

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Financial Position

As of March 31, 2017 and December 31, 2016

(In thousands of US dollars)

Assets	March 2017	December 2016
	(Unaudited)	(Audited)
Current assets:		
Cash and restricted cash	\$ 5,078	\$ 11,892
Due from related parties	18,316	7,483
Other accounts receivables	8,358	8,835
Prepaid expenses, net	<u>265</u>	<u>600</u>
Total current assets	<u>32,017</u>	<u>28,810</u>
Non-current assets:		
Jack ups and equipment, net	516,227	527,152
Deferred income taxes	<u>4,798</u>	<u>1,832</u>
Total non-current assets	<u>521,025</u>	<u>528,984</u>
Total assets	<u>\$ 553,042</u>	<u>\$ 557,794</u>
 Equity and Liabilities		
Current liabilities:		
Current portion of long-term debt	\$ 105,000	\$ -
Trade accounts payables	29	73
Due to related parties	-	1,330
Other accounts payables and accrued liabilities	8,574	7,702
Interest payable	<u>15,068</u>	<u>14,592</u>
Total current liabilities	<u>128,671</u>	<u>23,697</u>
Non-current liabilities:		
Long-term debt	247,565	351,922
Deferred income taxes	<u>8,425</u>	<u>8,933</u>
Total non-current liabilities	<u>255,990</u>	<u>360,855</u>
Total liabilities	<u>384,661</u>	<u>384,552</u>
Stockholders' equity:		
Capital stock	227,727	227,727
Deficit	<u>(59,346)</u>	<u>(54,485)</u>
Total stockholders' equity	<u>168,381</u>	<u>173,242</u>
Total stockholders' equity and liabilities	<u>\$ 553,042</u>	<u>\$ 557,794</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Losses

For the three months ended March 31, 2017 and for the year end December 31, 2016
(In thousands of US dollars)

	March 2017 (Unaudited)	December 2016 (Audited)
Continuing operations:		
Operating leases income	\$ 12,690	\$ 23,600
Operating cost	711	2,363
Depreciation of assets under operating leases	<u>11,821</u>	<u>40,664</u>
(Loss) gross profit	158	(19,427)
Administrative expenses	-	4,664
Others expenses, net	-	(36)
Interest expense	8,552	31,728
Exchange (gain) loss, net	<u>(59)</u>	<u>(2,707)</u>
(Loss) profit before tax	(8,335)	(53,076)
Deferred income tax expense	<u>(3,474)</u>	<u>(8,539)</u>
Consolidated net loss	<u>\$ (4,861)</u>	<u>\$ (44,537)</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2017 and for the year end December 31, 2016
(In thousands of US dollars)

	March 2017 (Unaudited)	December 2016 (Audited)
Cash flows from operating activities		
Consolidated net loss	\$ (4,861)	\$ (44,537)
Adjustments for:		
Deferred income tax expenses	(3,474)	(8,539)
Depreciation	11,821	40,664
Amortization of bond issuance cost	499	3,038
Interest income	-	(2,225)
Exchange (gain) loss	(59)	(2,707)
Interest expense	8,552	30,915
	12,478	16,609
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	(10,833)	27,217
Other accounts receivables	477	(2,332)
Prepaid expenses	335	640
Increase (decrease) in:		
Trade accounts payables	(44)	(1,368)
Due to related parties	(1,330)	1,110
Other accounts payables and accrued liabilities	849	(3,836)
	1,932	38,040
Net cash flows by operating activities	1,932	38,040
Cash flows from investing activities:		
Purchase of machinery and equipment	(896)	(18,824)
	(896)	(18,824)
Net cash flows in investing activities	(896)	(18,824)
Cash flows from financing activities:		
Proceeds from long-term debt	-	16,320
Interest received	-	2,225
Payments of long term-debt	-	(5,000)
Bonds issuance cost	-	(2,169)
Interest paid	(7,850)	(19,159)
	(7,850)	(19,159)
Net cash flows by financing activities	(7,850)	(7,783)
Net (decrease) increase in cash and restricted cash	(6,814)	11,433
Cash and restricted cash at the beginning of the year	11,892	459
Cash and restricted cash at end of the year	\$ 5,078	\$ 11,892