

## Latina Modular 01 Limited

# Statement of Financial Position

As of December 31, 2018 and 2017

(In thousands of US dollars)

<b>Assets</b>	<b>December 2018</b>	<b>December 2017</b>
	<b>Unaudited</b>	<b>Audited</b>
Current assets:		
Cash	\$ 2	\$ 7
Other accounts receivable	2,801	2,720
Prepaid expenses, net	499	72
Total current assets	<u>3,302</u>	<u>2,799</u>
Non-current assets:		
Modular rig and equipment, net	99,745	103,790
Deferred income taxes	63	-
Total non-current assets	<u>99,808</u>	<u>103,790</u>
Total assets	<u>\$ 103,110</u>	<u>\$ 106,589</u>
<b>Liabilities and Stockholders' equity</b>		
Current liabilities:		
Trade accounts payable	\$ 510	-
Due to related parties	15,291	\$ 16,469
Other accounts payable and accrued liabilities	362	87
Total current liabilities	<u>16,163</u>	<u>16,556</u>
Non-current liabilities:		
Deferred income taxes	-	1,950
Total non-current liabilities	<u>-</u>	<u>1,950</u>
Total liabilities	<u>16,163</u>	<u>18,506</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	(1,553)	(417)
Total stockholders' equity	<u>86,947</u>	<u>88,083</u>
Total stockholders' equity and liabilities	<u>\$ 103,110</u>	<u>\$ 106,589</u>

# Latina Modular 01 Limited

## Statements of Operations

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

	December 2018 Unaudited	December 2017 Audited
Continuing operations:		
Operating lease revenues	\$ 5,971	\$ 10,585
Operating cost	648	634
Depreciation of assets under operating leases	<u>8,538</u>	<u>10,833</u>
Gross loss	(3,215)	(882)
Other income	\$ -	\$ (30)
Interest income, net	(86)	(92)
Exchange gain, net	<u>20</u>	<u>(51)</u>
Loss before income taxes	(3,149)	(709)
Deferred income tax benefit	<u>(2,013)</u>	<u>(2,834)</u>
Net result	<u>\$ (1,136)</u>	<u>\$ 2,125</u>

# Latina Modular 01 Limited

## Statements 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:		
Net result	\$ (1,136)	\$ 2,125
Adjustments for:		
Depreciation	8,538	10,833
Interest income	(86)	(97)
Interest expense	-	6
Exchange loss (gain)	20	(51)
Deferred income tax benefit	(2,013)	(2,834)
	<u>5,323</u>	<u>9,982</u>
<b>Changes in working capital:</b>		
(Increase) decrease in:		
Other accounts receivable	(81)	1,281
Prepaid expenses	(427)	53
Increase (decrease) in:		
Trade accounts payable	510	(73)
Due to related parties	(1,178)	(6,736)
Other accounts payables and accrued liabilities	255	(420)
Net cash flows by operating activities	<u>4,402</u>	<u>4,087</u>
Cash flows from investing activities:		
Purchase of equipment	(4,493)	(4,182)
Interest collected	-	97
Net cash flows in investing activities	<u>(4,493)</u>	<u>(4,085)</u>
Cash flows from financing activities:		
Interest gain (paid)	<u>86</u>	<u>(6)</u>
Net cash flows by financing activities	<u>86</u>	<u>(6)</u>
Net change in cash	(5)	(4)
Cash at the beginning of the year	<u>7</u>	<u>11</u>
Cash at end of the year	<u>\$ 2</u>	<u>\$ 7</u>

# Latina Modular 01 Limited

## Notes

### a. Transaction with related parties:

	December 2018 Unaudited	December 2017 Audited
Operating lease revenues	5,971	10,585
Interest income	86	92
Purchases of spare parts and tools	(4,493)	(4,182)
Other expenses	(5)	(5)

### b. Balance with related parties:

	December 2018 Unaudited	December 2017 Audited
Due to related parties-		
Short term:		
Constructora y Perforadora Latina S.A. de C.V.	\$ 10,492	\$ 7,310
Latina Offshore Holding Limited	1,160	5,062
Latina Modular Holding Limited	3,639	4,097
	<u>\$ 15,291</u>	<u>\$ 16,469</u>