

## Latina Modular Holding Limited and Subsidiary

# Consolidated Statement of Financial Position

As of December 31, 2018 and 2017

(In thousands of US dollars)

<b>Assets</b>	December 2018	December 2017
	Unaudited	Audited
Current assets:		
Cash	\$ 5	\$ 13
Other accounts receivable	3,455	3,340
Prepaid expenses, net	499	90
Total current assets	<u>3,959</u>	<u>3,443</u>
Non-current assets:		
Modular rig and equipment, net	99,745	103,790
Deferred income taxes	65	5
Total non-current assets	<u>99,810</u>	<u>103,795</u>
Total assets	<u>\$ 103,769</u>	<u>\$ 107,238</u>
<b>Liabilities and Stockholders' equity</b>		
Current liabilities:		
Trade accounts payable	\$ 510	\$ 11
Due to related parties	15,468	16,586
Other accounts payable and accrued liabilities	762	535
Total current liabilities	<u>16,740</u>	<u>17,132</u>
Non-current liabilities:		
Deferred income taxes	-	1,950
Total non-current liabilities	<u>-</u>	<u>1,950</u>
Total liabilities	<u>16,740</u>	<u>19,082</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	(1,471)	(344)
Total stockholders' equity	<u>87,029</u>	<u>88,156</u>
Total stockholders' equity and liabilities	<u>\$ 103,769</u>	<u>\$ 107,238</u>

# Latina Modular Holding Limited and Subsidiary

## Consolidated Statements of Operations

For the years ended December 31, 2018 and 2017

(In thousands of US dollars)

	December 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating leases revenues	\$ 5,971	\$ 10,585
Operating cost	700	658
Depreciation of assets under operating leases	<u>8,538</u>	<u>10,833</u>
Gross loss	(3,267)	(906)
Other expenses	-	(30)
Interest income	(152)	(97)
Exchange gain, net	<u>20</u>	<u>(64)</u>
Loss before income taxes	(3,135)	(715)
Income tax benefit	<u>(2,008)</u>	<u>(2,838)</u>
Consolidated net result	<u>\$ (1,127)</u>	<u>\$ 2,123</u>

# Latina Modular Holding Limited and Subsidiary

## Consolidated Statement of Cash Flows

For the years ended December 31, 2018 and 2017  
(In thousands of US dollars)

	December 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities:		
Consolidated net profit	\$ (1,127)	\$ 2,123
Adjustments for:		
Depreciation	8,538	10,833
Interest gain	(152)	(97)
Exchange gain, net	20	(64)
Deferred income tax benefit	(2,010)	(2,838)
	<u>5,269</u>	<u>9,957</u>
<b>Changes in working capital:</b>		
(Increase) decrease in:		
Due from related parties	-	(543)
Other accounts receivable	(115)	1,331
Prepaid expenses	(409)	53
Increase (decrease) in:		
Trade accounts payable	499	(73)
Due to related parties	(1,118)	(6,153)
Other accounts payable and accrued liabilities	205	(489)
Net cash flows by operating activities	<u>4,331</u>	<u>4,083</u>
Cash flows from investing activities:		
Income tax	2	-
Purchase of equipment	(4,493)	(4,182)
Net cash flows in investing activities	<u>(4,491)</u>	<u>(4,182)</u>
Cash flows from financing activities:		
Interest again	152	97
Net cash flows by financing activities	<u>152</u>	<u>97</u>
Net change in cash	(8)	(2)
Cash at the beginning of the year	13	15
Cash at end of the year	<u>\$ 5</u>	<u>\$ 13</u>

# Latina Modular Holding Limited and Subsidiary

## Notes

a. Transaction with related parties:

	<b>December 2018</b>	<b>December 2017</b>
	<b>Unaudited</b>	<b>Audited</b>
Operating lease revenues	5,971	10,585
Interest income	152	97
Purchases of spare parts and tools	(4,493)	(4,182)
Other expenses	(9)	(9)

b. Balance with related parties:

	<b>December 2018</b>	<b>December 2017</b>
	<b>Unaudited</b>	<b>Audited</b>
Due to related parties-		
Constructora y Perforadora Latina S.A. de C.V.	\$ 10,492	\$ 7,310
Latina Offshore Holding Limited	4,844	9,276
Servicios Corporativos Latina S.A. de C.V.	132	-
	<u>\$ 15,468</u>	<u>\$ 16,586</u>