

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2017 and 2016

(In thousands of US dollars)

Assets	December 2017 (Unaudited)	December 2016 (Audited)
Current assets:		
Cash and restricted cash	\$ 5,141	\$ 11,892
Due from related parties	28,000	7,483
Other accounts receivables	8,003	8,835
Prepaid expenses, net	471	600
Total current assets	<u>41,615</u>	<u>28,810</u>
Non-current assets:		
Jack ups and equipment, net	490,922	527,152
Deferred income taxes	9,189	1,832
Total non-current assets	<u>500,111</u>	<u>528,984</u>
Total assets	<u>\$ 541,726</u>	<u>\$ 557,794</u>
 Equity and Liabilities		
Current liabilities:		
Current portion of long-term debt	\$ 355,155	\$ -
Trade accounts payables	-	73
Due to related parties	-	1,330
Other accounts payables and accrued liabilities	9,692	7,142
Interest payable	15,166	14,592
Total current liabilities	<u>380,013</u>	<u>23,137</u>
Non-current liabilities:		
Long-term debt	-	352,482
Deferred income taxes	1,950	8,933
Total non-current liabilities	<u>1,950</u>	<u>361,415</u>
Total liabilities	381,963	384,552
Stockholders' equity:		
Capital stock	227,727	227,727
Deficit	(67,964)	(54,485)
Total stockholders' equity	<u>159,763</u>	<u>173,242</u>
Total stockholders' equity and liabilities	<u>\$ 541,726</u>	<u>\$ 557,794</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Losses

For the years ended December 31, 2017 and 2016

(In thousands of US dollars)

	December 2017	December 2016
	(Unaudited)	(Audited)
Continuing operations:		
Operating leases income	\$ 58,313	\$ 23,600
Operating cost	3,023	2,363
Depreciation of assets under operating leases	<u>47,726</u>	<u>40,664</u>
Gross (loss) profit	7,564	(19,427)
Administrative expenses	-	4,664
Others expenses, net	(102)	(36)
Interest expense, net	35,577	31,728
Exchange (gain) loss, net	<u>(93)</u>	<u>(2,707)</u>
(Loss) profit before tax	(27,818)	(53,076)
Deferred income tax expense	<u>(14,339)</u>	<u>(8,539)</u>
Consolidated net loss	<u>\$ (13,479)</u>	<u>\$ (44,537)</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(In thousands of US dollars)

	December 2017	December 2016
	(Unaudited)	(Audited)
Cash flows from operating activities		
Consolidated net loss	\$ (13,479)	\$ (44,537)
Adjustments for:		
Deferred income tax expenses	(14,339)	(8,539)
Depreciation	47,726	40,664
Amortization of bond issuance cost	3,307	3,038
Interest income	(1,383)	(2,225)
Exchange loss	(93)	(2,707)
Interest expense	33,653	30,915
	55,392	16,609
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	(19,134)	27,217
Other accounts receivables	832	(2,332)
Prepaid expenses	129	640
Increase (decrease) in:		
Trade accounts payables	(73)	(1,368)
Due to related parties	(1,330)	1,110
Other accounts payables and accrued liabilities	2,642	(3,836)
Net cash flows by operating activities	38,458	38,040
Cash flows from investing activities:		
Purchase of machinery and equipment	(11,496)	(18,824)
Net cash flows in investing activities	(11,496)	(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	(634)	(2,169)
Interest paid	(33,079)	(19,159)
Net cash flows by financing activities	(33,713)	(7,783)
Net change in cash and restricted cash	(6,751)	11,433
Cash and restricted cash at the beginning of the year	11,892	459
Cash and restricted cash at end of the year	\$ 5,141	\$ 11,892