

Oceana Offshore S.A.

**Interim financial information
at June 30, 2020**

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Report on the Review of the Condensed Interim Financial Information - ITR

To the Members of the Board and Directors of
Oceana Offshore S.A
Rio de Janeiro - RJ

Introduction

We have reviewed the individual and consolidated condensed interim financial information, of Oceana Offshore S.A. ("Company"), identified as Parent Company and Consolidated, respectively, included in the quarterly information form – ITR for the quarter ended June 30, 2020, which comprises the statements of financial position as of June 30, 2020 and the respective statements of profit or loss and comprehensive income for the three-month and six month, periods then ended, and statements of changes in equity and cash flows for the six-month period then ended, including the explanatory notes.

The Company's Management is responsible for preparation of these condensed interim financial information in accordance with Technical Pronouncement CPC 21(R1) and with the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as the presentation of these information in accordance with standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of quarterly information form - ITR. Our responsibility is to express our conclusion on condensed interim financial information based on our review.

Scope of the review

We conducted our review in accordance with the Brazilian and International Standards for Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Information Performed by the Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than that of an audit conducted in accordance with Brazilian and International Auditing Standards and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the Individual and Consolidated condensed interim financial information

Based on our review, we are not aware of any fact that might lead us to believe that the individual and consolidated condensed interim financial information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, issued by the IASB, applicable to the preparation of the quarterly review - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission

Emphasis of matter on the economic dependence of key customer

We draw attention to the fact that a substantial part of the customer contract's revenue of the subsidiaries Companhia Brasileira de Offshore and CBO Serviços Marítimos Ltda. comes from the provision of services to a single customer Petróleo Brasileiro S.A. - Petrobras, as described in footnote 30 – to the interim individual and consolidated condensed interim financial information. The interim individual and consolidated accounting information should be read in this context. Our conclusion is not qualified in relation to this matter.

Emphasis of matter on transactions with related parties

We draw attention to the fact that a substantial part of the Company's operations is carried out with related parties, mainly borrowings, as mentioned in note 12 and 18, to the individual and consolidated condensed interim financial information. Therefore, the individual and consolidated condensed interim financial information referred to above should be read in this context. Our conclusion is not qualified in relation to this matter.

Other matters

Statement of added value

The individual and consolidated statements of value added for the quarter ended June 30, 2020, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's condensed interim financial information. In order to form our conclusion, we evaluated whether these statements were reconciliated to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added were not prepared, in all material respects, in accordance with the individual and consolidated condensed interim financial information taken as a whole.

Corresponding balances related to the prior year audit and corresponding balances to the second quarter review of the prior year

The corresponding balances related to the individual and consolidated Statements of financial position as of December 31, 2019 were audited by other independent auditors, who issued an unqualified report dated March 10, 2020, and the individual and consolidated statements of profit or loss and comprehensive income for the three and six-month periods ended June 30, 2019, and changes in shareholders' equity and cash flows for the six-month period ended June 30, 2019 that were reviewed by other independent auditors who issued an unqualified report dated August 14, 2019. The corresponding balances related to the individual and consolidated statements of value added for the six-month period ended June 30, 2019 were submitted to the same review procedures by those independent auditors



and, based on their review, those independent auditors reported that they were not aware of any fact that would lead them to believe that the statement of value added was not prepared, in all material respects, in accordance with the individual and consolidated condensed interim financial information taken as a whole

Rio de Janeiro, July 24, 2020

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ


Anderson C. V. Dutra
Accountant CRC RJ-093231/O-6

Oceana Offshore S.A.

Statement of financial position

In thousands of reais

		Parent company		Consolidated	
		December 31,		December 31,	
	Note	June 30, 2020	2019	June 30, 2020	2019
<u>Assets</u>					
Current assets					
Cash and cash equivalents	4	1,265	1,912	217,006	106,243
Trade receivables	7	-	-	137,420	112,652
Inventories	8	-	-	3,514	838
Related parties	10	-	14,015	-	-
Income taxes and other taxes recoverable	9	4,464	5,045	41,746	39,442
Derivative financial instruments	6	-	-	-	1,639
Prepaid expenses	11	1,291	1,323	19,007	4,390
Other assets	12	-	-	32,854	30,868
Assets held for sale	13	-	-	245,377	-
Total current assets		7,020	22,295	696,924	296,072
Non-current assets					
Restricted cash	5	123,942	95,837	195,297	158,472
Indemnification asset	20	-	-	17,219	16,403
Income taxes and other taxes recoverable	9	7,936	8,969	74,216	70,120
Deferred income tax and social contribution	26	27,267	5,359	28,623	6,715
Judicial deposits	20	667	667	15,565	13,170
		159,812	110,832	330,920	264,880
Investments	14	1,038,145	747,793	-	-
Property, plant and equipment	15	1,604	1,181	5,104,748	4,037,754
Intangible assets	16	-	-	12,313	11,525
Total non-current assets		1,199,561	859,806	5,447,981	4,314,159
Total assets		1,206,581	882,101	6,144,905	4,610,231
<u>Liabilities and equity</u>					
Current liabilities					
Trade and other payables	18	4,671	3,515	59,850	33,404
Loans and borrowings	17	-	-	389,814	329,234
Related parties	10	42,707	39,641	-	-
Salaries and social charges	19	4,199	2,784	56,853	35,333
Taxes and contributions payable		1,499	-	10,261	459
Total current liabilities		53,076	45,940	516,778	398,430
Non-current liabilities					
Trade and other payables	18	-	-	11	11
Loans and borrowings	17	-	-	4,316,111	3,303,487
Provision for legal and administrative proceedings	20	-	-	27,493	26,654
Deferred income tax and social contribution	26	-	-	131,007	45,488
Total non-current liabilities		-	-	4,474,622	3,375,640
Total liabilities		53,076	45,940	4,991,400	3,774,070
Equity					
Share capital	21	1,137,771	1,137,771	1,137,771	1,137,771
Capital reserves		287,004	287,004	287,004	287,004
Accumulated other comprehensive income		300,229	32,554	300,229	32,554
Accumulated deficit		(571,499)	(621,168)	(571,499)	(621,168)
Total equity		1,153,505	836,161	1,153,505	836,161
Total liabilities and equity		1,206,581	882,101	6,144,905	4,610,231

The accompanying notes are an integral part of this condensed interim financial information.

Oceana Offshore S.A.

Statement of profit or loss

Periods ended June 30

In thousands of reais unless otherwise stated

	Note	June 30, 2020		Parent company June 30, 2019	
		Three months	Six months	Three months	Six months
Operating income (expenses)					
General and administrative expenses	23	(2,093)	(3,178)	(821)	(1,253)
Share of profit of equity-accounted investees	14	89,708	39,988	93,840	140,873
Operating profit		87,615	36,810	93,019	139,620
Finance income		8,659	37,255	1,714	7,262
Finance costs		(4,827)	(7,595)	(2,114)	(6,192)
Foreign exchange variation, net		(8,293)	(32,081)	(383)	(566)
Net finance income (costs)	25	(4,461)	(2,421)	(783)	504
Profit before income tax and social contribution		83,154	34,389	92,236	140,124
Income tax and social contribution	26				
Current		(696)	(6,628)	197	-
Deferred		4,046	21,908	(437)	(476)
Profit for the period		86,504	49,669	91,996	139,648
Basic earnings per share - R\$	21	0.0826	0.0474	0.0879	0.1334
Diluted earnings per share - R\$	21	0.0820	0.0471	0.0881	0.1338

The accompanying notes are an integral part of this condensed interim financial information.

Oceana Offshore S.A.

Statement of profit or loss

Periods ended June 30

In thousands of reais unless otherwise stated

	Note	June 30, 2020		Consolidated June 30, 2019	
		Three months	Six months	Three months	Six months
Revenue from providing services	22	346,539	669,291	283,462	545,518
Cost of providing services	23	(164,439)	(319,210)	(129,144)	(252,565)
Gross profit		182,100	350,081	154,318	292,953
Operating income (expenses)					
General and administrative expenses	23	(29,048)	(56,102)	(24,246)	(47,773)
Provision for Impairment	15	65,804	65,804		
Other operating income (expenses), net	24	(65,375)	(67,683)	(5,992)	(12,846)
Operating profit		153,481	292,100	124,080	232,334
Finance income		17,250	70,366	3,326	14,332
Finance costs		(66,602)	(117,528)	(51,931)	(105,149)
Net loss on derivatives		(2,287)	(4,567)	(2,386)	(4,308)
Foreign exchange variation, net		3,001	(173,125)	8,882	9,655
Net finance costs	25	(48,638)	(224,854)	(42,109)	(85,470)
Profit before income tax and social contribution		104,843	67,246	81,971	146,864
Income tax and social contribution	26				
Current		(3,719)	(15,884)	309	(497)
Deferred		(14,620)	(1,693)	9,716	(6,719)
Profit for the period		86,504	49,669	91,996	139,648
Basic earnings per share - R\$	21	0.0826	0.0474	0.0879	0.1334
Diluted earnings per share - R\$	21	0.0820	0.0471	0.0881	0.1338

The accompanying notes are an integral part of this condensed interim financial information.

Oceana Offshore S.A.

Statement of profit or loss

Periods ended June 30

In thousands of reais unless otherwise stated

	Parent company and Consolidated			
	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Profit for the period	86,504	49,669	91,996	139,648
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Cumulative translation adjustments - translation to the presentation currency	13,910	267,675	(22,484)	(17,838)
Total comprehensive income for the period	<u>100,414</u>	<u>317,344</u>	<u>69,512</u>	<u>121,810</u>

The accompanying notes are an integral part of this condensed interim financial information.

Oceana Offshore S.A.

