

Latina Modular 01 Limited

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	\$ 9	\$ 7
Other accounts receivable	2,634	2,720
Prepaid expenses, net	<u>656</u>	<u>72</u>
Total current assets	3,299	2,799
Non-current assets:		
Modular rig and equipment, net	<u>100,426</u>	<u>103,790</u>
Total assets	<u>\$ 103,725</u>	<u>\$ 106,589</u>

Liabilities and Stockholders' equity

Current liabilities:		
Trade accounts payable	\$ 767	-
Due to related parties	13,376	\$ 16,469
Other accounts payable and accrued liabilities	<u>498</u>	<u>87</u>
Total current liabilities	14,641	16,556
Non-current liabilities:		
Deferred income taxes	<u>601</u>	<u>1,950</u>
Total non-current liabilities	<u>601</u>	<u>1,950</u>
Total liabilities	15,242	18,506
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	<u>(17)</u>	<u>(417)</u>
Total stockholders' equity	<u>88,483</u>	<u>88,083</u>
Total stockholders' equity and liabilities	<u>\$ 103,725</u>	<u>\$ 106,589</u>

Latina Modular 01 Limited

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 lease revenues	\$ 5,971	\$ 10,585
Operating cost	478	634
Depreciation of assets under operating leases	<u>6,545</u>	<u>10,833</u>
Gross loss	(1,052)	(882)
Other income	\$ -	\$ (30)
Interest income, net	(101)	(92)
Exchange gain, net	<u>(2)</u>	<u>(51)</u>
Loss before income taxes	(949)	(709)
Deferred income tax benefit	<u>(1,349)</u>	<u>(2,834)</u>
Net result	\$ <u><u>400</u></u>	\$ <u><u>2,125</u></u>

Latina Modular 01 Limited

Statements 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:		
Net result	\$ 400	\$ 2,125
Adjustments for:		
Depreciation	6,545	10,833
Interest income	(101)	(97)
Interes expense	-	6
Exchange (gain) loss	(2)	(51)
Deferred income tax benefit	(1,349)	(2,834)
	<u>5,493</u>	<u>9,982</u>
Changes in working capital:		
(Increase) decrease in:		
Other accounts receivable	86	1,281
Prepaid expenses	(584)	53
Increase (decrease) in:		
Trade accounts payable	767	(73)
Due to related parties	(3,093)	(6,736)
Other accounts payables and accrued liabilities	412	(420)
Net cash flows by operating activities	<u>3,081</u>	<u>4,087</u>
Cash flows from investing activities:		
Purchase of equipment	(3,180)	(4,182)
Interest collected	-	97
Net cash flows in investing activities	<u>(3,180)</u>	<u>(4,085)</u>
Cash flows from financing activities:		
Interest gain (paid)	101	(6)
Net cash flows by financing activities	<u>101</u>	<u>(6)</u>
Net change in cash	2	(4)
Cash at the beginning of the year	7	11
Cash at end of the year	<u>\$ 9</u>	<u>\$ 7</u>

Latina Modular 01 Limited

Notes

a. Transaction with related parties:

	September 2018 Unaudited	December 2017 Audited
Operating lease revenues	5,971	10,585
Interest income	101	92
Purchases of spare parts and tools	(3,180)	(4,182)
Other expenses	(3)	(5)

b. Balance with related parties:

	September 2018 Unaudited	December 2017 Audited
Due to related parties-		
Short term:		
Constructora y Perforadora Latina S.A. de C.V.	\$ 8,459	\$ 7,310
Latina Offshore Holding Limited	1,160	5,062
Latina Modular Holding Limited	3,757	4,097
	<u>\$ 13,376</u>	<u>\$ 16,469</u>