

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Financial Position

As of June 30, 2019 and December 31, 2018

(In thousands of US dollars)

Assets

	June 2019	December 2018
	Unaudited	Audited
Current assets:		
Cash	\$ 5	\$ 5
Other accounts receivable	3,082	3,455
Prepaid expenses, net	23	499
Total current assets	<u>3,110</u>	<u>3,959</u>
Non-current assets:		
Modular rig and equipment, net	97,527	99,745
Deferred income taxes	941	65
Total non-current assets	<u>98,468</u>	<u>99,810</u>
Total assets	<u>\$ 101,578</u>	<u>\$ 103,769</u>

Liabilities and Stockholders' equity

Current liabilities:		
Trade accounts payable	\$ -	\$ 510
Due to related parties	15,869	15,468
Other accounts payable and accrued liabilities	494	762
Deferred income taxes	2	-
Total liabilities	<u>16,365</u>	<u>16,740</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	(3,287)	(1,471)
Total stockholders' equity	<u>85,213</u>	<u>87,029</u>
Total stockholders' equity and liabilities	<u>\$ 101,578</u>	<u>\$ 103,769</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statements of Operations

For the six months ended June, 2019 and for the year end December 31, 2018

(In thousands of US dollars)

	June 2019	December 2018
	Unaudited	Audited
Continuing operations:		
Operating leases revenues	\$ 1,897	\$ 5,971
Operating cost	161	700
Depreciation of assets under operating leases	4,470	8,538
Gross loss	<u>(2,734)</u>	<u>(3,267)</u>
Interest income	(24)	(152)
Exchange (gain) loss, net	(20)	20
Loss before income taxes	<u>(2,690)</u>	<u>(3,135)</u>
Deferred income tax benefit	<u>(874)</u>	<u>(2,008)</u>
Consolidated net result	<u>\$ (1,816)</u>	<u>\$ (1,127)</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Cash Flows

For the six months ended June, 2019 and for the year end December 31, 2018

(In thousands of US dollars)

	June 2019	December 2018
	Unaudited	Audited
Cash flows from operating activities:		
Consolidated net profit	\$ (1,816)	\$ (1,127)
Adjustments for:		
Depreciation	4,470	8,538
Interest gain	(24)	(152)
Exchange (gain) loss	(20)	20
Deferred income tax benefit	(874)	(2,010)
	<u>1,736</u>	<u>5,269</u>
Changes in working capital:		
(Increase) decrease in:		
Other accounts receivable	373	(115)
Prepaid expenses	476	(409)
Increase (decrease) in:		
Trade accounts payable	(510)	499
Due to related parties	402	(1,118)
Income tax	-	2
Other accounts payable and accrued liabilities	(249)	205
Net cash flows by operating activities	<u>2,228</u>	<u>4,333</u>
Cash flows from investing activities:		
Purchase of equipment	(2,252)	(4,493)
Net cash flows in investing activities	<u>(2,252)</u>	<u>(4,493)</u>
Cash flows from financing activities:		
Interest paid	24	152
Net cash flows by financing activities	<u>24</u>	<u>152</u>
Net change in cash	0	(8)
Cash at the beginning of the year	5	13
Cash at end of the year	<u>\$ 5</u>	<u>\$ 5</u>