

La Covadonga Limited

Statements of Financial Position

As of June 30, 2019 and December 31, 2018

(In thousands of US dollars)

Assets

	June 2019	December 2018
	Unaudited	Audited
Current assets:		
Cash	\$ 230	\$ 16
Due from related parties	10,759	10,209
Other accounts receivable	865	953
Prepaid expenses, net	14	913
Total current assets	<u>11,868</u>	<u>12,091</u>
Non-current assets:		
Jack ups and equipment, net	175,247	179,952
Deferred income taxes	6,985	5,805
Total non-current assets	<u>182,232</u>	<u>185,757</u>
Total assets	<u>\$ 194,100</u>	<u>\$ 197,848</u>

Liabilities and Stockholders' equity

Current liabilities:		
Due to related parties	\$ 147,904	\$ 148,116
Trade accounts payable	-	949
Other accounts payable and accrued liabilities	2,187	2,924
Total current liabilities	<u>150,091</u>	<u>151,989</u>
Stockholders' equity:		
Capital stock	78,100	78,100
Deficit	(34,091)	(32,241)
Total stockholders' equity	<u>44,009</u>	<u>45,859</u>
Total stockholders' equity and liabilities	<u>\$ 194,100</u>	<u>\$ 197,848</u>

La Covadonga Limited

Statements of Operations

For the six months ended June, 2019 and for the year end December 31, 2018

(In thousands of US dollars)

	June 2019	December 2018
	Unaudited	Audited
Continuing operations:		
Operating lease revenues	\$ 11,041	\$ 25,734
Operating cost	281	1,180
Depreciation of assets under operating leases	<u>6,889</u>	<u>13,480</u>
Gross profit	3,871	11,074
Interest expenses, net	6,892	14,186
Exchange loss (gain), net	<u>9</u>	<u>(22)</u>
Loss before income taxes	(3,030)	(3,090)
Deferred income tax benefit	<u>(1,180)</u>	<u>(1,675)</u>
Net loss	\$ <u><u>(1,850)</u></u>	\$ <u><u>(1,415)</u></u>

La Covadonga Limited

Statements of Cash Flows

For the six months ended June, 2019 and for the year end December 31, 2018
(In thousands of US dollars)

	June 2019	December 2018
	Unaudited	Audited
Cash flows from operating activities		
Net loss	\$ (1,850)	\$ (1,415)
Adjustments for:		
Deferred income tax benefit	(1,180)	(1,675)
Depreciation	6,889	13,480
Exchange loss (gain), net	9	(22)
Interest expense	6,892	14,178
	<u>10,760</u>	<u>24,546</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	(550)	(2,207)
Other accounts receivable	88	290
Prepaid expenses	899	(794)
Increase (decrease) in:		
Trade accounts payable	(949)	949
Due to related parties	(213)	(5,603)
Other accounts payable and accrued liabilities	(744)	1,046
Net cash flows by operating activities	<u>9,291</u>	<u>18,227</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(2,185)</u>	<u>(4,055)</u>
Net cash flows by investing activities	(2,185)	(4,055)
Cash flows from financing activities:		
Interest paid	<u>(6,892)</u>	<u>(14,178)</u>
Net cash flows in financing activities	<u>(6,892)</u>	<u>(14,178)</u>
Net change in cash	214	(6)
Cash at the beginning of the year	<u>16</u>	<u>22</u>
Cash at end of the year	<u>\$ 230</u>	<u>\$ 16</u>