

Latina Modular 01 Limited

Statement of Financial Position

As of December 31, 2017 and 2016

(In thousands of US dollars)

Assets	December 2017	December 2016
	(Unaudited)	(Audited)
Current assets:		
Cash	\$ 7	\$ 11
Constructora y Perforadora Latina S.A. de C.V (related party)	543	-
Other accounts receivables	2,720	4,001
Prepaid expenses, net	72	125
Total current assets	<u>3,342</u>	<u>4,137</u>
Non-current assets:		
Modular rig and equipment, net	<u>103,790</u>	<u>110,441</u>
Total assets	<u>\$ 107,132</u>	<u>\$ 114,578</u>
 Equity and Liabilities		
Current liabilities:		
Trade accounts payables	\$ -	\$ 73
Constructora y Perforadora Latina S.A. de C.V (related party)	7,853	9,798
Latina Offshore Holding Limited (related party)	5,062	7,732
Latina Modular Holding Limited (related party)	4,097	4,345
Rodelva Servicios Administrativos S.A. de C.V. (related party)	-	1,330
Other accounts payables and accrued liabilities	87	558
Total current liabilities	<u>17,099</u>	<u>23,837</u>
Non-current liabilities:		
Deferred income tax	<u>1,950</u>	<u>4,784</u>
Total non-current liabilities	<u>1,950</u>	<u>4,784</u>
Total liabilities	19,049	28,620
Stockholders' equity:		
Capital stock	88,500	88,500
Accumulated results	(417)	(2,542)
Total stockholders' equity	<u>88,083</u>	<u>85,958</u>
Total stockholders' equity and liabilities	<u>\$ 107,132</u>	<u>\$ 114,579</u>

Latina Modular 01 Limited

Statements of Profit and Loss

For the years ended December 31, 2017 and 2016

(In thousands of US dollars)

	December 2017 (Unaudited)	December 2016 (Audited)
Continuing operations:		
Operating leases income	\$ 10,585	\$ 5,400
Operating cost	634	271
Depreciation of assets under operating leases	<u>10,833</u>	<u>4,253</u>
Gross (loss) profit	(882)	876
Administrative expenses	\$ -	\$ 288
Others expenses	(30)	(36)
Interest expense	(92)	307
Exchange loss (gain), net	<u>(51)</u>	<u>42</u>
(Loss) profit before tax	(709)	275
Income tax	<u>(2,834)</u>	<u>2,817</u>
Net result	<u>\$ 2,125</u>	<u>\$ (2,542)</u>

Latina Modular 01 Limited

Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(In thousands of US dollars)

	December 2017	December 2016
	(Unaudited)	(Audited)
Cash flows from operating activities:		
Net profit (loss)	\$ 2,125	\$ (2,542)
Adjustments for:		
Depreciation	10,833	4,253
Interest expense	(92)	307
Exchange loss	(51)	42
Income tax recognized in results	<u>(2,834)</u>	<u>2,817</u>
	9,981	4,877
Movements in working capital:		
(Increase) decrease in:		
Other accounts receivables	1,281	(2,277)
Due from related parties	(543)	-
Prepaid expenses	53	(125)
Increase (decrease) in:		
Trade accounts payables	(73)	(135)
Due to related parties	(6,193)	(4,171)
Other accounts payables and accrued liabilities	<u>(420)</u>	<u>541</u>
Net cash flows by operating activities	4,086	(1,290)
Cash flows from investing activities:		
Purchase of machinery and equipment	<u>(4,182)</u>	<u>(16,063)</u>
Net cash flows in investing activities	(4,182)	(16,063)
Cash flows from financing activities:		
Interest gain (paid)	92	(3,745)
Payments to long-term debt	-	(42,400)
Increase in capital stock	<u>-</u>	<u>63,500</u>
Net cash flows by financing activities	92	17,355
Net change in cash	(4)	2
Cash at the beginning of the year	11	9
Cash at end of the year	<u>\$ 7</u>	<u>\$ 11</u>