

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Financial Position

As of March 31, 2017 and December 31, 2016

(In thousands of US dollars)

Assets	March 2017	December 2016
	(Unaudited)	(Audited)
Current assets:		
Cash	\$ 9	\$ 15
Other accounts receivables	4,223	4,671
Prepaid expenses, net	67	143
Total current assets	<u>4,299</u>	<u>4,829</u>
Non-current assets:		
Modular rig and equipment	108,392	110,441
Deferred income tax	-	1
	<u>108,392</u>	<u>110,442</u>
 Total assets	 <u>\$ 112,691</u>	 <u>\$ 115,271</u>
 Equity and Liabilities		
Current liabilities:		
Trade accounts payables	\$ 29	\$ 73
Due to related parties	20,970	23,282
Other accounts payables and accrued liabilities	944	1,099
Total current liabilities	<u>21,943</u>	<u>24,454</u>
Non-current liabilities:		
Deferred income tax	<u>6,763</u>	<u>4,784</u>
Total non-current liabilities	<u>6,763</u>	<u>4,784</u>
Total liabilities	<u>28,706</u>	<u>29,238</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Accumulated results	<u>(4,515)</u>	<u>(2,467)</u>
Total stockholders' equity	<u>83,985</u>	<u>86,033</u>
Total stockholders' equity and liabilities	<u>\$ 112,691</u>	<u>\$ 115,271</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Losses

For the three months ended March 31, 2017 and for the year end December 31, 2016
(In thousands of US dollars)

	March 2017 (Unaudited)	December 2016 (Audited)
Continuing operations:		
Operating leases income	\$ 2,700	\$ 5,400
Operating cost	154	271
Depreciation of assets under operating leases	<u>2,660</u>	<u>4,253</u>
Gross profit	(114)	876
Administrative expenses	-	305
Others expenses	-	(36)
Interest expense	-	1,099
Exchange loss (gain), net	<u>(46)</u>	<u>(816)</u>
Loss before tax	(68)	324
Income tax	<u>1,980</u>	<u>2,870</u>
Consolidated net result	<u><u>\$ (2,048)</u></u>	<u><u>\$ (2,546)</u></u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Cash Flows

For the three months ended March 31, 2017 and for the year end December 31, 2016

(In thousands of US dollars)

	March 2017	December 2016
	(Unaudited)	(Audited)
Cash flows from operating activities:		
Consolidated net loss	\$ (2,048)	\$ (2,546)
Adjustments for:		
Depreciation of assets under operating leases	2,660	4,253
Interest expense	-	1,099
Exchange loss (gain), net	(46)	(816)
Income tax recognized in results	<u>1,980</u>	<u>2,870</u>
	2,546	4,860
Movements in working capital:		
(Increase) decrease in:		
Other accounts receivables	448	(2,945)
Prepaid expenses	76	(143)
Increase (decrease) in:		
Trade accounts payables	(44)	(135)
Due to related parties	(2,312)	(3,213)
Other accounts payables and accrued liabilities	<u>(109)</u>	<u>1,076</u>
Net cash flows by operating activities	605	(500)
Cash flows from investing activities:		
Purchase of machinery and equipment	<u>(611)</u>	<u>(16,063)</u>
Net cash flows in investing activities	(611)	(16,063)
Cash flows from financing activities:		
Payments to long-term debt	-	(42,400)
Interest paid	-	(4,537)
Contribution for future capital increases	<u>-</u>	<u>63,500</u>
Net cash flows by financing activities	-	16,563
Net increase in cash	<u>(6)</u>	<u>0</u>
Cash at the beginning of the year	15	15
Cash at end of the year	<u>\$ 9</u>	<u>\$ 15</u>