

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Financial Position

As of March 31, 2019 and December 31, 2018

(In thousands of US dollars)

Assets

	March 2019	December 2018
	Unaudited	Audited
Current assets:		
Cash	\$ 4	\$ 5
Other accounts receivable	3,502	3,455
Prepaid expenses, net	<u>402</u>	<u>499</u>
Total current assets	<u>3,908</u>	<u>3,959</u>
Non-current assets:		
Modular rig and equipment, net	98,497	99,745
Deferred income taxes	<u>584</u>	<u>65</u>
Total non-current assets	<u>99,081</u>	<u>99,810</u>
Total assets	<u>\$ 102,989</u>	<u>\$ 103,769</u>

Liabilities and Stockholders' equity

Current liabilities:		
Trade accounts payable	\$ 510	\$ 510
Due to related parties	16,582	15,468
Other accounts payable and accrued liabilities	<u>709</u>	<u>762</u>
Total liabilities	<u>17,801</u>	<u>16,740</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	<u>(3,312)</u>	<u>(1,471)</u>
Total stockholders' equity	<u>85,188</u>	<u>87,029</u>
Total stockholders' equity and liabilities	<u>\$ 102,989</u>	<u>\$ 103,769</u>

Latina Modular Holding Limited and Subsidiary
Consolidated Statements of Operations
For the three months ended March, 2019 and for the year end December 31, 2018

(In thousands of US dollars)

	March 2019	December 2018
	Unaudited	Audited
Continuing operations:		
Operating leases revenues	\$ -	\$ 5,971
Operating cost	144	700
Depreciation of assets under operating leases	<u>2,234</u>	<u>8,538</u>
Gross loss	(2,378)	(3,267)
Interest income	(1)	(152)
Exchange (gain) loss, net	<u>(17)</u>	<u>20</u>
Loss before income taxes	(2,360)	(3,135)
Deferred income tax benefit	<u>(520)</u>	<u>(2,008)</u>
Consolidated net result	<u>\$ (1,840)</u>	<u>\$ (1,127)</u>

Latina Modular Holding Limited and Subsidiary
Consolidated Statement of Cash Flows
For the three months ended March, 2019 and for the year end December 31, 2018

(In thousands of US dollars)

	March 2019	December 2018
	Unaudited	Audited
Cash flows from operating activities:		
Consolidated net profit	\$ (1,840)	\$ (1,127)
Adjustments for:		
Depreciation	2,234	8,538
Interest gain	(1)	(152)
Exchange (gain) loss	(17)	20
Deferred income tax benefit	(520)	(2,010)
	<u>(144)</u>	<u>5,269</u>
Changes in working capital:		
(Increase) decrease in:		
Other accounts receivable	(46)	(115)
Prepaid expenses	97	(409)
Increase (decrease) in:		
Trade accounts payable	-	499
Due to related parties	1,114	(1,118)
Income tax	-	2
Other accounts payable and accrued liabilities	(38)	205
Net cash flows by operating activities	<u>983</u>	<u>4,333</u>
Cash flows from investing activities:		
Purchase of equipment	(985)	(4,493)
Net cash flows in investing activities	<u>(985)</u>	<u>(4,493)</u>
Cash flows from financing activities:		
Interest paid	1	152
Net cash flows by financing activities	<u>1</u>	<u>152</u>
Net change in cash	(1)	(8)
Cash at the beginning of the year	5	13
Cash at end of the year	<u>\$ 4</u>	<u>\$ 5</u>

Latina Modular Holding Limited and Subsidiary

Notes

a. Transaction with related parties:

	March 2019	December 2018
	Unaudited	Audited
Operating lease revenues	-	5,971
Interest income	1	152
Purchases of spare parts and tools	(985)	(4,493)
Other expenses	(9)	(9)

b. Balance with related parties:

	March 2019	December 2018
	Unaudited	Audited
Due to related parties-		
Constructora y Perforadora Latina S.A. de C.V.	\$ 11,814	\$ 10,492
Latina Offshore Holding Limited	4,733	4,844
Servicios Corporativos Latina S.A. de C.V.	35	132
	<u>\$ 16,582</u>	<u>\$ 15,468</u>