

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Financial Position

As of September 30, 2016 and December 31, 2015

(In thousands of US dollars)

Assets	September 2016	December 2015
	(Unaudited)	(Audited)
Current assets:		
Cash	\$ 62	\$ 15
Other accounts receivables	5,072	1,726
Total current assets	<u>5,134</u>	<u>1,741</u>
Non-current assets:		
Modular rig and equipment, net	113,097	94,102
Deferred income taxes	1	52
	<u>113,098</u>	<u>94,154</u>
Total assets	<u>\$ 118,232</u>	<u>\$ 95,895</u>
Equity and Liabilities		
Current liabilities:		
Trade accounts payables	\$ 778	\$ 208
Due to related parties	-	27,309
Other accounts payables and accrued liabilities	1,406	23
Total current liabilities	<u>2,184</u>	<u>27,540</u>
Non-current liabilities:		
Latina Offshore Holding Limited, parent company	23,429	42,400
Deferred income tax	3,590	876
Total non-current liabilities	<u>27,019</u>	<u>43,276</u>
Total liabilities	29,203	70,816
Stockholders' equity:		
Capital stock	88,500	-
Contributions for future capital increases	-	25,000
Accumulated results	529	79
Total stockholders' equity	<u>89,029</u>	<u>25,079</u>
Total stockholders' equity and liabilities	<u>\$ 118,232</u>	<u>\$ 95,895</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Losses

For the nine months ended September 30, 2016 and for the year end December 31, 2015
(In thousands of US dollars)

	September 2016 (Unaudited)	December 2015 (Audited)
Continuing operations:		
Operating leases income	\$ 2,640	\$ -
Operating cost	157	-
Depreciation of assets under operating leases	<u>1,705</u>	<u>-</u>
Gross profit	778	-
Administrative expenses	270	8
Interest expense	442	203
Interest income	(1,215)	
Exchange loss (gain), net	<u>(842)</u>	<u>(258)</u>
Profit before tax	2,123	47
Deferred income tax (benefit) expense	<u>1,673</u>	<u>(46)</u>
Consolidated net profit	<u>\$ 450</u>	<u>\$ 93</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2016 and for the year end December 31, 2015

(In thousands of US dollars)

	September 2016	December 2015
	(Unaudited)	(Audited)
Cash flows from operating activities:		
Consolidated net loss	\$ 450	\$ 93
Adjustments for:		
Depreciation of assets under operating leases	1,705	
Interest expense	442	203
Income tax recognized in results	<u>1,673</u>	<u>(46)</u>
	4,271	250
Movements in working capital:		
(Increase) decrease in:		
Other accounts receivables	(3,346)	(1,690)
Increase (decrease) in:		
Trade accounts payables	570	208
Due to related parties	(46,280)	17,289
Other accounts payables and accrued liabilities	<u>1,383</u>	<u>(20)</u>
Net cash flows generated by operating activities	(43,403)	16,037
Cash flows from investing activities:		
Purchase of machinery and equipment	<u>(19,608)</u>	<u>(40,219)</u>
Net cash flows used in investing activities	(19,608)	(40,219)
Cash flows from financing activities:		
Payments to long-term debt	-	(600)
Interest paid	(442)	(203)
Contribution for future capital increases	<u>63,500</u>	<u>25,000</u>
Net cash flows provided by financing activities	<u>63,058</u>	<u>24,197</u>
Net increase in cash	47	15
Cash at the beginning of the year	15	-
Cash at end of the year	<u>\$ 62</u>	<u>\$ 15</u>