

Latina Offshore Limited and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2017 and 2016

(In thousands of US dollars)

Assets	December 2017	December 2016
	(Unaudited)	(Audited)
Current assets:		
Cash and restricted cash	\$ 5,123	\$ 11,864
Due from related parties	42,861	20,220
Other accounts receivables	4,601	4,082
Prepaid expenses, net	<u>316</u>	<u>430</u>
Total current assets	52,902	36,596
Non-current assets:		
Jack ups and equipment, net	387,132	416,711
Deferred income taxes	<u>7,323</u>	<u>636</u>
Total non-current assets	<u>394,455</u>	<u>417,347</u>
Total assets	<u>\$ 447,357</u>	<u>\$ 453,943</u>
 Equity and Liabilities		
Current liabilities:		
Current portion of long-term debt	\$ 305,155	\$ -
Due to related parties	1,686	264
Other accounts payables and accrued liabilities	7,799	4,313
Interest payable	<u>14,290</u>	<u>14,290</u>
Total current liabilities	328,930	18,867
Non-current liabilities:		
Long-term debt	-	302,732
Deferred income taxes	<u>-</u>	<u>4,149</u>
Total non-current liabilities	<u>-</u>	<u>306,881</u>
Total liabilities	328,930	325,748
Stockholders' equity:		
Capital stock	180,712	180,712
Accumulated deficit	<u>(62,285)</u>	<u>(52,517)</u>
Total stockholders' equity	<u>118,427</u>	<u>128,195</u>
Total stockholders' equity and liabilities	<u>\$ 447,357</u>	<u>\$ 453,943</u>

Latina Offshore 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	\$ 47,728	\$ 18,200
Operating cost	2,181	2,092
Depreciation of assets under operating leases	36,893	36,411
Gross (loss) profit	<u>8,654</u>	<u>(20,303)</u>
Administrative expenses	-	4,292
Others expenses (incomes), net	(72)	(0)
Interest expense	29,359	29,801
Exchange loss (gain), net	<u>(31)</u>	<u>234</u>
(Loss) Profit before tax	<u>(20,602)</u>	<u>(54,630)</u>
Income tax expense	<u>(10,835)</u>	<u>(10,402)</u>
Consolidated net loss	<u>\$ (9,767)</u>	<u>\$ (44,228)</u>

Latina Offshore Limited and Subsidiaries

Consolidated Statement 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	\$ (9,767)	\$ (44,228)
Adjustments for:		
Income tax recognized in results	(10,835)	(10,402)
Depreciation	36,893	36,411
Amortization of bond issuance cost	2,441	2,876
Interest income	(1,662)	-
Exchange loss	(31)	234
Interest expense	<u>28,580</u>	<u>29,801</u>
	45,619	14,692
Movements in working capital:		
(Increase) decrease in:		
Due from related parties	(20,979)	51,005
Other accounts receivables	(520)	695
Prepaid expenses	114	810
Increase (decrease) in:		
Trade accounts payables	-	(1,232)
Due to related parties	1,421	(22,499)
Other accounts payables and accrued liabilities	<u>3,516</u>	<u>(7,808)</u>
Net cash flows by operating activities	29,171	35,663
Cash flows from investing activities:		
Bond issuance cost	(18)	(1,241)
Purchase of machinery and equipment	<u>(7,314)</u>	<u>(2,759)</u>
Net cash flows in investing activities	(7,332)	(4,000)
Cash flows from financing activities:		
Payments from long-term debt	-	(5,000)
Interest paid	<u>(28,580)</u>	<u>(15,234)</u>
Net cash flows by financing activities	<u>(28,580)</u>	<u>(20,234)</u>
Net change in cash and restricted cash	(6,741)	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>\$ 5,123</u>	<u>\$ 11,864</u>