

Latina Offshore Limited and Subsidiaries

Consolidated Statements of Financial Position

As of June 30, 2017 and December 31, 2016

(In thousands of US dollars)

Assets	June 2017	December 2016
	(Unaudited)	(Audited)
Current assets:		
Cash and restricted cash	\$ 27,992	\$ 11,864
Due from related parties	21,468	20,220
Other accounts receivables	5,335	4,082
Prepaid expenses, net	<u>1,055</u>	<u>430</u>
Total current assets	55,850	36,596
Non-current assets:		
Jack ups and equipment, net	399,498	416,711
Deferred income taxes	<u>4,838</u>	<u>636</u>
Total non-current assets	404,336	417,347
Total assets	<u>\$ 460,186</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	9,262	4,313
Interest payable	<u>21,435</u>	<u>14,290</u>
Total current liabilities	85,697	18,867
Non-current liabilities:		
Long-term debt	248,442	302,732
Deferred income taxes	<u>-</u>	<u>4,149</u>
Total non-current liabilities	248,442	306,881
Total liabilities	334,139	325,748
Stockholders' equity:		
Capital stock	180,712	180,712
Accumulated deficit	<u>(54,665)</u>	<u>(52,517)</u>
Total stockholders' equity	126,047	128,195
Total stockholders' equity and liabilities	<u>\$ 460,186</u>	<u>\$ 453,943</u>

Latina Offshore Limited and Subsidiaries

Consolidated Statements of Losses

For the six months ended June 30, 2017 and for the year end December 31, 2016

(In thousands of US dollars)

	June 2017	December 2016
	(Unaudited)	(Audited)
Continuing operations:		
Operating leases income	\$ 23,104	\$ 18,200
Operating cost	1,062	2,092
Depreciation of assets under operating leases	18,438	36,411
(Loss) gross profit	<u>3,604</u>	<u>(20,303)</u>
Administrative expenses	-	4,292
Interest expense	14,124	29,801
Exchange loss (gain), net	(21)	234
(Loss) Profit before tax	<u>(10,499)</u>	<u>(54,630)</u>
Income tax expense	<u>(8,351)</u>	<u>(10,402)</u>
Consolidated net loss	<u>\$ (2,148)</u>	<u>\$ (44,228)</u>

Latina Offshore Limited and Subsidiaries

Consolidated Statement of Cash Flows

For the six months ended June 30, 2017 and for the year end December 31, 2016

(In thousands of US dollars)

	June 2017	December 2016
	(Unaudited)	(Audited)
Cash flows from operating activities		
Consolidated net loss	\$ (2,148)	\$ (44,228)
Adjustments for:		
Income tax recognized in results	(8,351)	(10,402)
Depreciation	18,438	36,411
Exchange loss	(21)	234
Interest expense	<u>14,124</u>	<u>29,801</u>
	22,042	11,816
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	(1,248)	51,006
Other accounts receivables	(1,253)	695
Prepaid expenses	(625)	810
Increase (decrease) in:		
Trade accounts payables	-	(1,232)
Due to related parties	(264)	(22,499)
Other accounts payables and accrued liabilities	<u>5,851</u>	<u>(6,173)</u>
Net cash flows by operating activities	<u>24,503</u>	<u>34,422</u>
Cash flows from investing activities:		
Purchase of machinery and equipment	<u>(1,225)</u>	<u>(2,759)</u>
Net cash flows in investing activities	(1,225)	(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	16,128	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>\$ 27,992</u>	<u>\$ 11,864</u>