

# La Covadonga Limited

## Statements of Financial Position

As of December 31, 2017 and 2016

(In thousands of US dollars)

<b>Assets</b>	<b>December 2017</b>	<b>December 2016</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Current assets:		
Cash	\$ 22	\$ 24
Due from related parties	9,682	4,012
Other accounts receivables	1,243	1,549
Prepaid expenses, net	119	201
Total current assets	<u>11,066</u>	<u>5,786</u>
Non-current assets:		
Jack ups and equipment, net	189,377	204,047
Deferred income tax	4,251	201
Total non-current assets	<u>193,628</u>	<u>204,248</u>
Total assets	<u>\$ 204,694</u>	<u>\$ 210,034</u>
 <b>Equity and Liabilities</b>		
Current liabilities:		
Due to related parties	\$ 5,399	8,194
Other accounts payables and accrued liabilities	1,900	1,565
Total current liabilities	7,299	9,759
Non-current liabilities:		
Due to related parties	150,000	150,000
Total non-current liabilities	<u>150,000</u>	<u>150,000</u>
Total liabilities	157,299	159,759
Stockholders' equity:		
Capital stock	78,100	78,100
Accumulated deficit	(30,705)	(27,825)
Total stockholders' equity	<u>47,395</u>	<u>50,275</u>
Total stockholders' equity and liabilities	<u>\$ 204,694</u>	<u>\$ 210,034</u>

# La Covadonga Limited

## Statements of Loss

For the years ended December 31, 2017 and 2016  
(In thousands of US dollars)

	December 2017	December 2016
	(Unaudited)	(Audited)
Continuing operations:		
Operating leases income	\$ 26,611	\$ 9,100
Operating cost	779	1,035
Depreciation of assets under operating leases	18,512	18,176
Gross (loss) profit	<u>7,320</u>	<u>(10,111)</u>
Administrative expenses	-	2,082
Interest expense	14,251	14,776
Exchange loss, net	(1)	112
(Loss) profit before tax	<u>(6,930)</u>	<u>(27,081)</u>
Income tax	<u>(4,050)</u>	<u>(5,797)</u>
Net loss	<u><u>\$ (2,880)</u></u>	<u><u>\$ (21,284)</u></u>

# La Covadonga Limited

## Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(In thousands of US dollars)

	December 2017	December 2016
	(Unaudited)	(Audited)
Cash flows from operating activities		
Net loss	\$ (2,880)	\$ (21,284)
Adjustments for:		
Income tax recognized in results	(4,050)	(5,797)
Depreciation	18,512	18,176
Exchange loss	(1)	112
Interest expense	14,251	14,776
	<u>25,832</u>	<u>5,983</u>
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	(5,670)	30,022
Other accounts receivables	306	381
Prepaid expenses	82	413
Increase (decrease) in:		
Trade accounts payables	-	(610)
Due to related parties	1,680	(10,901)
Other accounts payables and accrued liabilities	336	(2,517)
Net cash flows by operating activities	<u>22,566</u>	<u>22,771</u>
Cash flows from investing activities:		
Purchase of Jack up and equipment	(3,842)	(487)
Net cash flows in investing activities	<u>(3,842)</u>	<u>(487)</u>
Cash flows from financing activities:		
Proceeds from long – term debt	-	(7,500)
Interest paid	(18,726)	(14,776)
Net cash flows by financing activities	<u>(18,726)</u>	<u>(22,276)</u>
Net change in cash	(2)	8
Cash at the beginning of the year	24	16
Cash at end of the year	<u>\$ 22</u>	<u>\$ 24</u>