

Latina Modular 01 Limited

Statement of Financial Position

As of March 31, 2019 and December 31, 2018

(In thousands of US dollars)

Assets

	March 2019 Unaudited	December 2018 Audited
Current assets:		
Cash	\$ 2	\$ 2
Other accounts receivable	2,965	2,801
Prepaid expenses, net	388	499
Total current assets	<u>3,355</u>	<u>3,302</u>
Non-current assets:		
Modular rig and equipment, net	98,496	99,745
Deferred income taxes	584	63
Total non-current assets	<u>99,080</u>	<u>99,808</u>
Total assets	<u>\$ 102,435</u>	<u>\$ 103,110</u>

Liabilities and Stockholders' equity

Current liabilities:		
Trade accounts payable	\$ 510	510
Due to related parties	16,496	\$ 15,291
Other accounts payable and accrued liabilities	331	362
Total liabilities	<u>17,337</u>	<u>16,163</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	(3,402)	(1,553)
Total stockholders' equity	<u>85,098</u>	<u>86,947</u>
Total stockholders' equity and liabilities	<u>\$ 102,435</u>	<u>\$ 103,110</u>

Latina Modular 01 Limited

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 Unaudited	December 2018 Audited
Continuing operations:		
Operating lease revenues	\$ -	\$ 5,971
Operating cost	135	648
Depreciation of assets under operating leases	<u>2,234</u>	<u>8,538</u>
Gross loss	(2,369)	(3,215)
Interest expenses (income), net	\$ 15	\$ (86)
Exchange (gain) loss, net	<u>(16)</u>	<u>20</u>
Loss before income taxes	(2,368)	(3,149)
Deferred income tax benefit	<u>(520)</u>	<u>(2,013)</u>
Net result	<u>\$ (1,848)</u>	<u>\$ (1,136)</u>

Latina Modular 01 Limited

Statements 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:		
Net result	\$ (1,848)	\$ (1,136)
Adjustments for:		
Depreciation	2,234	8,538
Interest expenses (income)	15	(86)
Exchange (gain) loss	(16)	20
Deferred income tax benefit	(520)	(2,013)
	<u>(135)</u>	<u>5,323</u>
Changes in working capital:		
(Increase) decrease in:		
Other accounts receivable	(163)	(81)
Prepaid expenses	111	(427)
Increase (decrease) in:		
Trade accounts payable	-	510
Due to related parties	1,205	(1,178)
Other accounts payables and accrued liabilities	(18)	255
Net cash flows by operating activities	<u>1,000</u>	<u>4,402</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 gain (paid)	(15)	86
Net cash flows by financing activities	<u>(15)</u>	<u>86</u>
Net change in cash	0	(5)
Cash at the beginning of the year	<u>2</u>	<u>7</u>
Cash at end of the year	<u><u>\$ 2</u></u>	<u><u>\$ 2</u></u>

Latina Modular 01 Limited

Notes

a. Transaction with related parties:

	March 2019	December 2018
	Unaudited	Audited
Operating lease revenues	-	5,971
Interest income	-	86
Purchases of spare parts and tools	(985)	(4,493)
Other expenses	(18)	(5)

b. Balance with related parties:

	March 2019	December 2018
	Unaudited	Audited
Due to related parties-		
Short term:		
Constructora y Perforadora Latina S.A. de C.V.	\$ 11,807	\$ 10,492
Latina Offshore Holding Limited	1,160	1,160
Servicios Corporativos Latina S.A. de C.V.	2	-
Latina Modular Holding Limited	3,527	3,639
	<u>\$ 16,496</u>	<u>\$ 15,291</u>