

La Covadonga Limited

Statements of Financial Position

As of March 31, 2017 and December 31, 2016

(In thousands of US dollars)

Assets

	March 2017 (Unaudited)	December 2016 (Audited)
Current assets:		
Cash	\$ 14	\$ 24
Due from related parties	11,494	4,012
Other accounts receivables	1,692	1,549
Prepaid expenses, net	79	201
Total current assets	<u>13,279</u>	<u>5,786</u>
Non-current assets:		
Jack ups and equipment, net	199,637	204,047
Deferred income tax	3,099	201
	<u>202,736</u>	<u>204,248</u>
Total assets	<u>\$ 216,015</u>	<u>\$ 210,034</u>

Equity and Liabilities

Current liabilities:		
Due to related parties	21,542	17,569
Other accounts payables and accrued liabilities	2,244	1,565
Total current liabilities	<u>23,786</u>	<u>19,134</u>
Non-current liabilities:		
Due to related parties	<u>140,625</u>	<u>140,625</u>
Total non-current liabilities	<u>140,625</u>	<u>140,625</u>
Total liabilities	164,411	159,759
Stockholders' equity:		
Capital stock	78,100	78,100
Accumulated deficit	(26,496)	(27,825)
Total stockholders' equity	<u>51,604</u>	<u>50,275</u>
Total stockholders' equity and liabilities	<u>\$ 216,015</u>	<u>\$ 210,034</u>

La Covadonga Limited

Statements of Loss

For the three months ended March 31, 2017 and for the year end December 31, 2016

(In thousands of US dollars)

	March 2017	December 2016
	(Unaudited)	(Audited)
Continuing operations:		
Operating leases income	\$ 6,840	\$ 9,100
Operating cost	263	1,035
Depreciation of assets under operating leases	4,582	18,176
Gross (loss) profit	<u>1,995</u>	<u>(10,111)</u>
Administrative expenses	-	2,082
Others expenses (incomes)	-	-
Interest expense	3,563	14,776
Exchange loss, net	1	112
(Loss) profit before tax	<u>(1,569)</u>	<u>(27,081)</u>
Income tax	<u>(2,898)</u>	<u>(5,797)</u>
Net results	<u>\$ 1,329</u>	<u>\$ (21,284)</u>

La Covadonga Limited

Statements of Cash Flows

For the three months ended March 31, 2017 and for the year end December 31, 2016

(In thousands of US dollars)

	March 2017	December 2016
	(Unaudited)	(Audited)
Cash flows from operating activities		
Net loss	\$ 1,329	\$ (21,284)
Adjustments for:		
Income tax recognized in results	(2,898)	(5,797)
Depreciation	4,582	18,176
Exchange loss	1	112
Interest expense	3,563	14,776
	<u>6,577</u>	<u>5,983</u>
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	(7,482)	30,022
Other accounts receivables	(143)	381
Prepaid expenses	122	413
Increase (decrease) in:		
Trade accounts payables	-	(610)
Due to related parties	410	(10,901)
Other accounts payables and accrued liabilities	678	(2,517)
Net cash flows by operating activities	<u>162</u>	<u>22,771</u>
Cash flows from investing activities:		
Purchase of Jack up and equipment	<u>(172)</u>	<u>(487)</u>
Net cash flows in investing activities	<u>(172)</u>	<u>(487)</u>
Cash flows from financing activities:		
Proceeds from long – term debt	-	(7,500)
Interest paid	-	(14,776)
Net cash flows by financing activities	<u>-</u>	<u>(22,276)</u>
Net (decrease) increase in cash	<u>(10)</u>	<u>8</u>
Cash at the beginning of the year	<u>24</u>	<u>16</u>
Cash at end of the year	<u>\$ 14</u>	<u>\$ 24</u>