Statement of profit or loss

Periods ended June 30

In thousands of reais unless otherwise stated

	Note	Capital reserves			Accumulated other comprehensive income	Total
		Share capital	Capital reserve	Reserve for share-based payment arrangements		
At January 1, 2019		1,137,771	282,652	5,728	(907,100)	543,032
Cumulative translation adjustments - translation to the presentation currency		-	-	-	(17,838)	(17,838)
Share options recognized/canceled	21 (d)	-	-	(187)	-	(187)
Profit for the period		-	-	-	139,648	139,648
At June 30, 2019		<u>1,137,771</u>	<u>282,652</u>	<u>5,541</u>	<u>(767,452)</u>	<u>664,655</u>
At January 1, 2020		1,137,771	282,652	4,352	(621,168)	836,161
Cumulative translation adjustments - translation to the presentation currency		-	-	-	267,675	267,675
Profit for the period		-	-	-	49,669	49,669
At June 30, 2020		<u>1,137,771</u>	<u>282,652</u>	<u>4,352</u>	<u>(571,499)</u>	<u>1,153,505</u>

The accompanying notes are an integral part of this condensed interim financial information.

Oceana Offshore S.A.

Notes to the condensed interim financial information at June 30, 2020

In thousands of reais unless otherwise stated

		Parent company		Consolidated	
	Note	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the period		49,669	139,648	49,669	139,648
Adjustments for:					
Depreciation and amortization	23	-	7	170,588	129,496
Reversal of impairment losses on assets	24	-	-	(65,804)	-
Share of profit of equity-accounted investees	14	(39,988)	(140,873)	-	-
Expense on purchase and sale contract	24	-	-	23	6,895
Provision for rights to appreciation of investments and share options canceled	21	208	(187)	208	(187)
Income tax and social contribution expense	26	(15,280)	476	17,577	7,216
Loss on derivatives	6	-	-	4,567	4,308
Loss on sale of fixed assets		-	-	67,852	705
Interest on financial investments and restricted cash	4 and 5	(34,787)	(610)	(54,709)	(4,529)
Interest, foreign exchange variation and other		31,499	(1,294)	268,995	81,355
		(8,679)	(2,833)	458,966	364,907
Decrease (increase) in assets:					
Trade receivables	7	-	-	(24,768)	(1,240)
Inventories	8	-	-	3,405	(20,403)
Income taxes and other taxes recoverable	9	1,619	(56)	(6,400)	11,896
Prepaid expenses	11	32	(188)	(14,617)	4,968
Judicial deposits	20	-	-	(2,395)	(428)
Other assets	12	-	-	752	946
Increase (decrease) in liabilities:					
Trade and other payables	18	1,156	(52)	17,197	(16,144)
Salaries and social charges	19	1,207	-	21,312	(1,840)
Taxes and contributions payable		1,523	-	9,802	(12,414)
Cash generated from operating activities		(3,143)	(3,129)	463,254	330,248
Income tax and social contribution paid		(6,628)	-	(15,884)	-
Interest received		2,886	94	11,151	3,680
Interest paid	17	-	-	(81,336)	(72,694)
Net cash from (used in) operating activities		(6,885)	(3,035)	377,185	261,234
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment and intangible assets	15 and 16	-	(125)	(49,508)	(7,191)
Share capital increase in subsidiary	14	(13,995)	-	-	-
Proceeds from sale of property, plant and equipment		-	-	8,496	2,350
Related parties - promissory notes to subsidiaries		-	(58,000)	-	-
Related parties - promissory note payments from subsidiaries		56,680	64,722	-	-
Restricted cash - deposits	5	-	-	(1,658)	-
Restricted cash - withdrawal	5	3,796	280	8,391	3,385
Net cash from (used in) financing activities		46,481	6,877	(34,279)	(1,456)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	17	-	-	-	22,949
Repayment of borrowings	17	-	-	(209,366)	(243,545)
Related parties - promissory note payments to subsidiaries		(40,246)	-	-	-
Transaction costs related to loans and borrowings		-	-	(7,965)	(13,315)
Settlement of derivative financial instruments	6	-	-	(2,928)	(1,799)
Net cash used in financing activities		(40,246)	-	(220,259)	(235,710)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
		(650)	3,842	122,647	24,068
Cash and cash equivalents at the beginning of the period		1,912	3,295	106,243	131,447
Effect of exchange rate fluctuations on cash and cash equivalents		3	35	(11,884)	732
Cash and cash equivalents at the end of the period		1,265	7,172	217,006	156,247

The accompanying notes are an integral part of this condensed interim financial information.

Oceana Offshore S.A.

Notes to the condensed interim financial information at June 30, 2020

In thousands of reais unless otherwise stated

	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenue				
Provision of services and charter	-	-	737,943	601,706
Other income, net	-	-	45,735	39,793
	-	-	783,678	641,499
Inputs acquired from third parties				
Cost of providing services	-	-	(61,804)	(53,081)
Materials, electricity, third-party services and other	(1,762)	(1,433)	(104,612)	(33,355)
	(1,762)	(1,433)	(166,416)	(86,436)
Gross value added	(1,762)	(1,433)	617,262	555,063
Depreciation, amortization and impairment	-	(7)	(104,784)	(129,496)
Net value added generated by the entity	(1,762)	(1,440)	512,478	425,567
Value added received through transfer				
Share of profit of equity-accounted investees	39,988	140,873	-	-
Finance income and derivatives	37,255	7,262	70,366	14,332
Foreign exchange gain	1,202	131	1,289,976	50,598
	78,445	148,266	1,360,342	64,930
Total value added to distribute	76,683	146,826	1,872,820	490,497
Distribution of value added				
Personnel and related charges	(1,416)	187	(150,830)	(136,117)
Taxes and contributions				
Federal current	(6,628)	(476)	(83,418)	(56,435)
Federal deferred	21,908	-	(1,693)	(6,719)
State	-	-	-	(29)
Municipal	-	-	(1,340)	(847)
Interest, bank charges, derivatives and other	(7,595)	(6,192)	(122,095)	(109,457)
Rentals of properties, equipment and vehicles	-	-	(674)	(302)
Foreign exchange loss	(33,283)	(697)	(1,463,101)	(40,943)
Profit for the period	(49,669)	(139,648)	(49,669)	(139,648)
Value added distributed	(76,683)	(146,826)	(1,872,820)	(490,497)

The accompanying notes are an integral part of this condensed interim financial information.

Oceana Offshore S.A.

Notes to the condensed interim financial information at June 30, 2020

In thousands of reais unless otherwise stated

1. Operations

Oceana Offshore S.A. (the "Company") is a stock corporation registered with the Brazilian Securities Commission ("CVM") under No. 23620 in category 'A', pursuant to CVM Instruction 480 of December 7, 2009, authorizing it to trade securities in regulated markets. The Company was incorporated on November 8, 2011 and its main offices are at Av. do Contorno, no. 2, CEP: 24.110-200 - Barreto - Niterói – Rio de Janeiro.

The Company's main purpose is to hold stocks of other companies within the offshore oil and gas marine support industry and in the shipbuilding industry for the construction of vessels to provide offshore marine support services, such as chartering of marine equipment and/or consulting and/or operational services for the oil and gas sector in Brazil or abroad.

The principal activities of the Company and its subsidiaries (together, the "Group") are divided into two segments: i) maritime support, in which the main business is the charter of vessels to the offshore oil and gas sector; and ii) shipyard for the construction of vessels and the provision of maintenance/repair services.

This condensed interim financial information was authorized for issue by the Company's Board of Directors on July 24, 2020.

Oceana Offshore S.A.

Notes to the condensed interim financial information at June 30, 2020

In thousands of reais unless otherwise stated

1.1. Business activities of the Company's direct and indirect subsidiaries

The Company confirms that there has been no significant change in the business activities of the Company's direct and indirect subsidiaries since the last annual financial statements as at and for the year ended December 31, 2019.

1.2. Shipyard Segment's operations

At present, the Aliança Shipyard is engaged in two activities: (i) vessel conversion, repair and maintenance and (ii) support base for offshore operations. With respect to the shipyard located in Itajaí, State of Santa Catarina, management approved the sale of the property, plant and equipment at the shipyard and accepted the purchase offer made by Thyssenkrupp Marine Systems, as stated in Note 13.

1.3. Maritime Support Segment's operations

In April 2020, the vessel Chaser was sold once all the conditions of the contract have been satisfied. This sale resulted in a loss of R\$: 34,781, recognized under the caption "Other operating income (expense), net" in the income Consolidated statement of profit or loss.

In June 2020, the vessel Challenger was sold once all the conditions of the contract have been satisfied. This sale resulted in a loss of R\$: 33,200, recognized under the caption "Other operating income (expense), net" in the income statement of profit or loss.

1.4. Seasonality of operations

The Company and its subsidiaries consider the nature of their business as non-cyclical and non-seasonal and, therefore, no specific information is provided in the notes to this condensed interim financial information.

2. Summary of significant accounting policies

2.1. Basis of preparation and presentation

This condensed interim financial information has been prepared in accordance with Brazilian Technical Pronouncement CPC 21 (R1) *Interim Financial Reporting* and with the International Accounting Standard IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (IASB), and is presented in accordance with the standards of the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR), and disclose all (and only) the financial information relevant to condensed interim

Oceana Offshore S.A.

Notes to the condensed interim financial information at June 30, 2020

In thousands of reais unless otherwise stated

financial information, which is consistent with the information utilized by management in the performance of its duties.

This condensed interim financial information has been prepared in accordance with the same accounting principles, policies and criteria as those applied in the last annual financial statements as at and for the year ended December 31, 2019 and, accordingly, should be read in conjunction with the Company's last annual financial statements approved by the Company's Board of Directors and filed with the CVM on March 13, 2020, and approved by the Annual and Extraordinary General Meetings of Stockholders held on that same date.

2.2. Assets held for sale

The conditions required for an asset to be classified as 'held for sale' are regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Assets (or disposal groups) held for sale are measured at the lower of carrying amount and fair value less costs to sell. If the carrying amount of the asset exceeds its fair value, an impairment loss is recognized in profit or loss. Any reversal is limited to the amount of impairment previously recognized.

