

## Latina Modular 01 Limited

# Statement of Financial Position

As of March 31, 2018 and December 31, 2017

(In thousands of US dollars)

<b>Assets</b>	<b>March 2018</b>	<b>December 2017</b>
	<b>Unaudited</b>	<b>Audited</b>
Current assets:		
Cash	\$ 8	\$ 7
Other accounts receivable	2,622	2,720
Prepaid expenses, net	298	72
Total current assets	<u>2,928</u>	<u>2,799</u>
Non-current assets:		
Modular rig and equipment, net	101,379	103,790
Total assets	<u>\$ 104,307</u>	<u>\$ 106,589</u>
 <b>Liabilities and Stockholders' equity</b>		
Current liabilities:		
Due to related parties	\$ 14,155	\$ 16,469
Other accounts payable and accrued liabilities	568	87
Total current liabilities	<u>14,723</u>	<u>16,556</u>
Non-current liabilities:		
Deferred income taxes	1,242	1,950
Total non-current liabilities	<u>1,242</u>	<u>1,950</u>
Total liabilities	<u>15,965</u>	<u>18,506</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	(158)	(417)
Total stockholders' equity	<u>88,342</u>	<u>88,083</u>
Total stockholders' equity and liabilities	<u>\$ 104,307</u>	<u>\$ 106,589</u>

## Latina Modular 01 Limited

# Statements of Operations

For the three months ended March 31, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	March 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating lease revenues	\$ 2,438	\$ 10,585
Operating cost	152	634
Depreciation of assets under operating leases	2,795	10,833
Gross loss	<u>(509)</u>	<u>(882)</u>
Other income	\$ -	\$ (30)
Interest expense, net	(59)	(92)
Exchange gain, net	(0)	(51)
Loss before income taxes	<u>(450)</u>	<u>(709)</u>
Deferred income tax benefit	<u>(709)</u>	<u>(2,834)</u>
Net result	<u>\$ 259</u>	<u>\$ 2,125</u>

## Latina Modular 01 Limited

# Statements of Cash Flows

For the three months ended March 31, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	March 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities:		
Net income	\$ 259	\$ 2,125
Adjustments for:		
Depreciation	2,795	10,833
Interest income	(59)	(97)
Interest expense	-	6
Exchange gain	(0)	(51)
Deferred income tax benefit	(709)	(2,834)
	<u>2,286</u>	<u>9,982</u>
<b>Changes in working capital:</b>		
(Increase) decrease in:		
Other accounts receivable	99	1,281
Prepaid expenses	(226)	53
Increase (decrease) in:		
Trade accounts payable	-	(73)
Due to related parties	(2,314)	(6,736)
Other accounts payables and accrued liabilities	481	(420)
Net cash flows by operating activities	<u>326</u>	<u>4,087</u>
Cash flows from investing activities:		
Purchase of equipment	(384)	(4,182)
Interest collected	-	97
Net cash flows in investing activities	<u>(384)</u>	<u>(4,085)</u>
Cash flows from financing activities:		
Interest gain (paid)	59	(6)
Net cash flows by financing activities	<u>59</u>	<u>(6)</u>
Net change in cash	1	(4)
Cash at the beginning of the year	7	11
Cash at end of the year	<u>\$ 8</u>	<u>\$ 7</u>

**Latina Modular 01 Limited**  
Notes

a. Transaction with related parties:

	<b>March 2018</b>	<b>December 2017</b>
	<b>Unaudited</b>	<b>Audited</b>
Operating lease revenues	2,438	10,585
Interest income	59	91
Purchases of spare parts and tools	(383)	(4,182)
Other expenses	(3)	(5)

b. Balance with related parties:

	<b>March 2018</b>	<b>December 2017</b>
	<b>Unaudited</b>	<b>Audited</b>
Due to related parties-		
Short term:		
Constructora y Perforadora Latina S.A. de C.V.	\$ 6,737	\$ 7,310
Latina Offshore Holding Limited	3,302	5,062
Latina Modular Holding Limited	4,116	4,097
	<u>\$ 14,155</u>	<u>\$ 16,469</u>