

Latina Offshore Limited and Subsidiaries

Consolidated Statements of Financial Position

As of March 31, 2016 and December 31, 2015

(In thousands of US dollars)

Assets

	March 2016 (Unaudited)	December 2015 (Audited)
Current assets:		
Cash and restricted cash	\$ 26,347	\$ 435
Due from related parties	36,349	71,226
Other accounts receivables	1,531	4,777
Prepaid expenses, net	755	1,240
Total current assets	<u>64,980</u>	<u>77,678</u>
Non-current assets:		
Jack ups and equipment, net	441,313	450,363
Deferred income taxes	292	337
Total non-current assets	<u>441,605</u>	<u>450,700</u>
Total assets	<u>\$ 506,586</u>	<u>\$ 528,378</u>

Equity and Liabilities

Current liabilities:

Current portion of long-term debt	\$ 30,000	\$ 15,000
Trade accounts payables	616	1,232
Due to related parties	-	23,187
Other accounts payables and accrued liabilities	5,471	11,187
Interest payable	6,906	-
Total current liabilities	<u>42,993</u>	<u>50,606</u>

Non-current liabilities:

Long-term debt	276,534	291,097
Deferred income taxes	16,043	14,252
Total non-current liabilities	<u>292,577</u>	<u>305,349</u>
Total liabilities	<u>335,570</u>	<u>355,955</u>

Stockholders' equity:

Capital stock	180,712	150,812
Contributions for future capital increases	-	29,900
Accumulated deficit	(9,697)	(8,290)
Total stockholders' equity	<u>171,016</u>	<u>172,423</u>
Total stockholders' equity and liabilities	<u>\$ 506,586</u>	<u>\$ 528,378</u>

Latina Offshore Limited and Subsidiaries

Consolidated Statements of Losses

For the three months ended March 31, 2016 and for the year end December 31, 2015

(In thousands of US dollars)

	March 2016	December 2015
	(Unaudited)	(Audited)
Continuing operations:		
Operating leases income	\$ 19,474	\$ 78,110
Operating cost	627	2,904
Depreciation of assets under operating leases	9,099	35,522
Gross profit	<u>9,747</u>	<u>39,684</u>
Administrative expenses	1,350	5,400
Others expenses (incomes), net	-	112
Interest expense	7,698	30,542
Exchange loss (gain), net	271	111
(Loss) Profit before tax	<u>428</u>	<u>3,519</u>
Income tax expense	<u>1,836</u>	<u>5,806</u>
Consolidated net loss	<u>\$ (1,408)</u>	<u>\$ (2,287)</u>

Latina Offshore Limited and Subsidiaries

Consolidated Statement of Cash Flows

For the three months ended March 31, 2016 and for the year end December 31, 2015

(In thousands of US dollars)

	March 2016	December 2015
	(Unaudited)	(Audited)
Cash flows from operating activities		
Consolidated net loss	\$ (1,408)	\$ (2,287)
Adjustments for:		
Income tax recognized in results	1,836	5,806
Depreciation	9,099	35,522
Interest expense	<u>7,698</u>	<u>30,542</u>
	17,226	69,583
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	11,691	(66,335)
Other accounts receivables	3,246	4,775
Prepaid expenses	485	285
Increase (decrease) in:		
Trade accounts payables	(616)	87
Due to related parties	-	23,187
Other accounts payables and accrued liabilities	<u>(5,279)</u>	<u>(2,946)</u>
Net cash flows generated by operating activities	26,753	28,636
Cash flows from investing activities:		
Purchase of machinery and equipment	<u>(49)</u>	<u>(7,793)</u>
Net cash flows used in investing activities	(49)	(7,793)
Cash flows from financing activities:		
Payments from long-term debt	-	(38,750)
Interest paid	(793)	(46,176)
Contribution for future capital increases	<u>-</u>	<u>29,900</u>
Net cash flows provided by financing activities	<u>(793)</u>	<u>(55,026)</u>
Net (decrease) increase in cash and restricted cash	25,912	(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>\$ 26,347</u>	<u>\$ 435</u>