

La Covadonga Limited

Statements of Financial Position

As of June 30, 2020 and December 31, 2019

(In thousands of US dollars)

Assets

	June 2020	December 2019
	Unaudited	Audited
Current assets:		
Cash	\$ 6	\$ 75
Due from related parties	17,217	15,943
Other accounts receivable	600	1,361
Prepaid expenses, net	9	19
Total current assets	<u>17,832</u>	<u>17,398</u>
Non-current assets:		
Jack ups and equipment, net	163,670	168,763
Deferred income taxes	5,910	8,796
Total non-current assets	<u>169,580</u>	<u>177,559</u>
Total assets	<u>\$ 187,412</u>	<u>\$ 194,957</u>

Liabilities and Stockholders' equity

Current liabilities:		
Due to related parties	\$ 1	\$ 1
Other accounts payable and accrued liabilities	3,149	2,998
Total current liabilities	<u>3,150</u>	<u>2,999</u>
Non-current liabilities:		
Due to related parties	143,384	148,926
Total non-current liabilities	<u>143,384</u>	<u>148,926</u>
Total	146,534	151,925
Stockholders' equity:		
Capital stock	78,100	78,100
Deficit	(37,222)	(35,068)
Total stockholders' equity	<u>40,878</u>	<u>43,032</u>
Total stockholders' equity and liabilities	<u>\$ 187,412</u>	<u>\$ 194,957</u>

La Covadonga Limited

Statements of Operations

For the six months ended June, 2020 and for the year end December 31, 2019

(In thousands of US dollars)

	June 2020	December 2019
	Unaudited	Audited
Continuing operations:		
Operating lease revenues	\$ 14,924	\$ 24,657
Operating cost	26	325
Depreciation of assets under operating leases	<u>7,134</u>	<u>15,668</u>
Gross profit	7,764	8,664
Interest expenses, net	7,043	14,475
Exchange (gain) loss, net	<u>(11)</u>	<u>7</u>
Gross (loss) before income taxes	732	(5,818)
Deferred income tax	<u>2,886</u>	<u>(2,991)</u>
Net loss	<u>\$ (2,154)</u>	<u>\$ (2,827)</u>

La Covadonga Limited

Statements of Cash Flows

For the six months ended June, 2020 and for the year end December 31, 2019
(In thousands of US dollars)

	June 2020	December 2019
	Unaudited	Audited
Cash flows from operating activities		
Net loss	\$ (2,154)	\$ (2,827)
Adjustments for:		
Deferred income tax benefit	2,886	(2,991)
Depreciation	7,134	15,668
Exchange loss (gain), net	(11)	7
Interest expense	7,043	14,475
	<u>14,898</u>	<u>24,332</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	(1,274)	(5,734)
Other accounts receivable	761	(408)
Prepaid expenses	9	894
Increase (decrease) in:		
Trade accounts payable	-	(949)
Due to related parties	(5,542)	810
Other accounts payable and accrued liabilities	163	66
Net cash flows by operating activities	<u>9,015</u>	<u>19,011</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(2,041)</u>	<u>(4,477)</u>
Net cash flows by investing activities	(2,041)	(4,477)
Cash flows from financing activities:		
Interest paid	<u>(7,043)</u>	<u>(14,475)</u>
Net cash flows in financing activities	<u>(7,043)</u>	<u>(14,475)</u>
Net change in cash	(69)	59
Cash at the beginning of the year	<u>75</u>	<u>16</u>
Cash at end of the year	<u>\$ <u>6</u></u>	<u>\$ <u>75</u></u>