

Latina Offshore 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	\$ 5,067	\$ 11,864
Due from related parties	31,135	20,220
Other accounts receivables	4,046	4,082
Prepaid expenses, net	178	430
Total current assets	<u>40,426</u>	<u>36,596</u>
Non-current assets:		
Jack ups and equipment, net	407,835	416,711
Deferred income taxes	3,099	636
Total non-current assets	<u>410,934</u>	<u>417,347</u>
Total assets	<u>\$ 451,360</u>	<u>\$ 453,943</u>
 Equity and Liabilities		
Current liabilities:		
Current portion of long-term debt	\$ 55,000	\$ -
Due to related parties	-	264
Other accounts payables and accrued liabilities	5,942	4,313
Interest payable	14,290	14,290
Total current liabilities	<u>75,232</u>	<u>18,867</u>
Non-current liabilities:		
Long-term debt	248,197	302,732
Deferred income taxes	1,662	4,149
Total non-current liabilities	<u>249,859</u>	<u>306,881</u>
Total liabilities	<u>325,091</u>	<u>325,748</u>
Stockholders' equity:		
Capital stock	180,712	180,712
Accumulated deficit	(54,443)	(52,517)
Total stockholders' equity	<u>126,269</u>	<u>128,195</u>
Total stockholders' equity and liabilities	<u>\$ 451,360</u>	<u>\$ 453,943</u>

Latina Offshore 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	December 2016
	(Unaudited)	(Audited)
Continuing operations:		
Operating leases income	\$ 9,990	\$ 18,200
Operating cost	544	2,092
Depreciation of assets under operating leases	9,161	36,411
(Loss) gross profit	<u>285</u>	<u>(20,303)</u>
Administrative expenses	-	4,292
Interest expense	7,165	29,801
Exchange loss (gain), net	<u>(3)</u>	<u>234</u>
(Loss) Profit before tax	<u>(6,877)</u>	<u>(54,630)</u>
Income tax expense	<u>(4,951)</u>	<u>(10,402)</u>
Consolidated net loss	<u>\$ (1,926)</u>	<u>\$ (44,228)</u>

Latina Offshore Limited and Subsidiaries

Consolidated Statement 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	December 2016
	(Unaudited)	(Audited)
Cash flows from operating activities		
Consolidated net loss	\$ (1,926)	\$ (44,228)
Adjustments for:		
Income tax recognized in results	(4,951)	(10,402)
Depreciation	9,161	36,411
Exchange loss	(3)	234
Interest expense	<u>7,165</u>	<u>29,801</u>
	9,446	11,816
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	(10,915)	51,005
Other accounts receivables	37	695
Prepaid expenses	252	810
Increase (decrease) in:		
Trade accounts payables	-	(1,232)
Due to related parties	(264)	(22,499)
Other accounts payables and accrued liabilities	<u>2,082</u>	<u>(6,173)</u>
Net cash flows by operating activities	638	34,422
Cash flows from investing activities:		
Purchase of machinery and equipment	<u>(285)</u>	<u>(2,759)</u>
Net cash flows in investing activities	(285)	(2,759)
Cash flows from financing activities:		
Payments from long-term debt	-	(5,000)
Interest paid	<u>(7,150)</u>	<u>(15,234)</u>
Net cash flows by financing activities	<u>(7,150)</u>	<u>(20,234)</u>
Net (decrease) increase in cash and restricted cash	(6,797)	11,429
Cash and restricted cash at the beginning of the year	<u>11,864</u>	<u>435</u>
Cash and restricted cash at end of the year	<u>\$ 5,067</u>	<u>\$ 11,864</u>