

Latina Offshore Limited and Subsidiaries

Consolidated Statements of Financial Position

As of June 30, 2016 and December 31, 2015

(In thousands of US dollars)

| Assets | June 2016 | December 2015 |
|---|--------------------|----------------------|
| | (Unaudited) | (Audited) |
| Current assets: | | |
| Cash and restricted cash | \$ 28,888 | \$ 435 |
| Due from related parties | 35,237 | 71,226 |
| Other accounts receivables | 1,130 | 4,777 |
| Prepaid expenses, net | 215 | 1,240 |
| Total current assets | 65,470 | 77,678 |
| Non-current assets: | | |
| Jack ups and equipment, net | 434,199 | 450,363 |
| Deferred income taxes | - | 337 |
| Total non-current assets | 434,199 | 450,700 |
| Total assets | \$ 499,669 | \$ 528,378 |
| Equity and Liabilities | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 30,000 | \$ 15,000 |
| Trade accounts payables | - | 1,232 |
| Due to related parties | - | 23,187 |
| Other accounts payables and accrued liabilities | 4,350 | 11,187 |
| Interest payable | 13,812 | - |
| Total current liabilities | 48,162 | 50,606 |
| Non-current liabilities: | | |
| Long-term debt | 276,971 | 291,097 |
| Deferred income taxes | 15,735 | 14,252 |
| Total non-current liabilities | 292,706 | 305,349 |
| Total liabilities | 340,868 | 355,955 |
| Stockholders' equity: | | |
| Capital stock | 180,712 | 150,812 |
| Contributions for future capital increases | - | 29,900 |
| Accumulated deficit | (21,911) | (8,290) |
| Total stockholders' equity | 158,801 | 172,423 |
| Total stockholders' equity and liabilities | \$ 499,669 | \$ 528,378 |

Latina Offshore Limited and Subsidiaries

Consolidated Statements of Losses

For the six months ended June 30, 2016 and for the year end December 31, 2015

(In thousands of US dollars)

| | June 2016 | December 2015 |
|---|--------------------|-------------------|
| | (Unaudited) | (Audited) |
| Continuing operations: | | |
| Operating leases income | \$ 25,894 | \$ 78,110 |
| Operating cost | 1,237 | 2,904 |
| Depreciation of assets under operating leases | 18,201 | 35,522 |
| Gross profit | <u>6,456</u> | <u>39,684</u> |
| Administrative expenses | 2,700 | 5,400 |
| Others expenses (incomes), net | - | 112 |
| Interest expense | 15,397 | 30,542 |
| Exchange loss (gain), net | 160 | 111 |
| (Loss) Profit before tax | <u>(11,801)</u> | <u>3,519</u> |
| Income tax expense | <u>1,820</u> | <u>5,806</u> |
| Consolidated net loss | <u>\$ (13,621)</u> | <u>\$ (2,287)</u> |

Latina Offshore Limited and Subsidiaries

Consolidated Statement of Cash Flows

For the six months ended June 30, 2016 and for the year end December 31, 2015

(In thousands of US dollars)

| | June 2016 | December 2015 |
|---|------------------|-----------------|
| | (Unaudited) | (Audited) |
| Cash flows from operating activities | | |
| Consolidated net loss | \$ (13,621) | \$ (2,287) |
| Adjustments for: | | |
| Income tax recognized in results | 1,820 | 5,806 |
| Depreciation | 18,201 | 35,522 |
| Interest expense | <u>15,397</u> | <u>30,542</u> |
| | 21,797 | 69,583 |
| Movements in working capital: | | |
| (Increase) decrease in: | | |
| Due from related parties | 35,989 | (66,335) |
| Other accounts receivables | 3,647 | 4,775 |
| Prepaid expenses | 1,025 | 285 |
| Increase (decrease) in: | | |
| Trade accounts payables | (1,232) | 87 |
| Due to related parties | (23,187) | 23,187 |
| Other accounts payables and accrued liabilities | <u>(5,964)</u> | <u>(2,946)</u> |
| Net cash flows generated by operating activities | 32,075 | 28,636 |
| Cash flows from investing activities: | | |
| Purchase of machinery and equipment | <u>(2,037)</u> | <u>(7,793)</u> |
| Net cash flows used in investing activities | (2,037) | (7,793) |
| Cash flows from financing activities: | | |
| Payments from long-term debt | - | (38,750) |
| Interest paid | (1,585) | (46,176) |
| Contribution for future capital increases | <u>-</u> | <u>29,900</u> |
| Net cash flows by financing activities | <u>(1,585)</u> | <u>(55,026)</u> |
| Net in cash and restricted cash | 28,453 | (34,183) |
| Cash and restricted cash at the beginning of the year | <u>435</u> | <u>34,618</u> |
| Cash and restricted cash at end of the year | <u>\$ 28,888</u> | <u>\$ 435</u> |