

La Covadonga Limited

Statements of Financial Position

As of December 31, 2018 and 2017

(In thousands of US dollars)

Assets

	December 2018	December 2017
	Unaudited	Audited
Current assets:		
Cash	\$ 16	\$ 22
Due from related parties	10,209	8,002
Other accounts receivable	953	1,243
Prepaid expenses, net	913	119
Total current assets	<u>12,091</u>	<u>9,386</u>
Non-current assets:		
Jack ups and equipment, net	179,952	189,377
Deferred income taxes	5,805	4,130
Total non-current assets	<u>185,757</u>	<u>193,507</u>
Total assets	<u>\$ 197,848</u>	<u>\$ 202,893</u>

Liabilities and Stockholders' equity

Current liabilities:		
Trade accounts payable	\$ 949	-
Due to related parties	148,116	153,719
Other accounts payable and accrued liabilities	2,924	1,900
Total current liabilities	<u>151,989</u>	<u>155,619</u>
Stockholders' equity:		
Capital stock	78,100	78,100
Deficit	(32,241)	(30,826)
Total stockholders' equity	<u>45,859</u>	<u>47,274</u>
Total stockholders' equity and liabilities	<u>\$ 197,848</u>	<u>\$ 202,893</u>

La Covadonga Limited

Statements of Operations

For the years ended December 31, 2018 and 2017
(In thousands of US dollars)

	December 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating lease revenues	\$ 25,734	\$ 26,611
Operating cost	1,180	779
Depreciation of assets under operating leases	13,480	18,512
Gross profit	<u>11,074</u>	<u>7,320</u>
Interest expense, net	14,187	14,251
Exchange gain, net	(22)	(1)
Loss before income taxes	<u>(3,091)</u>	<u>(6,930)</u>
Deferred income tax benefit	<u>(1,675)</u>	<u>(3,929)</u>
Net loss	<u><u>\$ (1,416)</u></u>	<u><u>\$ (3,001)</u></u>

La Covadonga Limited

Statements of Cash Flows

For the years ended December 31, 2018 and 2017
(In thousands of US dollars)

	December 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities		
Net loss	\$ (1,416)	\$ (3,001)
Adjustments for:		
Deferred income tax benefit	(1,675)	(3,929)
Depreciation	13,480	18,512
Exchange gain, net	(22)	(1)
Interest expense	14,187	14,251
	<u>24,554</u>	<u>25,832</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	(2,207)	(5,670)
Other accounts receivable	290	306
Prepaid expenses	(794)	82
Increase (decrease) in:		
Trade accounts payable	949	-
Due to related parties	(19,790)	1,680
Other accounts payable and accrued liabilities	1,047	336
Net cash flows by operating activities	<u>4,049</u>	<u>22,566</u>
Cash flows from investing activities:		
Purchase of equipment	(4,055)	(3,842)
Net cash flows by investing activities	<u>(4,055)</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	(6)	(2)
Cash at the beginning of the year	22	24
Cash at end of the year	<u>\$ 16</u>	<u>\$ 22</u>