

La Covadonga Limited

Statements of Financial Position

As of September 30, 2020 and December 31, 2019

(In thousands of US dollars)

Assets

	September 2020	December 2019
	Unaudited	Audited
Current assets:		
Cash	\$ 4	\$ 75
Due from related parties	20,095	15,943
Other accounts receivable	874	1,361
Prepaid expenses, net	5	19
Total current assets	<u>20,978</u>	<u>17,398</u>
Non-current assets:		
Jack ups and equipment, net	159,974	168,763
Deferred income taxes	6,386	8,796
Total non-current assets	<u>166,360</u>	<u>177,559</u>
Total assets	<u>\$ 187,338</u>	<u>\$ 194,957</u>

Liabilities and Stockholders' equity

Current liabilities:		
Due to related parties	\$ 1	\$ 1
Other accounts payable and accrued liabilities	3,416	2,998
Total current liabilities	<u>3,417</u>	<u>2,999</u>
Non-current liabilities:		
Due to related parties	145,286	148,926
Total non-current liabilities	<u>145,286</u>	<u>148,926</u>
Total	148,703	151,925
Stockholders' equity:		
Capital stock	78,100	78,100
Deficit	(39,465)	(35,068)
Total stockholders' equity	<u>38,635</u>	<u>43,032</u>
Total stockholders' equity and liabilities	<u>\$ 187,338</u>	<u>\$ 194,957</u>

La Covadonga Limited

Statements of Operations

For the nine months ended September 30, 2020 and for the year end December 31, 2019

(In thousands of US dollars)

	September 2020	December 2019
	Unaudited	Audited
Continuing operations:		
Operating lease revenues	\$ 19,524	\$ 24,657
Operating cost	42	325
Depreciation of assets under operating leases	<u>10,835</u>	<u>15,668</u>
Gross profit	8,647	8,664
Interest expenses, net	10,639	14,475
Exchange (gain) loss, net	<u>(6)</u>	<u>7</u>
Loss before income taxes	(1,986)	(5,818)
Deferred income tax	<u>2,411</u>	<u>(2,991)</u>
Net loss	<u>\$ (4,397)</u>	<u>\$ (2,827)</u>

La Covadonga Limited

Statements of Cash Flows

For the nine months ended September 30, 2020 and for the year end December 31, 2019
(In thousands of US dollars)

	September 2020	December 2019
	Unaudited	Audited
Cash flows from operating activities		
Net loss	\$ (4,397)	\$ (2,827)
Adjustments for:		
Deferred income tax benefit	2,411	(2,991)
Depreciation	10,835	15,668
Exchange loss (gain), net	(6)	7
Interest expense	10,639	14,475
	<u>19,482</u>	<u>24,332</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	(4,153)	(5,734)
Other accounts receivable	486	(408)
Prepaid expenses	14	894
Increase (decrease) in:		
Trade accounts payable	-	(949)
Due to related parties	(3,640)	810
Other accounts payable and accrued liabilities	425	66
Net cash flows by operating activities	<u>12,614</u>	<u>19,011</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(2,046)</u>	<u>(4,477)</u>
Net cash flows by investing activities	(2,046)	(4,477)
Cash flows from financing activities:		
Interest paid	<u>(10,639)</u>	<u>(14,475)</u>
Net cash flows in financing activities	<u>(10,639)</u>	<u>(14,475)</u>
Net change in cash	(71)	59
Cash at the beginning of the year	<u>75</u>	<u>16</u>
Cash at end of the year	<u>\$ 4</u>	<u>\$ 75</u>