Assets and liabilities classified as held for sale are disclosed separately in the statement of financial position.

Oceana Offshore S.A.

Notes to the condensed interim financial information at June 30, 2020

In thousands of reais unless otherwise stated

2.3. New standards, amendments and interpretations

The following amendments to standards and interpretations are effective for annual periods beginning on January 1, 2020 but they do not have a material effect on the Group's interim financial report:

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to CPC 15/IFRS 3).
- Definition of Material (Amendments to CPC 26/IAS 1 and CPC 23/IAS 8).

2.4. Presentation and functional currency

The Company confirms that the information on the presentation and functional currency as disclosed in the annual financial statements as at and for the year ended December 31, 2019 remains valid for this condensed interim financial information.

Consistent with the financial statements as at and for the year ended December 31, 2019, the functional currency of the Group companies is the U.S. dollar (US\$) and their presentation currency is the Brazilian real (R\$), except for subsidiary CBO Serviços Marítimos Ltda. whose functional and presentation currency is the Brazilian real.

3. Critical accounting estimates and judgments

The Company confirms that there has been no significant change in the critical accounting estimates and judgments since the last annual financial statements as at and for the year ended December 31, 2019.

4. Cash and cash equivalents

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Cash on hand and at banks (i)	32	64	16,304	15,670
Short-term financial investments (ii)	1,233	1,848	200,702	90,573
	<u>1,265</u>	<u>1,912</u>	<u>217,006</u>	<u>106,243</u>

(i) They are used mainly to pay short-term obligations of the Company and its subsidiaries;

(ii) Financial investments are classified as cash and cash equivalents because they are easily and readily converted to cash, are intended to be used by the Company and its subsidiaries to meet short-term cash commitments, and have immaterial risk of change in value.

Oceana Offshore S.A.

Notes to the condensed interim financial information at June 30, 2020

In thousands of reais unless otherwise stated

The table below presents the amounts of financial investments that are cash equivalents and the net yield of these financial investments:

	Parent company		Consolidated	
	December 31,		December 31,	
	June 30, 2020	2019	June 30, 2020	2019
Financial investments presented as cash equivalents				
Securities under resale agreements (75% of CDI)	-	-	-	1,652
Fixed-income investment fund "PP Portfólio"	1,233	1,848	200,702	88,921
	<u>1,233</u>	<u>1,848</u>	<u>200,702</u>	<u>90,573</u>
	Parent company		Consolidated	
	2020	2019	2020	2019
Total finance income on financial investments presented as cash equivalents	<u>2,886</u>	<u>94</u>	<u>11,151</u>	<u>3,680</u>

5. Restricted cash

The Group holds restricted cash as security for letters of guarantee and borrowings (Note 17).

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Restricted cash	123,942	95,837	195,297	158,472
	<u>123,942</u>	<u>95,837</u>	<u>195,297</u>	<u>158,472</u>

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	<u>Parent company</u>	<u>Consolidated</u>
Balance at December 31, 2018	66,885	140,374
Deposit	64,571	66,029
Withdrawal	(30,275)	(45,732)
Interest	(5,344)	(2,199)
Balance at December 31, 2019	<u>95,837</u>	<u>158,472</u>
Deposit	-	1,658
Withdrawal	(3,796)	(8,391)
Interest	31,901	43,558
Balance at June 30, 2020	<u>123,942</u>	<u>195,297</u>

In 2019, cash was withdrawn from the restricted account because of the change in collateral given to financial institutions..

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6. Derivative financial instruments

Hedging instrument	Maturity	Currency		Rate		Notional US\$ thousand	Contractual average rate	Consolidated December 31, June 30, 2020	Consolidated December 31, 2019
		original	instr.	original	instr.			Amounts receivable from unsettled transactions	Amounts receivable from unsettled transactions
								Fair value M&I	Fair value M&I
SWAP	Apr/2020	R\$	US\$	CDI+rate	FX variation+rate	5,433	3,773	-	1,639
Current assets								-	1,639

	Consolidated	
	June 30, 2020	June 30, 2019
Realized loss on derivatives	(2,928)	(1,799)
Fair value adjustment to outstanding/unsettled instruments	(1,639)	(2,509)
Loss on derivative transactions	(4,567)	(4,308)

The swap contracts of the subsidiary Aliança were linked to loan agreements with financial institutions.

Derivatives are only used for foreign exchange hedging purposes and not as speculative investments.

The total impacts on profit or loss of the derivative financial instruments are presented in Note 25.

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7. Trade receivables

	June 30, 2020	Consolidated December 31, 2019
Trade receivables - Maritime Support segment	137,402	112,023
Trade receivables - Shipyard segment	194	805
Less: allowance for expected credit loss	(176)	(176)
	<u>137,420</u>	<u>112,652</u>

The aging analysis of these trade receivables is as follows:

	June 30, 2020	Consolidated December 31, 2019
Current	137,420	112,189
Past due:		
Less than 1 month	-	423
Between 1 and 3 months	-	31
Over 3 months	176	185
	<u>137,596</u>	<u>112,828</u>

The Group pledges its trade receivable as security for the loans (Note 17).

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8. Inventories

	Consolidated	
	June 30, 2020	December 31, 2019
Auxiliary materials	3,514	835
Imports in transit	-	3
	<u>3,514</u>	<u>838</u>

9. Income taxes and other taxes recoverable

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Corporate Income Tax (IRPJ)	3,083	5,111	45,998	9,174
Social Contribution on Net Income (CSLL)	776	636	6,220	9,797
Withholding Income Tax (IRRF)	8,541	8,267	26,523	44,625
Social Security Contribution (INSS)	-	-	6,025	4,449
Social Integration Program (PIS)	-	-	4,530	6,976
Social Contribution on Revenues (COFINS)	-	-	25,194	33,091
Other	-	-	1,472	1,450
	<u>12,400</u>	<u>14,014</u>	<u>115,962</u>	<u>109,562</u>
Current assets	(4,464)	(5,045)	(41,746)	(39,442)
Non-current assets	<u>7,936</u>	<u>8,969</u>	<u>74,216</u>	<u>70,120</u>

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10. Related parties

a) Key management compensation expense:

	Parent company				Consolidated			
	June 30, 2020		June 30, 2019		June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
Key management compensation	-	-	-	-	671	3,262	566	3,567
Share option plan	-	-	(187)	(187)	-	-	(187)	(187)
Plan for rights to appreciation of investments	1,208	1,416	-	-	1,208	1,416	-	-
	1,208	1,416	(187)	(187)	1,879	4,678	379	3,380

The Company and its subsidiaries do not provide post-employment benefits, termination benefits or other short-term or long-term benefits for officers and directors and employees.

b) Balances

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Assets				
Promissory notes receivable				
Companhia Brasileira de Offshore	-	14,015	-	-
Current assets	-	14,015	-	-
Liabilities				
Promissory notes payable				
Companhia Brasileira de Offshore	17,021	2,502	-	-
CBO Serviços Marítimos LTDA.	25,687	37,139	-	-
Loans and borrowings				
BNDES	-	-	3,418,484	2,627,276
	42,707	39,641	3,418,484	2,627,276
Current liabilities	42,707	39,641	305,973	241,746
Non-current liabilities	-	-	3,112,511	2,385,530

The amounts in the consolidated column refer to borrowings (Note 17) from Brazil's Economic Development Bank (BNDES) to finance the construction of vessels for the shipyards and for the Group companies operating in the maritime support segment.

The promissory notes have a maturity of 180 days and are adjusted by reference to Brazil's benchmark interest rate SELIC.

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c) Transactions for the period:

	Parent company				Consolidated			
	June 30, 2020		June 30, 2019		June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
Finance income	-	22	964	1,958	-	-	-	-
Finance costs	(260)	(641)	-	-	-	-	-	-
Finance costs (interest expenses - BNDES)	-	-	-	-	(32,866)	(62,135)	(26,327)	(51,174)
Nova Opersan	-	-	-	-	-	-	(110)	(187)
	(260)	(619)	964	1,958	(32,866)	(62,135)	(26,437)	(51,361)

For the period of six months ended June 30, 2020, Oceana Offshore received from its subsidiaries the amount of R\$ 56,680 (2019 – R\$ 64,722), and paid the amount of R\$ 40,246. The Company issued R\$ 58,000 in promissory notes in the first six months of 2019.

As described in Note 1.1, the Group companies have intercompany transactions for the provision of docking, maintenance and repair services at the shipyards for CBO. Additionally, CBO charters out its vessels to CSM. All intercompany transactions are fully eliminated on consolidation.

11. Prepaid expenses

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Prepaid insurance (*)	99	15	16,596	3,603
Guarantee	1,191	1,308	-	-
Other	1	-	2,411	787
	1,291	1,323	19,007	4,390

(*) the marine hull insurance policy was renewed in the amount of R\$ 15,987, valid a one year period beginning

March 20, 2020.

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12. Other assets

	Consolidated	
	June 30, 2020	December 31, 2019
Loss claims recovered	8,826	11,407
Private pension - collective account	2,354	2,786
Anchoring fees(i)	14,535	12,782
Advances to suppliers	1,775	308
Other	5,364	3,585
	<u>32,854</u>	<u>30,868</u>

- (i) Amounts to be collected from clients in relation to payments made on their behalf

13. Assets held for sale

In the first half of 2020, the Company's management approved the sale of the property, plant and equipment of Oceana Shipyard located in the State of Santa Catarina and classified the amount of R\$ 248,798 as assets held for sale based on the fair value less costs to sell.

