

Latina Offshore 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	\$ 22,702	\$ 5,123
Due from related parties	35,780	42,862
Other accounts receivable	3,574	4,602
Prepaid expenses, net	1,868	316
Total current assets	<u>63,924</u>	<u>52,903</u>
Non-current assets:		
Jack ups and equipment, net	368,736	387,132
Deferred income taxes	10,560	7,202
Total non-current assets	<u>379,296</u>	<u>394,334</u>
Total assets	<u>\$ 443,219</u>	<u>\$ 447,237</u>

Liabilities and Stockholders' equity

Current liabilities:		
Current portion of long-term debt	\$ 305,687	\$ 305,155
Trade accounts payable	1,945	-
Due to related parties	4,102	1,686
Other accounts payables and accrued liabilities	9,227	7,799
Interest payable	7,329	14,290
Total current liabilities	<u>328,290</u>	<u>328,930</u>
Stockholders' equity:		
Capital stock	180,712	180,712
Deficit	(65,782)	(62,405)
Total stockholders' equity	<u>114,930</u>	<u>118,307</u>
Total stockholders' equity and liabilities	<u>\$ 443,220</u>	<u>\$ 447,237</u>

Latina Offshore 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 leases income	\$ 51,467	\$ 47,728
Operating cost	2,718	2,181
Depreciation of assets under operating leases	<u>26,641</u>	<u>36,893</u>
Gross profit	22,108	8,654
Others expenses (incomes), net	17	(72)
Interest expense, net	28,550	29,359
Exchange gain (loss), net	<u>276</u>	<u>(31)</u>
Loss before income taxes	(6,735)	(20,602)
Deferred income tax benefit	<u>(3,358)</u>	<u>(10,714)</u>
Consolidated net loss	<u>\$ (3,377)</u>	<u>\$ (9,888)</u>

Latina Offshore Limited and Subsidiaries

Consolidated Statement 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	\$ (3,377)	\$ (9,888)
Adjustments for:		
Deferred income tax benefit	(3,358)	(10,714)
Depreciation	26,641	36,893
Amortization of bond issuance costs	1,282	2,441
Loss on disposal of equipment	-	51
Exchange loss (gain)	276	(31)
Interest income	(1,568)	(1,662)
Interest expense	28,836	28,580
	<u>48,732</u>	<u>45,670</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	8,502	(20,980)
Other accounts receivable	1,027	(521)
Prepaid expenses	(1,552)	114
Increase (decrease) in:		
Trade accounts payable	1,945	-
Due to related parties	2,161	1,423
Other accounts payable and accrued liabilities	1,153	3,516
Net cash flows by operating activities	<u>61,968</u>	<u>29,222</u>
Cash flows from investing activities:		
Purchase of Jack-ups and equipment	<u>(8,245)</u>	<u>(7,365)</u>
Net cash flows by investing activities	<u>(8,245)</u>	<u>(7,365)</u>
Cash flows from financing activities:		
Bonds issuance costs	(750)	(18)
Interest income	148	-
Interest paid	<u>(35,542)</u>	<u>(28,580)</u>
Net cash flows in financing activities	<u>(36,144)</u>	<u>(28,598)</u>
Net change in cash and restricted cash	17,579	(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>\$ 22,702</u>	<u>\$ 5,123</u>