

Latina Modular 01 Limited

Statement of Financial Position

As of June 30, 2019 and December 31, 2018

(In thousands of US dollars)

Assets

	June 2019 Unaudited	December 2018 Audited
Current assets:		
Cash	\$ 3	\$ 2
Other accounts receivable	2,548	2,801
Prepaid expenses, net	14	499
Total current assets	<u>2,565</u>	<u>3,302</u>
Non-current assets:		
Modular rig and equipment, net	97,526	99,745
Deferred income taxes	941	63
Total non-current assets	<u>98,467</u>	<u>99,808</u>
Total assets	<u>\$ 101,032</u>	<u>\$ 103,110</u>

Liabilities and Stockholders' equity

Current liabilities:		
Trade accounts payable	\$ -	\$ 510
Due to related parties	15,798	15,291
Other accounts payable and accrued liabilities	116	362
Total liabilities	<u>15,914</u>	<u>16,163</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	(3,382)	(1,553)
Total stockholders' equity	<u>85,118</u>	<u>86,947</u>
Total stockholders' equity and liabilities	<u>\$ 101,032</u>	<u>\$ 103,110</u>

Latina Modular 01 Limited

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 Unaudited	December 2018 Audited
Continuing operations:		
Operating lease revenues	\$ 1,897	\$ 5,971
Operating cost	144	648
Depreciation of assets under operating leases	4,470	8,538
Gross loss	<u>(2,717)</u>	<u>(3,215)</u>
Interest expenses (income), net	\$ 9	\$ (86)
Exchange (gain) loss, net	(19)	20
Loss before income taxes	<u>(2,707)</u>	<u>(3,149)</u>
Deferred income tax benefit	<u>(878)</u>	<u>(2,013)</u>
Net result	<u>\$ (1,829)</u>	<u>\$ (1,136)</u>

Latina Modular 01 Limited

Statements 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:		
Net result	\$ (1,829)	\$ (1,136)
Adjustments for:		
Depreciation	4,470	8,538
Interest expenses (income)	9	(86)
Exchange (gain) loss	(19)	20
Deferred income tax benefit	(878)	(2,013)
	<u>1,753</u>	<u>5,323</u>
Changes in working capital:		
(Increase) decrease in:		
Other accounts receivable	253	(81)
Prepaid expenses	485	(427)
Increase (decrease) in:		
Trade accounts payable	(510)	510
Due to related parties	507	(1,178)
Other accounts payables and accrued liabilities	(227)	255
Net cash flows by operating activities	<u>2,261</u>	<u>4,402</u>
Cash flows from investing activities:		
Purchase of equipment	(2,251)	(4,493)
Net cash flows in investing activities	<u>(2,251)</u>	<u>(4,493)</u>
Cash flows from financing activities:		
Interest gain (paid)	(9)	86
Net cash flows by financing activities	<u>(9)</u>	<u>86</u>
Net change in cash	1	(5)
Cash at the beginning of the year	2	7
Cash at end of the year	<u>\$ 3</u>	<u>\$ 2</u>