

La Covadonga Limited

Statements of Financial Position

As of December 31, 2016 and 2015

(In thousands of US dollars)

Assets	December 2016	December 2015
	(Unaudited)	(Audited)
Current assets:		
Cash	\$ 24	\$ 16
Due from related parties	4,012	34,034
Other accounts receivables	1,549	1,930
Prepaid expenses, net	201	614
Total current assets	<u>5,786</u>	<u>36,594</u>
Non-current assets:		
Jack ups and equipment, net	204,047	221,736
Deferred income tax	201	-
	<u>204,248</u>	<u>221,736</u>
Total assets	<u>\$ 210,034</u>	<u>\$ 258,330</u>
Equity and Liabilities		
Current liabilities:		
Trade accounts payables	\$ -	\$ 610
Due to related parties	17,569	28,358
Other accounts payables and accrued liabilities	1,565	4,082
Total current liabilities	<u>19,134</u>	<u>33,050</u>
Non-current liabilities:		
Due to related parties	140,625	148,125
Deferred income tax	-	5,596
Total non-current liabilities	<u>140,625</u>	<u>153,721</u>
Total liabilities	159,759	186,771
Stockholders' equity:		
Capital stock	78,100	60,400
Contributions for future capital increases	-	17,700
Accumulated deficit	<u>(27,825)</u>	<u>(6,541)</u>
Total stockholders' equity	<u>50,275</u>	<u>71,559</u>
Total stockholders' equity and liabilities	<u>\$ 210,034</u>	<u>\$ 258,330</u>

La Covadonga Limited

Statements of Loss

For the years ended December 31, 2016 and 2015

(In thousands of US dollars)

	December 2016	December 2015
	(Unaudited)	(Audited)
Continuing operations:		
Operating leases income	\$ 9,100	\$ 39,055
Operating cost	3,117	3,959
Depreciation of assets under operating leases	18,176	17,732
(Loss) gross profit	<u>(12,193)</u>	<u>17,364</u>
Others expenses (incomes)	-	55
Interest expense	14,776	16,322
Exchange loss, net	112	-
(Loss) profit before tax	<u>(27,081)</u>	<u>987</u>
Income tax	<u>(5,797)</u>	<u>2,696</u>
Net loss	<u>\$ (21,284)</u>	<u>\$ (1,709)</u>

La Covadonga Limited

Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(In thousands of US dollars)

	December 2016	December 2015
	(Unaudited)	(Audited)
Cash flows from operating activities		
Net loss	\$ (21,284)	\$ (1,709)
Adjustments for:		
Income tax recognized in results	(5,797)	2,696
Depreciation	18,176	17,732
Interest expense	14,776	16,322
	<u>5,871</u>	<u>35,041</u>
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	30,022	(15,302)
Other accounts receivables	381	1,362
Prepaid expenses	413	140
Increase (decrease) in:		
Trade accounts payables	(610)	(377)
Due to related parties	(18,290)	(8,174)
Other accounts payables and accrued liabilities	(2,517)	757
Net cash flows generated (used) by operating activities	<u>15,270</u>	<u>13,447</u>
Cash flows from investing activities:		
Purchase of Jack up and equipment	(486)	(3,860)
Net cash flows used in investing activities	<u>(486)</u>	<u>(3,860)</u>
Cash flows from financing activities:		
Proceeds from long – term debt	-	(14,892)
Interest paid	(14,776)	(16,322)
Contribution for future capital increases	-	17,700
Net cash flows (used) provided by financing activities	<u>(14,776)</u>	<u>(13,514)</u>
Net (decrease) increase in cash	8	(3,927)
Cash at the beginning of the year	16	3,943
Cash at end of the year	<u>\$ 24</u>	<u>\$ 16</u>