

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2018 and 2019

(In thousands of US dollars)

Assets	December 2019		December 2018	
	Unaudited		Audited	
Current assets:				
Cash and restricted cash	\$	17,500	\$	22,712
Due from related parties		42,598		14,338
Other accounts receivable		6,012		7,168
Prepaid expenses, net		491		2,375
Total current assets		<u>66,601</u>		<u>46,593</u>
Non-current assets:				
Jack ups and equipment, net		439,289		468,482
Deferred income taxes		24,116		14,170
Total non-current assets		<u>463,405</u>		<u>482,652</u>
Total assets	\$	<u><u>530,006</u></u>	\$	<u><u>529,245</u></u>
 Liabilities and Stockholders' equity				
Current liabilities:				
Current portion of long-term debt	\$	54,283	\$	305,687
Trade accounts payable		5		2,455
Due to related parties		23,427		141
Other accounts payable and accrued liabilities		9,451		10,672
Interest payable		7,251		10,767
Total current liabilities		<u>94,417</u>		<u>329,722</u>
Non-current liabilities:				
Long-term debt		297,596		49,172
Deferred income taxes		-		384
Total non-current liabilities		<u>297,596</u>		<u>49,556</u>
Total liabilities		<u>392,013</u>		<u>379,278</u>
Stockholders' equity:				
Capital stock		227,727		227,727
Deficit		(89,734)		(77,760)
Total stockholders' equity		<u>137,993</u>		<u>149,967</u>
Total stockholders' equity and liabilities	\$	<u><u>530,006</u></u>	\$	<u><u>529,245</u></u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Operations

For the years ended December 31, 2018 and 2019

(In thousands of US dollars)

	December 2019 Unaudited	December 2018 Audited
Continuing operations:		
Operating lease revenues	\$ 56,547	\$ 57,438
Operating cost	1,450	3,553
Depreciation of assets under operating leases	<u>43,683</u>	<u>35,180</u>
Gross profit	11,414	18,705
Other expenses	(4)	17
Interest expenses, net	33,617	33,712
Exchange loss, net	<u>105</u>	<u>318</u>
Loss before income taxes	(22,304)	(15,342)
Deferred income tax benefit	<u>(10,330)</u>	<u>(6,366)</u>
Consolidated net loss	<u>\$ (11,974)</u>	<u>\$ (8,976)</u>

Latina Offshore Holding Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2019

(In thousands of US dollars)

	December 2019	December 2018
	Unaudited	Audited
Cash flows from operating activities		
Consolidated net loss	\$ (11,974)	\$ (8,976)
Adjustments for:		
Deferred income tax benefit	(10,330)	(6,366)
Depreciation	43,683	35,180
Amortization of bond issuance costs	774	931
Interest income	(1,786)	(1,719)
Exchange loss	105	318
Interest expenses	34,630	34,500
	<u>55,101</u>	<u>53,868</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	(27,289)	14,660
Other accounts receivable	1,156	835
Prepaid expenses	1,883	(1,904)
Increase (decrease) in:		
Trade accounts payable	(2,450)	2,455
Due to related parties	23,286	141
Other accounts payable and accrued liabilities	(1,328)	664
Net cash flows by operating activities	<u>50,360</u>	<u>70,716</u>
Cash flows from investing activities:		
Purchase of machinery and equipment	(14,491)	(12,740)
Net cash flows by investing activities	<u>(14,491)</u>	<u>(12,740)</u>
Cash flows from financing activities:		
Payments of long term-debt	(2,842)	(1,000)
Bonds issuance costs	(912)	(1,227)
Interest paid	(37,328)	(38,178)
Net cash flows in financing activities	<u>(41,082)</u>	<u>(40,405)</u>
Net change in cash and restricted cash	(5,212)	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>\$ 17,500</u>	<u>\$ 22,712</u>