

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Financial Position

As of June 30, 2018 and December 31, 2017

(In thousands of US dollars)

Assets	June 2018	December 2017
	Unaudited	Audited
Current assets:		
Cash and restricted cash	\$ 18,786	\$ 5,141
Due from related parties	21,476	28,000
Other accounts receivable	7,958	8,003
Prepaid expenses, net	617	471
Total current assets	<u>48,837</u>	<u>41,615</u>
Non-current assets:		
Jack ups and equipment, net	472,528	490,922
Deferred income taxes	11,482	9,368
Total non-current assets	<u>484,010</u>	<u>500,290</u>
Total assets	<u>\$ 532,847</u>	<u>\$ 541,905</u>
 Liabilities and Stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 306,191	\$ 356,155
Trade accounts payable	22	-
Other accounts payable and accrued liabilities	11,619	9,692
Interest payable	15,155	15,166
Total current liabilities	<u>332,987</u>	<u>381,013</u>
Non-current liabilities:		
Long-term debt	49,427	-
Deferred income taxes	1,580	1,949
Total non-current liabilities	<u>51,007</u>	<u>1,949</u>
Total liabilities	<u>383,994</u>	<u>382,962</u>
Stockholders' equity:		
Capital stock	227,727	227,727
Deficit	(78,874)	(68,784)
Total stockholders' equity	<u>148,853</u>	<u>158,943</u>
Total stockholders' equity and liabilities	<u>\$ 532,847</u>	<u>\$ 541,905</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Operations

For the six months ended June 30, 2018 and for the year end December 31, 2017
(In thousands of US dollars)

	June 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating lease revenues	\$ 30,905	\$ 58,313
Operating cost	1,843	3,024
Depreciation of assets under operating leases	24,271	47,725
Gross profit	<u>4,791</u>	<u>7,564</u>
Other income	17	(101)
Interest expense, net	17,166	36,577
Exchange loss (gain), net	182	(93)
Loss before income taxes	<u>(12,574)</u>	<u>(28,819)</u>
Deferred income tax benefit	<u>(2,484)</u>	<u>(14,520)</u>
Consolidated net loss	<u>\$ (10,090)</u>	<u>\$ (14,299)</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the six months ended June 30, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	June 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities		
Consolidated net loss	\$ (10,090)	\$ (14,299)
Adjustments for:		
Deferred income tax benefit	(2,484)	(14,520)
Depreciation	24,271	47,725
Amortization of bond issuance costs	812	4,233
Interest income	(910)	(1,718)
Income on disposal of equipment	-	(71)
Exchange loss (gain)	182	(93)
Interest expense	17,265	34,035
	<u>29,046</u>	<u>55,292</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	7,434	(9,557)
Other accounts receivable	45	832
Prepaid expenses	(146)	129
Increase (decrease) in:		
Trade accounts payable	22	(73)
Due to related parties	(348)	(1,330)
Other accounts payable and accrued liabilities	1,746	2,261
Net cash flows by operating activities	<u>37,799</u>	<u>47,554</u>
Cash flows from investing activities:		
Purchase of machinery and equipment	(5,877)	(11,546)
Loans granted to related parties	-	(9,242)
Sale of equipment	-	122
Net cash flows by investing activities	<u>(5,877)</u>	<u>(20,666)</u>
Cash flows from financing activities:		
Payments of long term-debt	(1,000)	-
Bonds issuance costs	(349)	(560)
Interest paid	(16,928)	(33,079)
Net cash flows in financing activities	<u>(18,277)</u>	<u>(33,639)</u>
Net change in cash and restricted cash	13,645	(6,751)
Cash and restricted cash at the beginning of the year	5,141	11,892
Cash and restricted cash at end of the year	<u>\$ 18,786</u>	<u>\$ 5,141</u>

Latina Offshore Holding Limited and Subsidiaries

Notes

a. Transaction with related parties:

	June 2018	December 2017
	Unaudited	Audited
Operating lease revenues	30,905	58,313
Interest income	868	1,718
Purchases of spare parts and tools	(5,903)	(11,424)
Interest expenses	(349)	(382)
Other expenses	(77)	(58)

b. Balance with related parties:

	June 2018	December 2017
	Unaudited	Audited
Due from related parties-		
Constructora y Perforadora Latina S.A. de C.V.	\$ 21,476	\$ 28,000
	<u>\$ 21,476</u>	<u>\$ 28,000</u>