

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2018 and 2017

(In thousands of US dollars)

Assets	December 2018	December 2017
	Unaudited	Audited
Current assets:		
Cash and restricted cash	\$ 22,712	\$ 5,141
Due from related parties	14,338	28,000
Other accounts receivable	7,165	8,003
Prepaid expenses, net	2,375	471
Total current assets	<u>46,590</u>	<u>41,615</u>
Non-current assets:		
Jack ups and equipment, net	468,482	490,922
Deferred income taxes	13,786	9,368
Total non-current assets	<u>482,268</u>	<u>500,290</u>
Total assets	<u>\$ 528,858</u>	<u>\$ 541,905</u>
 Liabilities and Stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 305,687	\$ 356,155
Trade accounts payable	2,455	-
Due to related parties	141	-
Other accounts payable and accrued liabilities	10,671	9,692
Interest payable	10,764	15,166
Total current liabilities	<u>329,718</u>	<u>381,013</u>
Non-current liabilities:		
Long-term debt	49,172	-
Deferred income taxes	-	1,949
Total non-current liabilities	<u>49,172</u>	<u>1,949</u>
Total liabilities	<u>378,890</u>	<u>382,962</u>
Stockholders' equity:		
Capital stock	227,727	227,727
Deficit	(77,759)	(68,784)
Total stockholders' equity	<u>149,968</u>	<u>158,943</u>
Total stockholders' equity and liabilities	<u>\$ 528,858</u>	<u>\$ 541,905</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Operations

For the years ended December 31, 2018 and 2017
(In thousands of US dollars)

	December 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating lease revenues	\$ 57,438	\$ 58,313
Operating cost	3,554	3,024
Depreciation of assets under operating leases	35,179	47,725
Gross profit	<u>18,705</u>	<u>7,564</u>
Other income	17	(101)
Interest expense, net	33,712	36,577
Exchange loss (gain), net	318	(93)
Loss before income taxes	<u>(15,342)</u>	<u>(28,819)</u>
Deferred income tax benefit	<u>(6,366)</u>	<u>(14,520)</u>
Consolidated net loss	<u>\$ (8,976)</u>	<u>\$ (14,299)</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(In thousands of US dollars)

	December 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities		
Consolidated net loss	\$ (8,976)	\$ (14,299)
Adjustments for:		
Deferred income tax benefit	(6,367)	(14,520)
Depreciation	35,179	47,725
Amortization of bond issuance costs	931	4,233
Interest income	(1,719)	(1,718)
Income on disposal of equipment	-	(71)
Exchange loss (gain)	318	(93)
Interest expense	<u>34,500</u>	<u>34,035</u>
	53,866	55,292
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	14,657	(10,887)
Other accounts receivable	838	832
Prepaid expenses	(1,904)	129
Increase (decrease) in:		
Trade accounts payable	2,455	(73)
Due to related parties	141	-
Other accounts payable and accrued liabilities	<u>660</u>	<u>2,261</u>
Net cash flows by operating activities	70,715	47,554
Cash flows from investing activities:		
Purchase of machinery and equipment	(12,740)	(11,546)
Loans granted to related parties	-	(9,242)
Sale of equipment	<u>-</u>	<u>122</u>
Net cash flows by investing activities	(12,740)	(20,666)
Cash flows from financing activities:		
Payments of long term-debt	(1,000)	-
Bonds issuance costs	(1,227)	(560)
Interest paid	<u>(38,177)</u>	<u>(33,079)</u>
Net cash flows in financing activities	(40,404)	(33,639)
Net change in cash and restricted cash	17,571	(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>\$ 22,712</u>	<u>\$ 5,141</u>

Latina Offshore Holding Limited and Subsidiaries

Notes

a. Transaction with related parties:

	December 2018	December 2017
	Unaudited	Audited
Operating lease revenues	57,438	58,313
Interest income	1,232	1,718
Purchases of spare parts and tools	(9,628)	(11,424)
Interest expenses	(530)	(382)
Other expenses	(89)	(58)

b. Balance with related parties:

	Unaudited	December 2017
	Unaudited	Audited
Due from related parties-		
Short term:		
Constructora y Perforadora Latina S.A. de C.V.	\$ <u>14,338</u>	\$ <u>28,000</u>

	Unaudited	December 2017
	Unaudited	Audited
Due to related parties-		
Short term:		
Servicios Corporativos Latina S.A. de C.V.	\$ <u>141</u>	\$ <u>-</u>