

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Financial Position

As of September 30, 2016 and December 31, 2015

(In thousands of US dollars)

Assets	September 2016 (Unaudited)	December 2015 (Audited)
Current assets:		
Cash and restricted cash	\$ 5,172	\$ 459
Due from related parties	28,833	34,217
Other accounts receivables	7,688	6,503
Prepaid expenses, net	<u>1,156</u>	<u>1,240</u>
Total current assets	42,849	42,419
Non-current assets:		
Due from related parties	-	16,320
Jack ups and equipment, net	538,275	544,465
Deferred income taxes	4	577
Total non-current assets	<u>538,279</u>	<u>561,362</u>
Total assets	<u>\$ 581,128</u>	<u>\$ 603,781</u>
 Equity and Liabilities		
Current liabilities:		
Current portion of long-term debt	\$ 80,000	\$ 64,956
Trade accounts payables	779	1,441
Due to related parties	-	220
Other accounts payables and accrued liabilities	8,837	13,160
Interest payable	<u>7,628</u>	<u>-</u>
Total current liabilities	97,244	79,777
Non-current liabilities:		
Long-term debt	272,173	291,097
Deferred income taxes	<u>14,105</u>	<u>15,128</u>
Total non-current liabilities	<u>286,278</u>	<u>306,225</u>
Total liabilities	383,521	386,002
Stockholders' equity:		
Capital stock	227,727	150,812
Contributions for future capital increases	-	76,915
Deficit	<u>(30,121)</u>	<u>(9,948)</u>
Total stockholders' equity	<u>197,606</u>	<u>217,779</u>
Total stockholders' equity and liabilities	<u>\$ 581,128</u>	<u>\$ 603,781</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Losses

For the nine months ended September 30, 2016 and for the year end December 31, 2015

(In thousands of US dollars)

	September 2016 (Unaudited)	December 2015 (Audited)
Continuing operations:		
Operating leases income	\$ 31,754	\$ 78,110
Operating cost	1,998	2,967
Depreciation of assets under operating leases	29,009	35,521
Gross profit	<u>747</u>	<u>39,622</u>
Administrative expenses	4,320	5,400
Others expenses, net	-	110
Interest expense	20,925	30,415
Exchange loss (gain), net	(2,783)	61
Profit before tax	<u>(21,715)</u>	<u>3,636</u>
Deferred income tax expense	<u>(1,542)</u>	<u>6,421</u>
Consolidated net loss	<u>\$ (20,173)</u>	<u>\$ (2,785)</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2016 and for the year end December 31, 2015

(In thousands of US dollars)

	September 2016 (Unaudited)	December 2015 (Audited)
Cash flows from operating activities		
Consolidated net loss	\$ (20,173)	\$ (2,785)
Adjustments for:		
Deferred income tax expenses	(1,542)	6,421
Depreciation	29,009	35,521
Interest income	-	(2,530)
Interest expense	<u>20,925</u>	<u>32,945</u>
	28,219	69,572
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	21,704	(28,905)
Other accounts receivables	(1,185)	3,085
Prepaid expenses	84	285
Increase (decrease) in:		
Trade accounts payables	(662)	269
Due to related parties	(220)	(42)
Other accounts payables and accrued liabilities	<u>2,712</u>	<u>(136)</u>
Net cash flows generated by operating activities	50,652	44,128
Cash flows from investing activities:		
Purchase of machinery and equipment	<u>(21,727)</u>	<u>(48,184)</u>
Net cash flows used in investing activities	(21,727)	(48,184)
Cash flows from financing activities:		
Proceeds from long-term debt	-	(63,750)
Payments of long term-debt	(5,000)	(269)
Bonds issuance cost	-	(47,405)
Interest paid	(19,212)	2,530
Contribution for future capital increases	<u>-</u>	<u>76,915</u>
Net cash flows provided by financing activities	(24,212)	(31,979)
Net (decrease) increase in cash and restricted cash	4,713	(36,034)
Cash and restricted cash at the beginning of the year	<u>459</u>	<u>36,493</u>
Cash and restricted cash at end of the year	<u>\$ 5,172</u>	<u>\$ 459</u>