	Consolidated
	June 30, 2020
Asset held for sale	
Cost	250,033
Accumulated depreciation	(73,972)
	<u>176,061</u>
Cumulative translation adjustment - translation to the presentation currency	<u>72,737</u>
	<u>248,798</u>

On May 20, 2020, the Company entered into a contract to sell the property, plant and equipment of Oceana Shipyard to Thyssenkrupp Marine Systems. The acquisition is being made through the Brazilian subsidiary Thyssenkrupp Marine Systems do Brasil. The deal is subject to the approval of the Brazilian antitrust authorities and to the contract for the frigates becoming effective – expected in the middle of this year.

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14. Investments

(a) Parent company balances and movement:

				June 30, 2020
	Aliança S.A. Indústria Naval e Empresa de Navegação	Companhia Brasileira de Offshore S.A.	Vega Shipholding	Total
Investments in subsidiaries:				
Shares held (thousands)	261,734	748,600	1	
Ownership percentage	100%	99.946%	100%	
Share capital	432,526	1,016,988	124,211	
Equity	184,024	982,940	117,357	
Profit for the period	(34,415)	61,984	6,187	
Balances at January 1, 2020	(22,112)	693,798	76,107	747,793
Net unrealized profit	6,265	-	-	6,265
Share of profit of equity-accounted investees	(34,415)	61,951	6,187	33,723
Share capital increase in subsidiary	-	-	13,995	13,995
Cumulative translation adjustments - translation to presentation currency	(11,361)	226,661	21,069	236,369
Balances at June 30, 2020	(61,623)	982,410	117,358	1,038,145

				December 31, 2019
	Aliança S.A. Indústria Naval e Empresa de Navegação	Companhia Brasileira de Offshore S.A.	Vega Shipholding	Total
Investments in subsidiaries:				
Shares held (in thousands)	261,734	748,600	1	
Ownership percentage	100%	99.946%	100%	
Share capital	432,526	1,016,988	110,216	
Equity	164,196	694,172	76,107	
Profit (loss) for the year	54,489	396,555	(79,304)	
Balances at January 1, 2019	17,190	287,684	92,322	397,196
Unrealized profit, net	(80,205)			(80,205)
Share of profit of equity-accounted investees	54,489	396,339	(79,304)	371,524
Share capital increase (i)			61,180	61,180
Cumulative translation adjustments - translation to presentation currency	(13,586)	9,775	1,909	(1,902)
Balances at December 31, 2019	(22,112)	693,798	76,107	747,793

(i) At December 10, 2019, the subsidiary's share capital was increased by R\$ 61,180.

Aliança is the company of the Group that builds vessels, provides docking and maintenance and

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repair services for CBO (Note 1.1).

A reconciliation of the investment with subsidiaries' equity follows:

	June 30, 2020		
	Companhia		
	Aliança S.A. Indústria Naval e	Brasileira de	
	Empresa de Navegação	Offshore S.A.	Vega Shipholding
Parent company's investment	(61,623)	982,410	117,358
Unrealized profit	245,647	-	-
Aliança's equity interest in CBO	-	530	-
Subsidiary's equity	184,024	982,940	117,358

	December 31, 2019		
	Companhia		
	Aliança S.A. Indústria Naval e	Brasileira de	
	Empresa de Navegação	Offshore S.A.	Vega Shipholding
Parent company's investment	(22,112)	693,798	76,107
Unrealized profit	186,308	-	-
Aliança's equity interest in CBO	-	374	-
Subsidiary's equity	164,196	694,172	76,107

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(b) Summary of statement of financial position and statement of profit or loss for the period:

	June 30, 2020		
	Aliança	CBO	Vega Shipholding
Current assets	348,521	584,603	33,268
Cash and cash equivalents	2,430	197,753	15,558
Non-current assets	338,858	5,020,530	95,342
Investments	538	10	-
Property, plant and equipment	313,208	4,862,211	95,342
Intangible assets	281	12,032	-
Assets	687,379	5,605,133	128,610
Current liabilities	196,080	454,846	11,251
Short-term borrowings	37,141	353,865	-
Non-current liabilities	307,275	4,167,347	-
Long-term borrowings	248,723	4,067,387	-
Liabilities	503,355	4,622,193	11,251
Equity	184,024	982,940	117,358
Net revenue	32,599	661,874	9,329
Net finance costs	(13,471)	(208,957)	(7)
Profit (loss) before income tax and social contribution	(29,712)	90,137	6,187
Current and deferred income tax and social contribution	(4,703)	(28,153)	-
Profit (loss) for the period	(34,415)	61,984	6,187

	December 31, 2019		
	Aliança	CBO	Vega Shipholding
Current assets	72,728	338,807	12,245
Cash and cash equivalents	13,766	88,903	1,663
Non-current assets	510,730	4,215,274	70,433
Investments	383	10	-
Property, plant and equipment	420,708	3,688,220	70,127
Intangible assets	5	11,521	-
Assets	583,458	4,554,080	82,678
Current liabilities	52,289	375,082	6,571
Short-term borrowings	43,079	298,020	-
Non-current liabilities	366,973	3,484,826	-
Long-term borrowings	197,610	3,105,877	-
Liabilities	419,262	3,631,413	6,571
Equity	164,196	694,172	76,107

	June 30, 2019		
Net revenue	25,092	456,851	2,096
Finance result	(8,000)	(79,001)	(16)
Profit (loss) before income tax and social contribution	(29,086)	164,321	(1,499)
Current and deferred income tax and social contribution	3,858	3,739	339
Profit (loss) for the year	(25,228)	168,060	(1,160)

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15. Property, plant and equipment

	Parent company		
	Equipment and facilities	Construction in progress	Total
At December 31, 2018	1	941	942
Purchases	-	194	194
Cumulative translation adjustments	-	45	45
At December 31, 2019	1	1,180	1,180
Cost	1	1,180	1,180
Net book value	1	1,180	1,180
Cumulative translation adjustments	-	423	423
At June 30, 2020	1	1,603	1,603
Cost	1	1,603	1,603
Net book value	1	1,603	1,603
Weighted average depreciation rate - p.a.	20%		

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	Consolidated					
	Land	Vessel (iv)	Buildings/ improvements	Equipment and facilities	Construction in progress (ii)	Other
At December 31, 2018	219,310	3,632,244	138,010	77,091	68,089	518
Purchases	-	69,669	3,853	300	65,490	-
Transfers (i)	-	103,962	6,733	-	(110,695)	-
Impairment (ii)	(5,718)	(83,136)	-	-	-	-
Cumulative translation adjustments	10,061	137,208	5,828	2,390	(1,378)	31
Disposal	-	-	(2,514)	(465)	(17,140)	(76)
Depreciation	-	(259,427)	(10,749)	(12,384)	-	(353)
At December 31, 2019	223,653	3,600,519	141,161	66,932	5,366	120
Cost	275,387	5,057,691	186,890	142,006	5,366	3,226
Accumulated depreciation	(51,735)	(1,457,172)	(45,729)	(75,074)	-	(3,106)
Net book value	223,653	3,600,519	141,161	66,932	5,366	120
Purchases	-	11,069	-	287	9,173	-
Transfers to asset held for sale	(57,508)	-	(133,831)	(57,253)	-	(207)
Cumulative translation adjustments	76,019	1,292,336	49,155	22,148	2,261	199
Reversal of impairment (ii)	-	65,804	-	-	-	-
Disposal	-	(76,348)	-	-	-	-
Depreciation	-	(131,606)	(3,406)	(4,664)	-	(57)
At June 30, 2020	242,164	4,761,777	53,080	27,450	16,800	55
Cost	316,626	6,816,448	77,410	74,198	16,800	3,544
Accumulated depreciation	(74,462)	(2,054,671)	(24,330)	(46,748)	-	(3,489)
Net book value	242,164	4,761,777	53,080	27,450	16,800	55
Weighted average depreciation rate - p.a.		4%	4%	7%		14%

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- (i) Transfers refer mainly to ships that, once the docking, conversion and refit projects have been completed, are transferred from construction in progress to vessels.
- (ii) Refers mainly to maintenance and spare equipment.
- (iii) As per Notes 1.3 and 1.4.
 - (a) The Company sold its vessel Vega Chaser and reversed R\$ 38,541 of impairment loss previously recognized for the asset.
 - (b) The Company sold its vessel Vega Challenger and reversed R\$ 37,507 of impairment loss previously recognized for the asset.

The recent plunge in oil demand, which caused a sharp fall in oil prices, associated with the impact of the COVID-19 pandemic, has significantly affected the oil and gas production and exploration projects in Brazil, resulting in a decline in demand for offshore services or delays of up to 1.5 years in the planned start of these services. The Company has considered this event as an indication that the assets of its subsidiaries within the maritime support segment may be impaired and, in accordance with its accounting policies, has assessed the recoverable amount of the assets.

As a result of this assessment, the Company identified a difference between the carrying amount of the assets and their recoverable amount and determined an impairment loss of R\$ 17,332. The key assumptions used were the assets' fair value less costs to sell based on recent reports of independent appraisers and the value in use based on the daily rate of hire, the annual fleet usage vis-à-vis the new scenarios for oil and gas projects and a discount rate of 8%.

The impairment loss and reversal have been included in the statement of profit or loss of the Parent company within "Share of profit of equity-accounted investees" and of the Consolidated within "Provisions for Impairment".

- (iv) Assets used by the Group in operating lease contracts that fall within the scope of CPC 06 (R2) *Leases*.

Certain assets were pledged as collateral (Note 17 (a)).

