------------------------------|--------------|
| Property, plant and equipment | <u>1,064</u> |
|-------------------------------|--------------|

Total fixed assets 1,064

Other assets

|                   |            |
|-------------------|------------|
| Intangible assets | <u>840</u> |
|-------------------|------------|

Total other assets 840

Total assets \$ 2,548

ANDALUSIAN RESORTS AND SPAS, INC.

BALANCE SHEET

in 000's

December 31, 2013

Liabilities and stockholder's equity

Current liabilities

|                           |    |              |
|---------------------------|----|--------------|
| Accounts payable          | \$ | 425          |
| Other current liabilities |    | <u>1,300</u> |

|                           |    |       |
|---------------------------|----|-------|
| Total current liabilities | \$ | 1,725 |
|---------------------------|----|-------|

Long term liabilities

|                   |  |           |
|-------------------|--|-----------|
| Contracts payable |  | <u>18</u> |
|-------------------|--|-----------|

|                             |  |    |
|-----------------------------|--|----|
| Total long term liabilities |  | 18 |
|-----------------------------|--|----|

Stockholder equity

|                       |  |           |
|-----------------------|--|-----------|
| Common stock          |  | 10        |
| Retained earnings     |  | 44        |
| Capital surplus       |  | 689       |
| Current income (loss) |  | <u>62</u> |

|                          |  |            |
|--------------------------|--|------------|
| Total stockholder equity |  | <u>805</u> |
|--------------------------|--|------------|

|  |    |                     |
|--|----|---------------------|
| Total liabilities and stockholder equity | \$ | <u><u>2,548</u></u> |
|--|----|---------------------|

ANDALUSIAN RESORTS AND SPAS, INC.

INCOME STATEMENT

in 000's

For the Period Ended December 31, 2013

|                     | 12 Months Ended<br><u>Dec. 31, 2013</u> |
|---------------------|---|
| Revenue             |   |
| Revenue             | \$ <u>235</u>                           |
| Total revenue       | 235                                     |
| Cost of sales       |   |
| Cost of revenue     | <u>118</u>                              |
| Total cost of sales | <u>118</u>                              |
| Gross profit        | 117                                     |
| Operating expenses  | <u>30</u>                               |
| Operating income    | 87                                      |
| Interest            | 9                                       |
| Income taxes        | <u>16</u>                               |
| Total other income  | <u>( 25)</u>                            |
| Net income (loss)   | \$ <u><u>62</u></u>                     |

ANDALUSIAN RESORTS AND SPAS, INC.

STATEMENT OF OPERATING EXPENSES

in 000's

For the Period Ended December 31, 2013

|                               | 12 Months Ended      |
|-------------------------------|----------------------|
|                               | <u>Dec. 31, 2013</u> |
| Sales, general-administrative | \$ 28                |
| Other expenses                | <u>2</u>             |
| Total operating expenses      | \$ <u><u>30</u></u>  |