

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Financial Position

As of June 30, 2018 and December 31, 2017

(In thousands of US dollars)

Assets	June 2018	December 2017
	Unaudited	Audited
Current assets:		
Cash	\$ 15	\$ 13
Other accounts receivable	2,933	3,340
Prepaid expenses, net	151	90
Total current assets	<u>3,099</u>	<u>3,443</u>
Non-current assets:		
Modular rig and equipment, net	99,534	103,790
Deferred income taxes	-	5
Total non-current assets	<u>99,534</u>	<u>103,795</u>
Total assets	<u>\$ 102,633</u>	<u>\$ 107,238</u>
Liabilities and Stockholders' equity		
Current liabilities:		
Trade accounts payable	\$ -	\$ 11
Due to related parties	12,980	16,586
Other accounts payable and accrued liabilities	759	535
Total current liabilities	<u>13,739</u>	<u>17,132</u>
Non-current liabilities:		
Deferred income taxes	1,580	1,950
Total non-current liabilities	<u>1,580</u>	<u>1,950</u>
Total liabilities	<u>15,319</u>	<u>19,082</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	(1,186)	(344)
Total stockholders' equity	<u>87,314</u>	<u>88,156</u>
Total stockholders' equity and liabilities	<u>\$ 102,633</u>	<u>\$ 107,238</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statements of Operations

For the six months ended June 30, 2018 and for the year end December 31, 2017
(In thousands of US dollars)

	June 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating leases revenues	\$ 4,539	\$ 10,585
Operating cost	329	658
Depreciation of assets under operating leases	<u>5,548</u>	<u>10,833</u>
Gross loss	(1,338)	(906)
Other expenses	-	(30)
Interest income	(135)	(97)
Exchange gain, net	<u>4</u>	<u>(64)</u>
Loss before income taxes	(1,207)	(715)
Deferred income tax benefit	<u>(365)</u>	<u>(2,838)</u>
Consolidated net result	<u>\$ (842)</u>	<u>\$ 2,123</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Cash Flows

For the six months ended June 30, 2018 and for the year end December 31, 2017
(In thousands of US dollars)

	June 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities:		
Consolidated net profit	\$ (842)	\$ 2,123
Adjustments for:		
Depreciation	5,548	10,833
Interest gain	(135)	(97)
Exchange gain, net	4	(64)
Deferred income tax benefit	(365)	(2,838)
	<u>4,210</u>	<u>9,957</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	-	(543)
Other accounts receivable	407	1,331
Prepaid expenses	(61)	53
Increase (decrease) in:		
Trade accounts payable	(11)	(73)
Due to related parties	(3,606)	(6,153)
Other accounts payable and accrued liabilities	219	(489)
Net cash flows by operating activities	<u>1,158</u>	<u>4,083</u>
Cash flows from investing activities:		
Purchase of equipment	(1,291)	(4,182)
Net cash flows in investing activities	<u>(1,291)</u>	<u>(4,182)</u>
Cash flows from financing activities:		
Interest again	135	97
Net cash flows by financing activities	<u>135</u>	<u>97</u>
Net change in cash	2	(2)
Cash at the beginning of the year	13	15
Cash at end of the year	<u>\$ 15</u>	<u>\$ 13</u>

Latina Modular Holding Limited and Subsidiary

Notes

a. Transaction with related parties:

	June 2018	December 2017
	Unaudited	Audited
Operating lease revenues	4,539	10,585
Interest income	135	97
Purchases of spare parts and tools	(1,291)	(4,182)
Other expenses	(9)	(9)

b. Balance with related parties:

	June 2018	December 2017
	Unaudited	Audited
Due to related parties-		
Constructora y Perforadora Latina S.A. de C.V.	\$ 7,790	\$ 7,310
Latina Offshore Holding Limited	5,190	9,276
	<u>\$ 12,980</u>	<u>\$ 16,586</u>