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16. Intangible assets

	Parent company		Consolidated		
	Software, trademarks and patents	Total	Software, trademarks and patents	Contractual customer relationships	Intangible asset under development
At December 31, 2018	7	7	281	17,808	-
Acquisition	-	-	343	-	2,958
Transfer	-	-	2,958	-	(2,958)
Cumulative translation adjustments	-	-	261	312	-
Amortization	(7)	(7)	(394)	(10,045)	-
At December 31, 2019	-	-	3,449	8,075	-
Cost	203	203	4,178	24,904	-
Accumulated Amortization	(203)	(203)	(729)	(16,829)	-
Net book value	-	-	3,449	8,075	-
Acquisition	-	-	424	-	-
Cumulative translation adjustments	-	-	1,186	1,901	-
Amortization	-	-	(315)	(2,407)	-
At June 30, 2020	-	-	4,744	7,569	-
Cost	-	-	6,973	26,805	-
Accumulated Amortization	-	-	(2,228)	(19,236)	-
Net book value	-	-	4,745	7,569	-

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17. Loans and borrowings

17.1 Net debt reconciliation

The Company manages its capital structure based on net debt metric and therefore presents below the net debt reconciliation:

	June 30, 2020	Consolidated December 31, 2019
Short-term borrowings	389,814	329,234
Long-term borrowings	4,316,111	3,303,487
Total debt	4,705,925	3,632,721
Cash and cash equivalents	(217,006)	(106,243)
Restricted cash (*)	(195,297)	(158,472)
Net debt	4,293,622	3,368,006

(*) Restricted cash is held as collateral against loans.

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17.2 Changes in loans and borrowings

Consolidated										
Financial institutions	Collateral	Currency	Interest expense	Effective term		December 31, 2019	Payment of principal	Payment of interest	Interest expense	Cumulative translation adjustment
				Start	Maturity					
BNDES						2,627,276	(35,628)	(97,444)	62,135	922,345
CBO - construction of vessels	(A)	US\$	2.85% to 5.00% p.a. in US\$	08/01/2001	01/01/2036	2,240,309	(114,599)	(49,228)	53,730	786,832
CBO - construction of vessels	(A)	US\$	3.25% to 5.25% p.a. in US\$	12/09/2014	01/01/2036	238,776	(9,319)	(5,501)	5,638	913,10
ENEA - construction of shipyard	(A)	US\$	3.25% to 5.25% p.a. in US\$	11/07/2014	09/01/2030	105,337	(5,886)	(2,191)	2,241	36,888
ENEA - construction of shipyard	(A)	R\$	TTLP	04/08/2016	09/15/2020	81	(54)	(11)	1	27
ENEA - construction of shipyard	(A)	US\$	4.07% p.a. in US\$	12/23/2010	03/01/2022	22,773	(6,020)	(305)	505	73,15
Caixa Econômica Federal						362,563	(14,657)	(7,349)	7,573	124,119
CBO - construction of vessels	(A)	US\$	3.25% to 5.25% p.a. in US\$	12/09/2014	01/01/2036	252,513	(9,189)	(5,347)	5,515	89,446
ENEA - construction of shipyard	(A)	US\$	3.25% to 5.25% p.a. in US\$	12/12/2014	09/01/2030	99,040	(5,468)	(1,999)	2,038	34,683
BANCO S. Paulo						5,412	(6,615)	(126)	121	1,208
ENEA - working capital	(A)	US\$	5.31% in US\$	06/06/2018	05/06/2020	5,412	(6,615)	(126)	121	1,208
BANCO Line						8,648	(8,000)	(146)	98	-
ENEA - working capital	(A)	R\$	4.76% p.a. + CDI	12/02/2016	04/06/2020	8,648	(8,000)	(146)	98	-
Banco do Brasil						637,400	(27,170)	(16,641)	16,721	225,683
CBO - construction of vessels	(A)	US\$	3.60% to 4.60% p.a. in US\$	11/21/2016	08/01/2036	213,146	(13,881)	(7,215)	7,296	115,300
CBO - construction of vessels	(A)	US\$	3.60% to 4.60% p.a. in US\$	11/21/2016	11/01/2036	424,254	(13,289)	(8,826)	8,925	110,383
Banco ABC						13,896	(17,096)	(233)	281	3,152
CBO - working capital	(A)	US\$	5.47% in US\$	03/08/2018	03/17/2020	13,896	(17,096)	(233)	281	3,152
TOTAL						<u>3,644,585</u>	<u>(29,366)</u>	<u>(61,339)</u>	<u>66,429</u>	<u>1,276,617</u>
Transaction costs related to loans and borrowings (a)						(11,864)				(10,904)
Current liabilities						(329,234)				(329,234)
Non-current liabilities						3,303,487				4,316,111

(a) Transaction costs are presented net of loans and borrowings.

(a) Collateral

The collateral for the Group's loans and borrowings includes:

- Lien on vessels, receivables, restricted cash and letter of guarantee;
- Letter of guarantee;
- Mortgage of Aliança and plant;
- Promissory note;
- Corporate guarantee; and
- Lien on vessels, receivables and restricted cash.

(b) Restrictive covenants

The Group has bank loan agreements that contain restrictive covenants. The breach of any of these restrictive covenants results in the borrowings becoming repayable on demand before the maturity date. Each covenant is monitored regularly by the treasury department and reported periodically to management to ensure that the loan agreement is complied with.

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18. Trade and other payables

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Suppliers of materials and services	1,507	279	29,715	10,400
Other payables	3,164	3,235	27,320	22,929
Insurance payable	-	-	88	86
	<u>4,671</u>	<u>3,515</u>	<u>57,123</u>	<u>33,415</u>
Current liabilities	(4,671)	(3,515)	(57,112)	(33,404)
Non-current liabilities	-	-	11	11

19. Salaries and social charges

	Consolidated	
	June 30, 2020	December 31, 2019
13th salary	5,528	-
FGTS/INSS charges	28,715	13,141
Vacation pay	10,164	9,187
14th salary	5,404	5,059
Provision for bonus and other	2,843	5,162
Plan for rights to appreciation of investments	4,199	2,784
	<u>56,853</u>	<u>35,333</u>

Plan for Rights to Appreciation of Investments -Long-term incentive (“Plan”)

At the extraordinary general meeting held on December 3, 2019, the stockholders approved the plan for rights to appreciation of investments with the objective of:

- Promoting the Company’s expansion by creating incentives for integration of Plan Participants with the Company’s stockholders;
- Allowing the Company to attract and retain Plan Participants by offering them as additional advantage the opportunity to receive Incentives according to the terms and conditions of the Plan;
- Generating stronger Company performance with Plan Participants’ long-term commitment to the Company; and

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- Offering Plan Participants a share in the value created by the Company's growth, aligning the Participants' interests with those of the Company's stockholders.

The Board of Directors of the Company has broad powers to manage the Plan and may give different treatment to the Plan Participants and is not obliged to extend to all Plan Participants the conditions that, at its discretion, are applicable to some of them only. The Plan has set a global limit of 3.598% of the Stockholder Adjusted Return (amount invested plus expected return).

On December 20, 2019, the Board of Directors approved the first program for grant of rights to appreciation of investments ("First Program"), subject to the following terms and conditions:

- Rate of 2.5% of the Stockholder Adjusted Return, observing the Global Limit set by the Plan;
- Amount of reference for calculation of the Stockholder Adjusted Return;
- Date of reference of the plan is December 31, 2018;
- Rate for adjustment of the amount of reference is set at 8% p.a.;
- Definition of 8 Participants;
- Vesting period – from 1 to 4 years depending on the Participant; and
- The Participants of the First Program that have participated in the previous plans may participate in the First Program upon termination of the share option award agreement whereby all options granted but not exercised will be canceled at no cost to the Company.

The Participant's right to receive the incentive is contingent on the cumulative satisfaction of all the following conditions:

- (i) Occurrence of a liquidity event;
- (ii) Meeting the required minimum return in Brazilian reais; and
- (iii) Positive stockholder adjusted return.

The liquidity events set out in the Plan are: transfer of control of the Company; sale of Company shares; or Initial Public Offering (IPO) with a secondary component, i.e. a stockholder is selling part or all of its shares.

The Program was granted by the Company on December 27, 2019 and will remain effective until December 31, 2024.

Plan expenses recognized in the period ended June 30, 2020 totaled R \$ 1,416 and for three months totaled R \$ 1,208.



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20. Indemnification asset, judicial deposits and Provision for legal and administrative proceedings The Group had the following Provision for legal and administrative proceedings and related judicial deposits:

	Consolidated			
	Judicial deposits		Provision for legal and administrative proceedings	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Nature of lawsuits				
Tax	12,387	10,295	574	571
Labor	3,178	2,875	22,966	22,130
Civil	-	-	3,924	3,924
Environmental	-	-	29	29
	<u>15,565</u>	<u>13,170</u>	<u>27,493</u>	<u>26,654</u>

The Parent company's judicial deposits amount to R\$ 667 at June 30, 2020.

The changes in the Provision for legal and administrative proceedings are as follows:

Consolidated	Tax	Labor	Civil	Environmental	Total
Balance at December 31, 2018	10,392	9,289	13,863	-	33,544
Provisions (reversals)	622	8,319	(1,536)	-	7,405
Balance at December 31, 2019	571	22,130	3,924	-	26,625
Provisions	3	836	-	29	868
Balance at June 30, 2020	<u>574</u>	<u>22,966</u>	<u>3,924</u>	<u>29</u>	<u>27,493</u>

The Group received three notices of infraction in calendar years 2015, 2017 and 2019, contesting the tax credits (PIS/COFINS) taken on the purchase of fixed assets during the period of 48 months and not over the useful life of the vessels. The amount at June 30, 2020, with interest accruals, is R\$ 180,263. Supported by independent legal advice, management determined that the likelihood of a loss is possible and no provision has been recognized in this condensed interim financial information.

Management's assessment of the total amount of possible loss contingencies is R\$ 227,703 (December 31, 2019 - R\$ 221,235).

In the event of any loss in relation to these notices of infractions, a part of the amount would be by the indemnification arrangement with Fischer Group under the contract of purchase and sale of stocks of the CBO Group (Note 20.1).

