

# Latina Modular Holding Limited and Subsidiary

## Consolidated Statement of Financial Position

As of December 31, 2016 and 2015

(In thousands of US dollars)

<b>Assets</b>	<b>December 2016</b>	<b>December 2015</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Current assets:		
Cash	\$ 15	\$ 15
Other accounts receivables	4,690	1,726
Prepaid expenses, net	125	-
Total current assets	<u>4,830</u>	<u>1,741</u>
Non-current assets:		
Modular rig and equipment	110,441	94,102
Deferred income tax	1	52
	<u>110,442</u>	<u>94,154</u>
Total assets	<u>\$ 115,272</u>	<u>\$ 95,895</u>
<b>Equity and Liabilities</b>		
Current liabilities:		
Trade accounts payables	\$ 74	\$ 208
Due to related parties	23,282	27,309
Other accounts payables and accrued liabilities	1,098	23
Total current liabilities	<u>24,454</u>	<u>27,540</u>
Non-current liabilities:		
Latina Offshore Holding Limited, parent company	-	42,400
Deferred income tax	4,784	876
Total non-current liabilities	<u>4,784</u>	<u>43,276</u>
Total liabilities	29,238	70,816
Stockholders' equity:		
Capital stock	88,500	-
Contributions for future capital increases	-	25,000
Accumulated results	(2,466)	79
Total stockholders' equity	<u>86,034</u>	<u>25,079</u>
Total stockholders' equity and liabilities	<u>\$ 115,272</u>	<u>\$ 95,895</u>

# Latina Modular Holding Limited and Subsidiary

## Consolidated Statement of Losses

For the years ended December 31, 2016 and 2015  
(In thousands of US dollars)

	December 2016 (Unaudited)	December 2015 (Audited)
Continuing operations:		
Operating leases income	\$ 5,400	\$ -
Operating cost	306	-
Depreciation of assets under operating leases	<u>4,253</u>	<u>-</u>
Gross profit	841	-
Administrative expenses	268	8
Others expenses	(35)	-
Interest expense	307	203
Interest income	792	-
Exchange loss (gain), net	<u>(816)</u>	<u>(258)</u>
Loss before tax	(325)	(47)
Income tax	<u>2,869</u>	<u>(46)</u>
Consolidated net result	<u>\$ (2,544)</u>	<u>\$ (93)</u>

# Latina Modular Holding Limited and Subsidiary

## Consolidated Statement of Cash Flows

For the years ended December 31, 2016 and 2015

(In thousands of US dollars)

	December 2016	December 2015
	(Unaudited)	(Audited)
Cash flows from operating activities:		
Consolidated net loss	\$ (2,544)	\$ 93
Adjustments for:		
Depreciation of assets under operating leases	4,253	-
Interest expense	307	203
Income tax recognized in results	2,869	(46)
	<u>4,885</u>	<u>250</u>
Movements in working capital:		
(Increase) decrease in:		
Other accounts receivables	(2,964)	(1,690)
Prepaid expenses	(125)	-
Increase (decrease) in:		
Trade accounts payables	(134)	208
Due to related parties	(46,429)	17,289
Other accounts payables and accrued liabilities	1,075	(20)
Net cash flows generated by operating activities	<u>(43,692)</u>	<u>16,037</u>
Cash flows from investing activities:		
Purchase of machinery and equipment	<u>(19,501)</u>	<u>(40,219)</u>
Net cash flows used in investing activities	(19,501)	(40,219)
Cash flows from financing activities:		
Payments to long-term debt	-	(600)
Interest paid	(307)	(203)
Contribution for future capital increases	63,500	25,000
Net cash flows provided by financing activities	<u>63,193</u>	<u>24,197</u>
Net increase in cash	(0)	15
Cash at the beginning of the year	15	-
Cash at end of the year	<u>\$ 15</u>	<u>\$ 15</u>