

Latina Offshore Limited and Subsidiaries

Consolidated Statements of Financial Position

As of March 31, 2018 and December 31, 2017

(In thousands of US dollars)

Assets

	March 2018	December 2017
	Unaudited	Audited
Current assets:		
Cash and restricted cash	\$ 5,153	\$ 5,123
Due from related parties	40,697	42,862
Other accounts receivable	4,015	4,602
Prepaid expenses, net	1,054	316
Total current assets	<u>50,919</u>	<u>52,903</u>
Non-current assets:		
Jack ups and equipment, net	379,665	387,132
Deferred income taxes	5,533	7,202
Total non-current assets	<u>385,198</u>	<u>394,334</u>
Total assets	<u>\$ 436,117</u>	<u>\$ 447,237</u>

Liabilities and Stockholders' equity

Current liabilities:		
Current portion of long-term debt	\$ 305,772	\$ 305,155
Due to related parties	-	1,686
Other accounts payables and accrued liabilities	10,140	7,799
Interest payable	7,145	14,290
Total current liabilities	<u>323,057</u>	<u>328,930</u>
Non-current liabilities:		
Deferred income taxes	230	-
Total non-current liabilities	<u>230</u>	<u>-</u>
Total liabilities	<u>323,287</u>	<u>328,930</u>
Stockholders' equity:		
Capital stock	180,712	180,712
Deficit	(67,882)	(62,405)
Total stockholders' equity	<u>112,830</u>	<u>118,307</u>
Total stockholders' equity and liabilities	<u>\$ 436,117</u>	<u>\$ 447,237</u>

Latina Offshore Limited and Subsidiaries

Consolidated Statements of Operations

For the three months ended March 31, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	March 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating leases income	\$ 13,952	\$ 47,728
Operating cost	667	2,181
Depreciation of assets under operating leases	9,349	36,893
Gross profit	<u>3,936</u>	<u>8,654</u>
Others expenses (incomes), net	-	(72)
Interest expense	7,442	29,359
Exchange loss (gain), net	72	(31)
Loss before income taxes	<u>(3,578)</u>	<u>(20,602)</u>
Deferred income tax expense (benefit)	<u>1,899</u>	<u>(10,714)</u>
Consolidated net loss	<u>\$ (5,477)</u>	<u>\$ (9,888)</u>

Latina Offshore Limited and Subsidiaries

Consolidated Statement of Cash Flows

For the three months ended March 31, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	March 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities:		
Consolidated net loss	\$ (5,477)	\$ (9,888)
Adjustments for:		
Deferred income tax expense (benefit)	1,899	(10,714)
Depreciation	9,349	36,893
Amortization of bond issuance costs	616	2,441
Loss on disposal of equipment	-	51
Exchange loss (gain)	72	(31)
Interest income	(319)	(1,662)
Interest expense	7,145	28,580
	<u>13,285</u>	<u>45,670</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	2,484	(20,980)
Other accounts receivable	587	(521)
Prepaid expenses	(738)	114
Increase (decrease) in:		
Due to related parties	(1,686)	1,423
Other accounts payable and accrued liabilities	2,270	3,516
Net cash flows by operating activities	<u>16,202</u>	<u>29,222</u>
Cash flows from investing activities:		
Purchase of Jack-ups and equipment	(1,882)	(7,365)
Net cash flows by investing activities	<u>(1,882)</u>	<u>(7,365)</u>
Cash flows from financing activities:		
Bonds issuance costs	-	(18)
Interest paid	(14,290)	(28,580)
Net cash flows in financing activities	<u>(14,290)</u>	<u>(28,598)</u>
Net change in cash and restricted cash	30	(6,741)
Cash and restricted cash at the beginning of the year	5,123	11,864
Cash and restricted cash at end of the year	<u>\$ 5,153</u>	<u>\$ 5,123</u>