

La Covadonga Limited

Statements of Financial Position

As of September 30, 2016 and December 31, 2015

(In thousands of US dollars)

Assets

	September 2016 (Unaudited)	December 2015 (Audited)
Current assets:		
Cash	\$ 40	\$ 16
Due from related parties	13,440	34,034
Other accounts receivables	932	1,930
Prepaid expenses, net	440	614
Total current assets	<u>14,852</u>	<u>36,594</u>
Non-current assets:		
Jack ups and equipment, net	<u>208,131</u>	<u>221,736</u>
Total assets	<u>\$ 222,983</u>	<u>\$ 258,330</u>

Equity and Liabilities

Current liabilities:		
Trade accounts payables	\$ -	\$ 610
Due to related parties	15,640	28,358
Other accounts payables and accrued liabilities	2,748	4,082
Total current liabilities	<u>18,388</u>	<u>33,050</u>
Non-current liabilities:		
Due to related parties	140,625	148,125
Deferred income taxes	3,212	5,596
Total non-current liabilities	<u>143,837</u>	<u>153,721</u>
Total liabilities	162,225	186,771
Stockholders' equity:		
Capital stock	78,100	60,400
Contributions for future capital increases	-	17,700
Accumulated deficit	(17,342)	(6,541)
Total stockholders' equity	<u>60,758</u>	<u>71,559</u>
Total stockholders' equity and liabilities	<u>\$ 222,983</u>	<u>\$ 258,330</u>

La Covadonga Limited

Statements of Loss

For the nine months ended September 30, 2016 and for the year end December 31, 2015

(In thousands of US dollars)

	September 2016	December 2015
	(Unaudited)	(Audited)
Continuing operations:		
Operating leases income	\$ 14,557	\$ 39,055
Operating cost	-	1,259
Depreciation of assets under operating leases	13,629	17,732
Gross profit	<u>928</u>	<u>20,064</u>
Administrative expenses	2,854	2,700
Others expenses (incomes)	-	55
Interest expense	11,162	16,322
Exchange loss, net	97	
(Loss) profit before tax	<u>(13,185)</u>	<u>987</u>
Income tax	<u>(2,384)</u>	<u>2,696</u>
Net loss	<u><u>\$ (10,801)</u></u>	<u><u>\$ (1,709)</u></u>

La Covadonga Limited

Statements of Cash Flows

For the nine months ended September 30, 2016 and for the year end December 31, 2015

(In thousands of US dollars)

	September 2016	December 2015
Cash flows from operating activities	(Unaudited)	(Audited)
Net loss	\$ (10,801)	\$ (1,709)
Adjustments for:		
Income tax recognized in results	(2,384)	2,696
Depreciation	13,629	17,732
Interest expense	<u>11,162</u>	<u>16,322</u>
	11,606	35,041
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	20,594	(15,302)
Other accounts receivables	998	1,362
Prepaid expenses	174	140
Increase (decrease) in:		
Trade accounts payables	(610)	(377)
Due to related parties	(20,218)	(8,174)
Other accounts payables and accrued liabilities	<u>(1,334)</u>	<u>757</u>
Net cash flows generated (used) by operating activities	11,210	13,447
Cash flows from investing activities:		
Purchase of Jack up and equipment	<u>(24)</u>	<u>(3,860)</u>
Net cash flows used in investing activities	(24)	(3,860)
Cash flows from financing activities:		
Proceeds from long – term debt	-	(14,892)
Interest paid	(11,162)	(16,322)
Contribution for future capital increases	-	17,700
Net cash flows (used) provided by financing activities	<u>(11,162)</u>	<u>(13,514)</u>
Net (decrease) increase in cash	24	(3,927)
Cash at the beginning of the year	16	3,943
Cash at end of the year	<u>\$ 40</u>	<u>\$ 16</u>