

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Financial Position

As of September 30, 2018 and December 31, 2017

(In thousands of US dollars)

Assets	September 2018	December 2017
	Unaudited	Audited
Current assets:		
Cash	\$ 15	\$ 13
Other accounts receivable	3,206	3,340
Prepaid expenses, net	661	90
Total current assets	<u>3,882</u>	<u>3,443</u>
Non-current assets:		
Modular rig and equipment, net	100,426	103,790
Deferred income taxes	-	5
Total non-current assets	<u>100,426</u>	<u>103,795</u>
Total assets	<u>\$ 104,308</u>	<u>\$ 107,238</u>
Liabilities and Stockholders' equity		
Current liabilities:		
Trade accounts payable	\$ 767	\$ 11
Due to related parties	13,443	16,586
Other accounts payable and accrued liabilities	914	535
Total current liabilities	<u>15,124</u>	<u>17,132</u>
Non-current liabilities:		
Deferred income taxes	602	1,950
Total non-current liabilities	<u>602</u>	<u>1,950</u>
Total liabilities	<u>15,726</u>	<u>19,082</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	81	(344)
Total stockholders' equity	<u>88,581</u>	<u>88,156</u>
Total stockholders' equity and liabilities	<u>\$ 104,308</u>	<u>\$ 107,238</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statements of Operations

For the nine months ended September 30, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	September 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating leases revenues	\$ 5,971	\$ 10,585
Operating cost	499	658
Depreciation of assets under operating leases	<u>6,545</u>	<u>10,833</u>
Gross loss	(1,073)	(906)
Other expenses	-	(30)
Interest income	(151)	(97)
Exchange gain, net	<u>(4)</u>	<u>(64)</u>
Loss before income taxes	(918)	(715)
Income tax benefit	<u>(1,343)</u>	<u>(2,838)</u>
Consolidated net result	<u>\$ 425</u>	<u>\$ 2,123</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Cash Flows

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

	September 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities:		
Consolidated net profit	\$ 425	\$ 2,123
Adjustments for:		
Depreciation	6,545	10,833
Interest gain	(151)	(97)
Exchange gain, net	(4)	(64)
Income tax benefit	(1,343)	(2,838)
	<u>5,472</u>	<u>9,957</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	-	(543)
Other accounts receivable	134	1,331
Prepaid expenses	(571)	53
Increase (decrease) in:		
Trade accounts payable	756	(73)
Due to related parties	(3,143)	(6,153)
Other accounts payable and accrued liabilities	383	(489)
Net cash flows by operating activities	<u>3,031</u>	<u>4,083</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(3,180)</u>	<u>(4,182)</u>
Net cash flows in investing activities	<u>(3,180)</u>	<u>(4,182)</u>
Cash flows from financing activities:		
Interest again	<u>151</u>	<u>97</u>
Net cash flows by financing activities	<u>151</u>	<u>97</u>
Net change in cash	2	(2)
Cash at the beginning of the year	<u>13</u>	<u>15</u>
Cash at end of the year	<u>\$ 15</u>	<u>\$ 13</u>

Latina Modular Holding Limited and Subsidiary

Notes

a. Transaction with related parties:

	September 2018	December 2017
	Unaudited	Audited
Operating lease revenues	5,971	10,585
Interest income	151	97
Purchases of spare parts and tools	(3,180)	(4,182)
Other expenses	(9)	(9)

b. Balance with related parties:

	September 2018	December 2017
	Unaudited	Audited
Due to related parties-		
Constructora y Perforadora Latina S.A. de C.V.	\$ 8,466	\$ 7,310
Latina Offshore Holding Limited	4,977	9,276
	<u>\$ 13,443</u>	<u>\$ 16,586</u>