

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Financial Position

As of September 30, 2017 and December 31, 2016

(In thousands of US dollars)

Assets	September 2017	December 2016
	(Unaudited)	(Audited)
Current assets:		
Cash and restricted cash	\$ 5,162	\$ 11,892
Due from related parties	17,114	7,483
Other accounts receivables	8,022	8,835
Prepaid expenses, net	<u>1,050</u>	<u>600</u>
Total current assets	31,348	28,810
Non-current assets:		
Jack ups and equipment, net	499,941	527,152
Deferred income taxes	<u>7,872</u>	<u>1,832</u>
Total non-current assets	<u>507,813</u>	<u>528,984</u>
Total assets	<u>\$ 539,161</u>	<u>\$ 557,794</u>
 Equity and Liabilities		
Current liabilities:		
Current portion of long-term debt	\$ 354,002	\$ -
Trade accounts payables	-	73
Due to related parties	-	1,330
Other accounts payables and accrued liabilities	8,656	7,702
Interest payable	<u>8,021</u>	<u>14,592</u>
Total current liabilities	370,679	23,697
Non-current liabilities:		
Long-term debt	-	351,922
Deferred income taxes	<u>32</u>	<u>8,933</u>
Total non-current liabilities	<u>32</u>	<u>360,855</u>
Total liabilities	370,711	384,552
Stockholders' equity:		
Capital stock	227,727	227,727
Deficit	<u>(59,277)</u>	<u>(54,485)</u>
Total stockholders' equity	<u>168,450</u>	<u>173,242</u>
Total stockholders' equity and liabilities	<u>\$ 539,161</u>	<u>\$ 557,794</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Losses

For the nine months ended September 30, 2017 and for the year end December 31, 2016
(In thousands of US dollars)

	September 2017 (Unaudited)	December 2016 (Audited)
Continuing operations:		
Operating leases income	\$ 44,052	\$ 23,600
Operating cost	2,058	2,363
Depreciation of assets under operating leases	<u>35,672</u>	<u>40,664</u>
Gross (loss) profit	6,322	(19,427)
Administrative expenses	-	4,664
Others expenses, net	(101)	(36)
Interest expense	26,276	31,728
Exchange (gain) loss, net	<u>(120)</u>	<u>(2,707)</u>
(Loss) profit before tax	(19,733)	(53,076)
Deferred income tax expense	<u>(14,941)</u>	<u>(8,539)</u>
Consolidated net loss	<u><u>\$ (4,792)</u></u>	<u><u>\$ (44,537)</u></u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2017 and for the year end December 31, 2016

(In thousands of US dollars)

	September 2017	December 2016
	(Unaudited)	(Audited)
Cash flows from operating activities		
Consolidated net loss	\$ (4,792)	\$ (44,537)
Adjustments for:		
Deferred income tax expenses	(14,941)	(8,539)
Depreciation	35,672	40,664
Amortization of bond issuance cost	2,121	3,038
Interest income	(1,037)	(2,225)
Exchange loss	(120)	(2,707)
Interest expense	25,193	30,915
	42,096	16,609
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	(8,594)	27,217
Other accounts receivables	813	(2,332)
Prepaid expenses	(451)	640
Increase (decrease) in:		
Trade accounts payables	(73)	(1,368)
Due to related parties	(1,330)	1,110
Other accounts payables and accrued liabilities	1,635	(3,836)
Net cash flows by operating activities	34,096	38,040
Cash flows from investing activities:		
Purchase of machinery and equipment	(8,461)	(18,824)
Net cash flows in investing activities	(8,461)	(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	(600)	(2,169)
Interest paid	(31,765)	(19,159)
Net cash flows by financing activities	(32,365)	(7,783)
Net (decrease) increase in cash and restricted cash	(6,730)	11,433
Cash and restricted cash at the beginning of the year	11,892	459
Cash and restricted cash at end of the year	\$ 5,162	\$ 11,892