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20.1. Indemnification asset

The contract of purchase and sale of common shares entered into between the CBO Group and the Fischer Group for the acquisition of CBO, CSM and Aliança listed all ongoing judicial and administrative proceedings of the acquired companies. The Fischer Group agreed to indemnify and hold harmless the CBO Group, and its officers and employees, from loss actually incurred and suffered as a result of the outcome of the listed proceedings, without limitation of amounts. The contract also establishes an indemnification to the Company if any contingency or liability of any nature arises in connection with acts, facts or omissions which occurred until December 23, 2013 and were not disclosed at the date of the acquisition up to the limit of R\$ 50,000 adjusted based on the accumulated CDI rate. On December 23, 2019, the parties signed a document validating the amount of R\$ 6,773 of subsequently identified liability, which was deducted from the amount limit, and the remaining balance of R\$ 82,215 will continue to be adjusted based on the CDI until all ongoing lawsuits are resolved or the amount limit is reached (at June 30, 2020, with interest accruals, R\$ 83,736). The amount presented as "Indemnification asset" refers to the amount that will be paid to the CBO Group if losses materialize and are borne by the CBO Group.

At June 30, 2020, the amount of the indemnification asset is R\$ 17,219 (December 31, 2019 – R\$ 16,403).

21. Equity

(a) Share capital

The subscribed capital is R\$ 1,137,771, represented by 1,046,876,633 registered common shares without par value.

	June 30, 2020			December 31, 2019		
	Share capital			Share capital		
	R\$	Number of shares	%	R\$	Number of shares	%
Pátria Infraestrutura - FIP ("Pátria")	427,201	418,750,653	40%	427,201	418,750,653	40%
BNDES Participações("BNDESPAR")	227,748	209,375,327	20%	227,748	209,375,327	20%
Vinci Capital Partners II H Fundo de Investimento em Participações	482,822	418,750,653	40%	482,822	418,750,653	40%
	<u>1,137,771</u>	<u>1,046,876,633</u>		<u>1,137,771</u>	<u>1,046,876,633</u>	

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(b) Allocation of profits

- (i) 5% of the profit for the year is credited to the legal reserve that cannot exceed 20% of the share capital.
- (ii) The stockholders are entitled to receive a mandatory dividend of 25% of the profit for the year adjusted according to article 202 of Law 6404/1976, and article 6, sole paragraph, item (ii) of the Company's bylaws.
- (iii) The profit left over after all legal deductions will be allocated as determined by the General Stockholders Meeting.

(c) Earnings per share

Earnings per share is calculated by dividing the profit for the period by the weighted average number of common shares outstanding.

Basic

Basic earnings per share is calculated by dividing the profit attributable to stockholders of the Company by the weighted average number of common shares outstanding during the period, excluding common shares purchased and held as treasury shares, if applicable.

	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Profit for the period	86,504	49,669	91,996	139,648
Weighted average number of common shares used to calculate basic earnings per share (thousands)	1,046,877	1,046,877	1,046,877	1,046,877
Basic earnings per share (R\$)	0.0826	0.0474	0.0879	0.1334

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential common shares with dilutive effects.

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	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Profit for the period	86,504	49,669	91,996	139,648
Weighted average number of common shares used to calculate diluted earnings per share (thousands)	1,054,635	1,054,635	1,043,646	1,043,646
Diluted earnings per share (R\$)	0.0820	0.0471	0.0881	0.1338

(d) Share option plan

During the six months ended June 30, 2020, there has been no significant change in the share option programs or unexercised share options.

22. Revenue from providing services

	Consolidated			
	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Revenue - maritime support segment				
Charter of vessels	309,286	589,218	280,776	540,517
Provision of services	72,756	148,725	31,961	61,189
Taxes on sales and deductions				
Charter of vessels	(28,381)	(54,503)	(25,972)	(49,998)
Provision of services	(7,122)	(14,149)	(3,303)	(6,190)
Net revenue	346,539	669,291	283,462	545,518

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23. Expenses by nature

	Parent company			
	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Services contracted	(315)	(940)	(787)	(1.294)
Amortization	-	-	(1)	(7)
Insurance	(4)	(15)	(12)	(24)
Travels and lodging	(2)	(14)	-	-
Share options	-	(208)	-	187
Long-term incentive	(1.208)	(1.208)	-	-
Other	(564)	(793)	(21)	(115)
General and administrative expenses	(2.093)	(3.178)	(821)	(1.253)

	Consolidated			
	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Salaries and social charges	(56,828)	(111,702)	(51,632)	(100,483)
Depreciation and amortization	(91,129)	(170,588)	(62,720)	(129,496)
Bonus	(9,889)	(19,729)	(10,199)	(19,946)
Benefits	(8,730)	(17,970)	(8,728)	(15,861)
Services contracted	(15,237)	(31,205)	(13,199)	(25,062)
Production supplies	(5,776)	(10,953)	(7,663)	(12,937)
Vessel maintenance and repair	(6,515)	(14,125)	(5,590)	(10,392)
Insurance	(6,402)	(10,070)	(4,067)	(7,582)
Recovery of loss claims	-	-	2,986	7,015
Ranch	(3,489)	(6,963)	(2,242)	(4,993)
Travels and lodging	(1,625)	(3,316)	(1,767)	(3,353)
Rentals of properties, equipment and vehicles	(249)	(674)	(138)	(302)
Share options	-	-	-	187
Long-term incentive	(1,208)	(1,416)	-	-
PIS/COFINS tax credit (*)	17,727	31,555	14,444	28,693
Other	(4,139)	(8,158)	(2,875)	(5,825)
	(193,488)	(375,313)	(153,390)	(300,338)
General and administrative expenses	(36,577)	(63,631)	(24,246)	(47,773)
Cost of providing services	(156,911)	(311,682)	(129,144)	(252,565)

(*) Refers to tax credits arising from purchases of property, plant and equipment, as authorized by item VI, paragraph 14, article 3 of Law 10.637/2002 and Law 10.833/2003.

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24. Other operating income (expenses), net

	Consolidated			
	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Gain (loss) on sale of fixed assets	(67,867)	(67,778)	1,236	(452)
Recovery of loss claims	1,841	1,841	-	-
Amortization of charter agreement	(1,203)	(3,217)	(3,369)	(5,024)
Tax credits	776	1,430	413	939
Penalty for delay in service	-	-	(398)	(4,191)
Expense on purchase and sale contract	-	-	(3,704)	(3,704)
Other	1,078	41	(170)	(414)
Other operating income (expenses), net	(65,375)	(67,683)	(5,992)	(12,846)

25. Finance income and costs

	Parent company			
	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Finance income				
Interest on related parties (Note 10 (c))	-	22	964	1,958
Interest income on financial investments (*)	7,841	36,306	682	5,206
Inflation indexation	818	927	68	98
	8,659	37,255	1,714	7,262
Finance costs				
Interest on related parties (Note 10 (c))	(260)	(641)	-	-
Transaction cost (**)	(1,750)	(3,570)	(670)	(1,244)
Loss on financial investments	(1,518)	(1,518)	(1,236)	(4,596)
Tax on financial transactions	(1,299)	(1,866)	(208)	(352)
	(4,827)	(7,595)	(2,114)	(6,192)
Foreign exchange variations, net				
Foreign exchange gain	233	1,202	41	131
Foreign exchange loss	(8,526)	(33,283)	(424)	(697)
	(8,293)	(32,081)	(383)	(566)
Net finance income (costs)	(4,461)	(2,421)	(783)	504

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	Consolidated			
	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Interest income on financial investments (*)	15,255	64,987	2,657	12,242
Inflation indexation	1,965	5,342	597	1,980
Other	30	37	72	110
	<u>17,250</u>	<u>70,366</u>	<u>3,326</u>	<u>14,332</u>
Finance costs				
Interest on borrowings	(45,616)	(86,430)	(39,552)	(76,624)
Transaction cost (**)	(6,925)	(11,503)	(9,480)	(18,664)
Loss on financial investments	(10,265)	(10,278)	(2,117)	(7,713)
Loss on derivative instruments	(2,287)	(4,567)	(2,386)	(4,308)
Tax on financial transactions	(3,796)	(9,317)	(782)	(2,148)
	<u>(68,889)</u>	<u>(122,095)</u>	<u>(54,317)</u>	<u>(109,457)</u>
Foreign exchange variations, net				
Foreign exchange gain	246,930	1,289,976	24,346	50,598
Foreign exchange loss	(243,929)	(1,463,101)	(15,464)	(40,943)
	<u>3,001</u>	<u>(173,125)</u>	<u>8,882</u>	<u>9,655</u>
Net finance costs	<u>(48,638)</u>	<u>(224,854)</u>	<u>(42,109)</u>	<u>(85,470)</u>

(*) Interest income on financial investments, restricted cash, and cash and cash equivalents.

(**) Refers mainly to the commissions on letter of guarantee to secure the borrowings (Note 17 (a)).

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26. Income tax and social contribution

26.1. Reconciliation of income tax and social contribution

	Parent company				Consolidated			
	June 30, 2020		June 30, 2019		June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
Profit before income tax and social contribution	83.154	34.389	92.237	140.124	104.843	67.246	81.971	146.864
Income tax and social contribution at the statutory tax rate (34%)	(28.272)	(11.692)	(31.360)	(47.642)	(35.647)	(22.864)	(27.870)	(49.934)
Adjustments to determine the effective tax rate:								
Share of profit of equity-accounted investees	30.501	13.596	31.906	47.897	-	-	-	-
Difference in tax rate of subsidiary	-	-	-	-	10.122	7.923	15.856	22.275
Expenses not deductible for tax purposes	(1)	(1)	-	-	(2)	(19)	1.007	1.007
Tax losses used and not previously recognized	301	2.846	(213)	(126)	(14.697)	(9.394)	(547)	(126)
Difference in tax base for functional currency	-	-	(476)	(476)	-	-	5.054	5.054
Other	(6.441)	11.421	(24)	-	(33.983)	(20.369)	6.086	21.394
Goodwill arising from future profitability	-	-	-	-	-	-	5.835	11.671
Unrecognized deferred taxes	7.262	(890)	(73)	(129)	55.868	27.146	4.604	(18.557)
Effective tax rate	-4,0%	-44,4%	0,3%	0,3%	17,5%	26,1%	0,0%	0,0%
Income tax and social contribution expense	3.350	15.280	(240)	(476)	(18.339)	(17.577)	10.025	(7.216)
Current	(696)	(6.628)	197	-	(3.719)	(15.884)	309	(497)
Deferred	4.046	21.908	(437)	(476)	(14.620)	(1.693)	9.716	(6.719)

26.2. Deferred income tax and social contribution

The financial statements have been translated from the functional currency (US dollars) to the presentation currency (Brazilian reais). The income tax base of assets and liabilities is determined in Brazilian reais – so a change in the real-dollar exchange rate may have a material impact on the amount of income tax expense, principally on non-monetary assets.

