

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Financial Position

As of June 30, 2017 and December 31, 2016

(In thousands of US dollars)

Assets	June 2017	December 2016
	(Unaudited)	(Audited)
Current assets:		
Cash	\$ 14	\$ 15
Other accounts receivables	4,244	4,671
Prepaid expenses, net	<u>264</u>	<u>143</u>
Total current assets	4,522	4,829
Non-current assets:		
Modular rig and equipment, net	106,136	110,441
Deferred income tax	<u>2</u>	<u>1</u>
	<u>106,138</u>	<u>110,442</u>
Total assets	<u>\$ 110,660</u>	<u>\$ 115,271</u>
Equity and Liabilities		
Current liabilities:		
Trade accounts payables	\$ -	\$ 73
Due to related parties	18,992	23,282
Other accounts payables and accrued liabilities	<u>1,333</u>	<u>1,099</u>
Total current liabilities	20,325	24,454
Non-current liabilities:		
Deferred income tax	<u>1,345</u>	<u>4,784</u>
Total non-current liabilities	<u>1,345</u>	<u>4,784</u>
Total liabilities	21,670	29,238
Stockholders' equity:		
Capital stock	88,500	88,500
Accumulated results	<u>490</u>	<u>(2,467)</u>
Total stockholders' equity	<u>88,990</u>	<u>86,033</u>
Total stockholders' equity and liabilities	<u>\$ 110,660</u>	<u>\$ 115,271</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Losses

For the six months ended June 30, 2017 and for the year end December 31, 2016
(In thousands of US dollars)

	June 2017 (Unaudited)	December 2016 (Audited)
Continuing operations:		
Operating leases income	\$ 5,249	\$ 5,400
Operating cost	360	271
Depreciation of assets under operating leases	<u>5,476</u>	<u>4,253</u>
Gross profit	(587)	876
Administrative expenses	-	306
Others expenses	(29)	(36)
Interest expense	-	1,099
Exchange loss (gain), net	<u>(75)</u>	<u>(816)</u>
Loss before tax	483	(324)
Income tax	<u>(3,440)</u>	<u>2,870</u>
Consolidated net result	<u>\$ 2,957</u>	<u>\$ (2,546)</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Cash Flows

For the six months ended June 30, 2017 and for the year end December 31, 2016

(In thousands of US dollars)

	June 2017	December 2016
	(Unaudited)	(Audited)
Cash flows from operating activities:		
Consolidated net loss	\$ 2,957	\$ (2,546)
Adjustments for:		
Depreciation of assets under operating leases	5,476	4,253
Interest expense	-	1,099
Exchange loss (gain), net	(75)	(816)
Income tax recognized in results	<u>(3,440)</u>	<u>2,870</u>
	4,918	4,860
Movements in working capital:		
(Increase) decrease in:		
Other accounts receivables	427	(2,945)
Prepaid expenses	(121)	(143)
Increase (decrease) in:		
Trade accounts payables	(73)	(135)
Due to related parties	(4,290)	(3,213)
Other accounts payables and accrued liabilities	309	1,076
Net cash flows by operating activities	<u>1,170</u>	<u>(500)</u>
Cash flows from investing activities:		
Purchase of machinery and equipment	<u>(1,171)</u>	<u>(16,063)</u>
Net cash flows in investing activities	(1,171)	(16,063)
Cash flows from financing activities:		
Payments to long-term debt	-	(42,400)
Interest paid	-	(4,537)
Contribution for future capital increases	-	63,500
Net cash flows by financing activities	<u>-</u>	<u>16,563</u>
Net increase in cash	(1)	0
Cash at the beginning of the year	15	15
Cash at end of the year	<u>\$ 14</u>	<u>\$ 15</u>