

La Covadonga Limited

Statements of Financial Position

As of March 31, 2018 and December 31, 2017

(In thousands of US dollars)

Assets

	March 2018	December 2017
	Unaudited	Audited
Current assets:		
Cash	\$ 21	\$ 22
Due from related parties	11,948	8,002
Other accounts receivable	998	1,243
Prepaid expenses, net	510	119
Total current assets	<u>13,477</u>	<u>9,386</u>
Non-current assets:		
Jack ups and equipment, net	185,472	189,377
Deferred income taxes	3,148	4,130
Total non-current assets	<u>188,620</u>	<u>193,507</u>
Total assets	<u>\$ 202,097</u>	<u>\$ 202,893</u>

Liabilities and Stockholders' equity

Current liabilities:		
Due to related parties	\$ 154,942	153,719
Other accounts payable and accrued liabilities	2,445	1,900
Total current liabilities	<u>157,387</u>	<u>155,619</u>
Stockholders' equity:		
Capital stock	78,100	78,100
Deficit	(33,390)	(30,826)
Total stockholders' equity	<u>44,710</u>	<u>47,274</u>
Total stockholders' equity and liabilities	<u>\$ 202,097</u>	<u>\$ 202,893</u>

La Covadonga Limited

Statements of Operations

For the three months ended March 31, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	March 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating lease revenues	\$ 6,976	\$ 26,611
Operating cost	309	779
Depreciation of assets under operating leases	4,685	18,512
Gross profit	<u>1,982</u>	<u>7,320</u>
Interest expense, net	3,563	14,251
Exchange loss (profit), net	1	(1)
Loss before income taxes	<u>(1,582)</u>	<u>(6,930)</u>
Deferred income tax expense (benefit)	982	(3,929)
Net loss	<u>\$ (2,564)</u>	<u>\$ (3,001)</u>

La Covadonga Limited

Statements of Cash Flows

For the three months ended March 31, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	March 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities		
Net loss	\$ (2,564)	\$ (3,001)
Adjustments for:		
Deferred income tax expense (benefit)	982	(3,929)
Depreciation	4,685	18,512
Exchange loss (gain)	1	(1)
Interest expense	3,563	14,251
	<u>6,667</u>	<u>25,832</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	(3,946)	(5,670)
Other accounts receivable	245	306
Prepaid expenses	(391)	82
Increase (decrease) in:		
Due to related parties	(2,340)	1,680
Other accounts payable and accrued liabilities	544	336
Net cash flows by operating activities	<u>779</u>	<u>22,566</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(780)</u>	<u>(3,842)</u>
Net cash flows by investing activities	<u>(780)</u>	<u>(3,842)</u>
Cash flows from financing activities:		
Interest paid	<u>-</u>	<u>(18,726)</u>
Net cash flows in financing activities	<u>-</u>	<u>(18,726)</u>
Net change in cash	(1)	(2)
Cash at the beginning of the year	22	24
Cash at end of the year	<u>\$ 21</u>	<u>\$ 22</u>