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Deferred taxes are calculated on income tax (IRPJ) and social contribution (CSLL) losses and the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In Brazil, the currently enacted tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes.

Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences and/or tax losses can be utilized.

The amounts of deferred tax assets and liabilities are as follows:

Composition of deferred tax assets	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Deferred tax assets on:				
Income tax carry forward losses	7,302	9,395	228,492	207,245
Social contribution carry forward losses	2,629	3,382	41,596	33,895
Temporary differences:				
Foreign exchange variation	4,496	4,088	605,475	299,252
Provisions	2,357	1,876	8,446	7,653
Goodwill	-	-	58,357	70,028
Unrealized derivatives	-	-	1,944	1,944
Difference in tax base for functional currency	27,267	5,359	27,267	5,359
Unrecognized deferred taxes	(16,784)	(18,740)	(222,382)	(247,991)
	27,267	5,359	749,195	377,385
Composition of deferred tax liabilities				
	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Temporary differences:				
Accelerated depreciation of vessels	-	-	236,707	213,928
AFRMM (i)	-	-	10,149	10,149
Gain from bargain purchase	-	-	13,797	13,797
Difference in tax base for functional currency	-	-	394,929	37,162
Revaluation of assets/liabilities (net of impairment) - PPA	-	-	195,997	141,122
	-	-	851,579	416,158
Deferred tax assets, net	27,267	5,359	28,623	6,715
Deferred tax liabilities, net	-	-	131,007	45,488

- (i) The subsidiary Aliança has a balance of deferred income tax liability calculated on the portion of vessels built with funds from the tax called Additional Charge on Freight for the Renewal of the Merchant Marine or AFRMM.

The balance of deferred income tax and social contribution of the Parent company arises mainly from the difference in tax base for functional currency.

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The changes in the net deferred tax assets and liabilities are as follows:

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Opening balance	5,359	-	38,773	177,721
Income tax losses	(2,093)	4,130	(21,247)	12,151
Social contribution losses	(753)	1,487	(7,701)	6,007
Foreign exchange variation	408	3,579	(306,223)	1,873
Provisions	482	(75)	(793)	(190)
Unrealized derivatives	-	-	-	(1,161)
Difference in tax base for functional currency	21,908	5,359	335,859	31,803
Unrecorded deferred tax assets	1,956	(9,121)	(25,609)	(260,551)
Goodwill	-	-	11,671	35,597
Accelerated depreciation of vessels	-	-	22,779	48,176
Revaluation of assets and liabilities - PPA	-	-	54,875	(12,653)
Closing balance	27,267	5,359	102,384	38,773
Deferred tax assets, net	27,267	5,359	28,623	6,715
Deferred tax liabilities, net	-	-	(131,007)	(45,488)
Deferred tax assets (liabilities), net	27,267	5,359	(102,384)	(38,773)

27. Insurance

The Group has a risk management program to mitigate risks, contracting in the market insurance coverage compatible with its size and operations. The insurance amounts are considered sufficient by management to cover potential losses, taking into account the nature of the activities, the risks involved in the operations and the advice of its insurance consultants.

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Type of coverage	Sum insured	
	R\$	US\$ thousand
Vessels	-	1,329,573
Operational risk	179,700	-
Protection and indemnity (P&I) insurance (per event)	-	4,000,000
Property	74,651	-
D&O liability	50,000	-
General civil liability	10,000	-
Domestic transport	500	-
International transport	-	5,000
Total	<u>314,851</u>	<u>5,334,573</u>

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28. Supplemental defined contribution retirement plan

The subsidiaries CBO, Aliança and CSM have a defined contribution retirement plan managed by an independent entity and independent of the government official social security.

The sponsor's contributions are as follows:

- Monthly contribution – to fund retirement benefits. The plan participants' contribution is limited to a tiered rate of 7.5% of their paycheck, and the Company's contribution may be up to 150% of the participants' contribution according to the length of service of each participant.
- Supplementary contribution - made monthly by the participant at a predetermined amount, which is subject to change in January of each year; this type of contribution is not made by the Company.
- Sporadic contribution - can be made at any time at any amount and at irregular intervals in time; this type of contribution is not made by the Company.

The subsidiaries CBO, Aliança and CSM also have a "Lump-sum death benefit" fund, to which contributions are made monthly by the Company; in the event of death, the beneficiaries will receive the contributions.

In the period ended June 30, 2020, total contributions by the subsidiaries to the plans was an expense of R\$ 509 (2019 – income of R\$ 102).

29. Segment reporting

The Company confirms that the segment information disclosed in the last annual financial statements as at and for the year ended December 31, 2019 remains valid for this condensed interim financial information.

In the six-month period ended June 30, 2020, gross revenue of R\$ 737,943 (2019 - R\$ 601,706) was derived from a single customer from the maritime support segment.

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(a) Result by segment:

	June 30, 2020				
	<u>Maritime support</u>	<u>Shipyard</u>	<u>Other</u>	<u>Elimination</u>	<u>Consolidated</u>
Net revenue	716,152	32,599	-	(79,459)	669,291
Gross revenue - Unrelated third parties	737,943	-	-	-	737,943
Gross revenue - Related parties	51,460	32,759	-	(84,219)	-
(-) Taxes	(73,252)	(161)	-	4,760	(68,652)
Operating profit (loss)	305,287	(16,274)	(3,178)	6,265	292,100
Finance income	34,769	840	37,255	(2,498)	70,366
Finance costs	(102,935)	(9,497)	(7,594)	2,498	(117,528)
Loss on derivatives	-	(4,567)	-	-	(4,567)
Foreign exchange variation, net	(140,797)	(247)	(32,081)	-	(173,125)
Current and deferred income tax and social contribution	(28,153)	(4,703)	15,280	-	(17,577)
Profit (loss) for the period	68,171	(34,415)	49,669	(33,756)	49,669
Other information					
Depreciation, amortization and impairment	(101,244)	(9,570)	-	6,030	(104,784)

	June 30, 2019				
	<u>Maritime support</u>	<u>Shipyard</u>	<u>Other</u>	<u>Elimination</u>	<u>Consolidated</u>
Net revenue	582,355	25,092	-	(61,929)	545,518
Gross revenue - Unrelated third parties	601,706	-	-	-	601,706
Gross revenue - Related parties	36,831	25,098	-	(61,929)	-
(-) Taxes	(56,183)	(6)	-	-	(56,188)
Operating profit (loss)	241,209	(21,175)	(1,254)	13,554	232,334
Finance income	7,795	1,589	7,262	(2,314)	14,332
Finance costs	(89,357)	(11,915)	(6,192)	2,314	(105,149)
Loss on derivatives	(465)	(3,843)	-	-	(4,308)
Foreign exchange variation, net	4,052	6,169	(566)	-	9,655
Current and deferred income tax and social contribution	3,665	3,858	(476)	(14,263)	(7,216)
Profit (loss) for the period	166,899	(25,228)	139,648	(141,671)	139,648
Other information					
Depreciation, amortization and impairment	(126,912)	(6,694)	(7)	4,117	(129,496)

(b) Assets and liabilities by segment:

	June 30, 2020				
	<u>Maritime support</u>	<u>Shipyard</u>	<u>Other</u>	<u>Elimination</u>	<u>Consolidated</u>
Assets by segment	6,378,107	790,911	1,207,296	(2,231,409)	6,144,905
Property, plant and equipment by segment	4,957,553	316,629	1,604	(171,038)	5,104,748
Liabilities by segment	6,309,936	825,326	1,157,627	(3,301,489)	4,991,400
Equity by segment	1,100,297	184,024	1,153,505	(1,284,321)	1,153,505

	December 31, 2019				
	<u>Maritime support</u>	<u>Shipyard</u>	<u>Other</u>	<u>Elimination</u>	<u>Consolidated</u>
Assets by segment	4,629,364	589,936	739,796	(1,348,865)	4,610,231
Property, plant and equipment by segment	3,758,348	420,708	1,181	(142,483)	4,037,754
Liabilities by segment	4,312,114	535,447	596,570	(1,670,061)	3,774,070
Equity by segment	770,278	164,196	836,161	(934,475)	836,161

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30. Subsequent event

30.1 Impacts of COVID-19

As the COVID-19 pandemic has developed rapidly, the Company performed a quantitative and qualitative assessment of the principal risks and uncertainties that might have financial and operational implications, which in turn could affect the Company's interim financial reporting either directly or indirectly. The offshore support services are necessary for the offshore oil production industry and are therefore considered an essential service to society, pursuant to Decree No. 10292 of March 25, 2020, article 1, item XXVII, so the Company's operations have not been interrupted by COVID-19. The Company has evaluated the situation around COVID-19 on multiple fronts: (i) Safety and Health; (ii) Operations, (iii) Financial and (iv) Accounting. For each of these areas, the Company has implemented a number of preventive measures which are helping minimize the impact of COVID-19 on its business and remain resilient in spite of the pandemic.

It should be mentioned that the Company would need to implement only part of the planned initiatives to achieve the target cash balance set by management. In addition, the Group is working closely with customers to establish flexible payment plans during this difficult time without affecting (i) its operating profit significantly (ii) or the new cash target since part of these payment plans would depend on the cash initiatives, in this way, thereby ensuring that the Group will have adequate resources to continue operating for the next twelve months.

