

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Financial Position

As of September 30, 2019 and December 31, 2018

(In thousands of US dollars)

Assets	September 2019	December 2018
	Unaudited	Audited
Current assets:		
Cash and restricted cash	\$ 10,610	\$ 22,712
Due from related parties	19,779	14,338
Other accounts receivable	5,576	7,168
Prepaid expenses, net	445	2,375
Total current assets	<u>36,410</u>	<u>46,593</u>
Non-current assets:		
Jack ups and equipment, net	452,834	468,482
Deferred income taxes	17,447	14,170
Total non-current assets	<u>470,281</u>	<u>482,652</u>
Total assets	<u>\$ 506,691</u>	<u>\$ 529,245</u>
Liabilities and Stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 54,393	\$ 305,687
Trade accounts payable	5	2,455
Due to related parties	54	141
Other accounts payable and accrued liabilities	7,444	10,672
Interest payable	6,989	10,767
Total current liabilities	<u>68,885</u>	<u>329,722</u>
Non-current liabilities:		
Long-term debt	297,725	49,172
Deferred income taxes	1	384
Total non-current liabilities	<u>297,726</u>	<u>49,556</u>
Total liabilities	<u>366,611</u>	<u>379,278</u>
Stockholders' equity:		
Capital stock	227,727	227,727
Deficit	(87,647)	(77,760)
Total stockholders' equity	<u>140,080</u>	<u>149,967</u>
Total stockholders' equity and liabilities	<u>\$ 506,691</u>	<u>\$ 529,245</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Operations

For the nine months ended September, 2019 and for the year end December 31, 2018

(In thousands of US dollars)

	September 2019 Unaudited	December 2018 Audited
Continuing operations:		
Operating lease revenues	\$ 40,263	\$ 57,438
Operating cost	1,234	3,553
Depreciation of assets under operating leases	<u>27,215</u>	<u>35,180</u>
Gross profit	11,814	18,705
Other expenses	(4)	17
Interest expenses, net	25,363	33,712
Exchange loss, net	<u>(2)</u>	<u>318</u>
Loss before income taxes	(13,543)	(15,342)
Deferred income tax benefit	<u>(3,656)</u>	<u>(6,366)</u>
Consolidated net loss	<u>\$ (9,887)</u>	<u>\$ (8,976)</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the nine months ended September, 2019 and for the year end December 31, 2018

(In thousands of US dollars)

	September 2019 Unaudited	December 2018 Audited
Cash flows from operating activities		
Consolidated net loss	\$ (9,887)	\$ (8,976)
Adjustments for:		
Deferred income tax benefit	(3,661)	(6,366)
Depreciation	27,215	35,180
Amortization of bond issuance costs	695	931
Interest income	(1,321)	(1,719)
Exchange loss	(2)	318
Interest expenses	25,988	34,500
	<u>39,027</u>	<u>53,868</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	(4,715)	14,660
Other accounts receivable	1,592	835
Prepaid expenses	1,929	(1,904)
Increase (decrease) in:		
Trade accounts payable	(2,450)	2,455
Due to related parties	(87)	141
Other accounts payable and accrued liabilities	(3,225)	664
Net cash flows by operating activities	<u>32,071</u>	<u>70,716</u>
Cash flows from investing activities:		
Purchase of machinery and equipment	(11,567)	(12,740)
Net cash flows by investing activities	<u>(11,567)</u>	<u>(12,740)</u>
Cash flows from financing activities:		
Payments of long term-debt	(8,232)	(1,000)
Bonds issuance costs	(595)	(1,227)
Interest paid	(23,779)	(38,178)
Net cash flows in financing activities	<u>(32,606)</u>	<u>(40,405)</u>
Net change in cash and restricted cash	(12,102)	17,571
Cash and restricted cash at the beginning of the year	22,712	5,141
Cash and restricted cash at end of the year	<u>\$ 10,610</u>	<u>\$ 22,712</u>