

Latina Offshore 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	December 2015
	(Unaudited)	(Audited)
Current assets:		
Cash and restricted cash	\$ 5,107	\$ 435
Due from related parties	41,275	71,226
Other accounts receivables	2,760	4,777
Prepaid expenses, net	<u>896</u>	<u>1,240</u>
Total current assets	50,038	77,678
Non-current assets:		
Jack ups and equipment, net	425,178	450,363
Deferred income taxes	<u>-</u>	<u>337</u>
Total non-current assets	425,178	450,700
Total assets	<u>\$ 475,216</u>	<u>\$ 528,378</u>
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	5,644	11,187
Interest payable	<u>6,795</u>	<u>-</u>
Total current liabilities	42,439	50,606
Non-current liabilities:		
Long-term debt	272,279	291,097
Deferred income taxes	<u>10,515</u>	<u>14,252</u>
Total non-current liabilities	282,794	305,349
Total liabilities	<u>325,233</u>	<u>355,955</u>
Stockholders' equity:		
Capital stock	180,712	150,812
Contributions for future capital increases	-	29,900
Accumulated deficit	<u>(30,729)</u>	<u>(8,290)</u>
Total stockholders' equity	149,983	172,423
Total stockholders' equity and liabilities	<u>\$ 475,216</u>	<u>\$ 528,378</u>

Latina Offshore 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	December 2015
	(Unaudited)	(Audited)
Continuing operations:		
Operating leases income	\$ 29,114	\$ 78,110
Operating cost	1,788	2,904
Depreciation of assets under operating leases	<u>27,303</u>	<u>35,522</u>
Gross profit	23	39,684
Administrative expenses	4,050	5,400
Others expenses (incomes), net	-	112
Interest expense	21,622	30,542
Exchange loss (gain), net	<u>191</u>	<u>111</u>
(Loss) Profit before tax	(25,839)	3,519
Income tax expense	<u>(3,400)</u>	<u>5,806</u>
Consolidated net loss	<u>\$ (22,439)</u>	<u>\$ (2,287)</u>

Latina Offshore Limited and Subsidiaries

Consolidated Statement 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	December 2015
	(Unaudited)	(Audited)
Cash flows from operating activities		
Consolidated net loss	\$ (22,439)	\$ (2,287)
Adjustments for:		
Income tax recognized in results	(3,400)	5,806
Depreciation	27,303	35,522
Interest expense	<u>21,622</u>	<u>30,542</u>
	23,086	69,583
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	29,951	(66,335)
Other accounts receivables	2,017	4,775
Prepaid expenses	344	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>(3,920)</u>	<u>(2,946)</u>
Net cash flows generated by operating activities	27,059	28,636
Cash flows from investing activities:		
Purchase of machinery and equipment	<u>(2,118)</u>	<u>(7,793)</u>
Net cash flows used in investing activities	(2,118)	(7,793)
Cash flows from financing activities:		
Payments from long-term debt	(5,000)	(38,750)
Interest paid	(15,269)	(46,176)
Contribution for future capital increases	<u>-</u>	<u>29,900</u>
Net cash flows provided by financing activities	<u>(20,269)</u>	<u>(55,026)</u>
Net (decrease) increase in cash and restricted cash	4,673	(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>\$ 5,108</u>	<u>\$ 435</u>