31. Supplementary information

31.1 Presentation of the financial statements in the Group's functional currency US dollar

The presentation currency of the parent company and consolidated financial statements in the Brazilian real is required by Brazilian legislation. However, a substantial portion of the Group's assets and liabilities and income and expenses are denominated in US Dollars and the functional currency of the significant legal entities in the Group is the US Dollar. This means that the financial information presented in Brazilian real will vary with fluctuations in the foreign currency exchange rate even when there have been no changes in the underlying operations. Given this, management believes that it is meaningful to present certain financial information in US Dollar as presented below:

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Notes to the condensed interim financial information at June 30, 2020

In thousands of reais unless otherwise stated

Statement of financial position – In thousands of US\$

	Parent company		Consolidated	
	December 31,		December 31,	
	June 30, 2020	2019	June 30, 2020	2019
<u>Assets</u>				
Current assets				
Cash and cash equivalents	231	474	39,629	26,359
Trade receivables	-	-	25,095	27,948
Inventories	-	-	642	208
Related parties	-	3,477	-	-
Income taxes and other taxes recoverable	815	1,252	7,624	9,785
Derivative financial instruments	-	-	-	407
Prepaid expenses	236	328	3,471	1,089
Other assets	-	-	5,999	7,657
Assets held for sale	-	-	44,810	-
Total current assets	1,282	5,531	127,270	73,454
Non-current assets				
Restricted cash	22,634	23,777	35,664	39,316
Indemnification asset	-	-	3,144	4,070
Income taxes and other taxes recoverable	1,449	2,225	13,553	17,397
Deferred income tax and social contribution	4,979	1,330	5,227	336
Judicial deposits	122	166	2,842	3,267
	29,184	27,498	60,430	64,387
Investments	189,581	185,524	-	-
Property, plant and equipment	293	293	932,204	1,001,750
Intangible assets	-	-	2,249	2,859
Total non-current assets	219,058	213,315	994,883	1,068,996
Total assets	220,340	218,846	1,122,153	1,142,450
<u>Liabilities and equity</u>				
Current liabilities				
Loans and borrowings	-	-	71,248	81,682
Related parties	7,799	9,835	-	-
Trade and other payables	853	872	10,930	8,287
Salaries and social charges	767	691	10,382	8,766
Taxes and contributions payable	274	-	1,874	114
Total current liabilities	9,693	11,398	94,434	98,849
Non-current liabilities				
Trade and other payables	-	-	2	3
Loans and borrowings	-	-	788,125	819,582
Provision for legal and administrative proceedings	-	-	5,021	6,613
Deferred income tax and social contribution	-	-	23,924	9,955
Total non-current liabilities	-	-	817,072	836,153
Total liabilities	9,693	11,398	911,506	935,002
Equity				
Share capital	293,633	293,633	293,633	293,633
Capital reserves	74,081	74,081	74,081	74,081
Accumulated other comprehensive income	2,742	5,912	2,742	5,912
Accumulated deficit	(159,809)	(166,178)	(159,809)	(166,178)
Total equity	210,647	207,448	210,647	207,448
Total liabilities and equity	220,340	218,846	1,122,153	1,142,450

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Notes to the condensed interim financial information at June 30, 2020

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Statement of profit or loss – In thousands of US\$

	June 30, 2020		Parent company June 30, 2019	
	Six		Six	
	Three months	months	Three months	months
Operating income (expenses)				
General and administrative expenses	(390)	(629)	(212)	(327)
Share of profit of equity-accounted investees	8,676	4,634	21,187	33,679
Operating profit	8,286	4,005	20,975	33,352
Finance income	1,591	7,548	435	1,883
Finance costs	(894)	(1,504)	(544)	(1,639)
Foreign exchange variation, net	(1,661)	(6,846)	(98)	(135)
Net finance income (costs)	(964)	(802)	(207)	109
Profit before income tax and social contribution	7,322	3,203	20,768	33,461
Income tax and social contribution				
Current	(133)	(1,285)	52	2
Deferred	1,214	4,451	(111)	(121)
Profit for the period	8,403	6,369	20,709	33,342

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Notes to the condensed interim financial information at June 30, 2020

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Statement of profit or loss – In thousands of US\$

	Consolidated			
	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Revenue from providing services	63,141	134,209	71,941	141,137
Cost of providing services	(30,400)	(64,904)	(33,095)	(65,289)
Gross profit	32,741	69,305	38,846	75,848
Operating income (expenses)				
General and administrative expenses	(5,438)	(11,409)	(6,095)	(12,591)
Provision for impairment	16,698	16,698		
Other operating expenses, net	(17,602)	(18,122)	(1,766)	(3,546)
Operating profit	26,399	56,472	30,985	59,711
Finance income	3,179	14,185	844	3,731
Finance costs	(12,471)	(23,536)	(13,342)	(27,590)
Net loss on derivatives	(436)	(1,027)	(604)	(1,124)
Foreign exchange variation, net	1,644	(36,339)	2,315	2,564
Net finance costs	(8,084)	(46,717)	(10,787)	(22,419)
Profit before income tax and social contribution	18,315	9,755	20,198	37,292
Income tax and social contribution				
Current	(665)	(3,042)	80	(141)
Deferred	(9,247)	(344)	431	(3,809)
Profit for the period	8,403	6,369	20,709	33,342

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Notes to the condensed interim financial information at June 30, 2020

In thousands of reais unless otherwise stated

Statement of comprehensive income – In thousands of US\$

	Parent company and Consolidated			
	June 30, 2020		June 30, 2019	
	Three months	Six months	Three months	Six months
Profit for the period	8,403	6,369	20,709	33,342
Other comprehensive income				
Items that will not be reclassified to profit or loss	-	(3,170)	-	-
Total comprehensive income for the period	8,403	3,199	20,709	33,342

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Notes to the condensed interim financial information at June 30, 2020

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Statement of changes in equity – In thousands of US\$

	Capital reserves			Accumulated other comprehensive income	Total
	Share capital	Capital reserve	Reserve for share-based payment arrangements	Accumulated deficit	
At January 1, 2019	293,633	72,946	1,478	(234,102)	140,144
Cumulative translation adjustments - subsidiaries	-	-	-	-	-
Share options recognized/canceled	-	-	(47)	-	(47)
Profit for the period	-	-	-	33,342	33,342
At June 30, 2019	<u>293,633</u>	<u>72,946</u>	<u>1,431</u>	<u>(200,760)</u>	<u>173,439</u>
At January 1, 2020	293,633	72,946	1,135	(166,178)	207,448
Cumulative translation adjustments - translation to presentation currency	-	-	-	-	(3,170)
Profit for the period	-	-	-	6,369	6,369
At June 30, 2020	<u>293,633</u>	<u>72,946</u>	<u>1,135</u>	<u>(159,809)</u>	<u>210,647</u>

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Notes to the condensed interim financial information at June 30, 2020

In thousands of reais unless otherwise stated

Statement of cash flows – In thousands of US\$

	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period	6,369	33,342	6,369	33,342
Adjustments for:				
Depreciation and amortization	-	2	34,741	33,285
Reversal of impairment losses on assets	-	-	(16,698)	-
Share of profit of equity-accounted investees	(4,057)	(33,679)	-	-
Expense on purchase and sale contract	-	-	(666)	1,805
Provision for rights to appreciation of investments and share options canceled	38	(47)	38	(47)
Income tax and social contribution expense	(3,166)	119	3,386	3,950
Loss on derivatives	-	-	1,027	1,124
Loss on sale of fixed assets	-	-	8,694	183
Interest on financial investments and restricted cash	(7,092)	(124)	(11,160)	(1,127)
Interest, foreign exchange variation and other	4,640	(278)	38,162	23,961
	(3,268)	(665)	63,893	96,476
Decrease (increase) in assets:				
Trade receivables	-	-	2,854	(618)
Inventories	-	-	(434)	(5,291)
Income taxes and other taxes recoverable	1,214	(53)	6,006	2,785
Prepaid expenses	92	(51)	(2,382)	1,249
Judicial deposits	44	-	425	(137)
Other assets	-	-	1,658	181
Increase (decrease) in liabilities:				
Trade and other payables	(19)	(4)	2,642	(3,078)
Salaries and social charges	38	-	1,578	(358)
Taxes and contributions payable	275	7	1,760	(4,658)
Cash generated from operating activities	(1,624)	(766)	78,000	86,551
Income tax and social contribution paid	(1,285)	(2)	(3,042)	(141)
Interest received	562	24	2,221	954
Interest paid	-	-	(16,813)	(18,961)
Net cash from (used in) operating activities	(2,347)	(744)	60,365	68,403
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment and intangible assets	-	(36)	(10,196)	(1,962)
Proceeds from sale of property, plant and equipment	-	-	1,580	609
Related parties - promissory notes to subsidiaries	-	(15,594)	-	-
Related parties - promissory note payments from subsidiaries	11,290	17,325	-	-
Restricted cash - deposits	-	-	(305)	-
Restricted cash - withdrawal	700	71	1,694	883
Net cash from (used in) investing activities	11,989	1,766	(7,226)	(470)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	-	-	-	6,179
Repayment of borrowings	-	-	(43,270)	(63,331)
Related parties - promissory note payments to subsidiaries	(7,518)	-	-	-
Transaction costs related to loans and borrowings	-	-	(1,543)	(3,448)
Settlement of derivative financial instruments	-	-	(620)	(485)
Net cash used in financing activities	(7,518)	-	(45,433)	(61,085)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,125	1,022	7,705	6,848
Cash and cash equivalents at the beginning of the period	474	830	26,359	33,924
Effect of exchange rate fluctuations on cash and cash equivalents	(2,368)	-	5,564	-
Cash and cash equivalents at the end of the period	231	1,872	39,629	40,772

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