

# La Covadonga Limited

## Statements of Financial Position

As of September 30, 2018 and December 31, 2017

(In thousands of US dollars)

### Assets

	September 2018	December 2017
	Unaudited	Audited
Current assets:		
Cash	\$ 25	\$ 22
Due from related parties	18,961	8,002
Other accounts receivable	2,374	1,243
Prepaid expenses, net	1,174	119
Total current assets	<u>22,534</u>	<u>9,386</u>
Non-current assets:		
Jack ups and equipment, net	181,512	189,377
Deferred income taxes	6,080	4,130
Total non-current assets	<u>187,592</u>	<u>193,507</u>
Total assets	<u>\$ 210,126</u>	<u>\$ 202,893</u>

### Liabilities and Stockholders' equity

Current liabilities:		
Trade accounts payable	\$ 1,189	-
Due to related parties	159,148	153,719
Other accounts payable and accrued liabilities	3,677	1,900
Total current liabilities	<u>164,014</u>	<u>155,619</u>
Stockholders' equity:		
Capital stock	78,100	78,100
Deficit	(31,988)	(30,826)
Total stockholders' equity	<u>46,112</u>	<u>47,274</u>
Total stockholders' equity and liabilities	<u>\$ 210,126</u>	<u>\$ 202,893</u>
	(0)	

## La Covadonga Limited

# Statements of Operations

For the nine months ended September 30, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	September 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating lease revenues	\$ 19,458	\$ 26,611
Operating cost	899	779
Depreciation of assets under operating leases	10,975	18,512
Gross profit	<u>7,584</u>	<u>7,320</u>
Interest expense, net	10,696	14,251
Exchange profit, net	0	(1)
Loss before income taxes	<u>(3,112)</u>	<u>(6,930)</u>
Deferred income tax benefit	<u>(1,950)</u>	<u>(3,929)</u>
Net loss	<u>\$ (1,162)</u>	<u>\$ (3,001)</u>

# La Covadonga Limited

## Statements of Cash Flows

For the nine months ended September 30, 2018 and for the year end December 31, 2017  
(In thousands of US dollars)

	September 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities		
Net loss	\$ (1,162)	\$ (3,001)
Adjustments for:		
Deferred income tax benefit	(1,950)	(3,929)
Depreciation	10,975	18,512
Exchange loss (gain)	0	(1)
Interest expense	10,696	14,251
	<u>18,559</u>	<u>25,832</u>
<b>Changes in working capital:</b>		
(Increase) decrease in:		
Due from related parties	(10,959)	(5,670)
Other accounts receivable	(1,131)	306
Prepaid expenses	(1,055)	82
Increase (decrease) in:		
Trade accounts payable	1,189	
Due to related parties	(5,267)	1,680
Other accounts payable and accrued liabilities	1,777	336
Net cash flows by operating activities	<u>3,113</u>	<u>22,566</u>
Cash flows from investing activities:		
Purchase of equipment	(3,110)	(3,842)
Net cash flows by investing activities	<u>(3,110)</u>	<u>(3,842)</u>
Cash flows from financing activities:		
Interest paid	-	(18,726)
Net cash flows in financing activities	<u>-</u>	<u>(18,726)</u>
Net change in cash	3	(2)
Cash at the beginning of the year	22	24
Cash at end of the year	<u>\$ 25</u>	<u>\$ 22</u>