

Latina Modular 01 Limited

Statement of Financial Position

As of September 30, 2019 and December 31, 2018

(In thousands of US dollars)

Assets	September 2019	December 2018
	Unaudited	Audited
Current assets:		
Cash	\$ 8	\$ 2
Other accounts receivable	2,575	2,801
Due from related parties	132	-
Prepaid expenses, net	7	499
Total current assets	<u>2,722</u>	<u>3,302</u>
Non-current assets:		
Modular rig and equipment, net	97,341	99,745
Deferred income taxes	580	63
Total non-current assets	<u>97,921</u>	<u>99,808</u>
Total assets	<u>\$ 100,643</u>	<u>\$ 103,110</u>

Liabilities and Stockholders' equity

Current liabilities:		
Trade accounts payable	\$ -	510
Due to related parties	15,113	\$ 15,291
Other accounts payable and accrued liabilities	346	362
Total liabilities	<u>15,459</u>	<u>16,163</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	(3,316)	(1,553)
Total stockholders' equity	<u>85,184</u>	<u>86,947</u>
Total stockholders' equity and liabilities	<u>\$ 100,643</u>	<u>\$ 103,110</u>

Latina Modular 01 Limited

Statements of Operations

For the nine months ended September, 2019 and for the year end December 31, 2018

(In thousands of US dollars)

	September 2019	December 2018
	Unaudited	Audited
Continuing operations:		
Operating lease revenues	\$ 4,565	\$ 5,971
Operating cost	159	648
Depreciation of assets under operating leases	6,751	8,538
Gross loss	<u>(2,345)</u>	<u>(3,215)</u>
Interest income, net	\$ (47)	\$ (86)
Exchange (gain) loss, net	<u>(19)</u>	<u>20</u>
Loss before income taxes	<u>(2,279)</u>	<u>(3,149)</u>
Deferred income tax benefit	<u>(516)</u>	<u>(2,013)</u>
Net result	<u>\$ (1,763)</u>	<u>\$ (1,136)</u>

Latina Modular 01 Limited

Statements of Cash Flows

For the nine months ended September, 2019 and for the year end December 31, 2018
(In thousands of US dollars)

	September 2019	December 2018
	Unaudited	Audited
Cash flows from operating activities:		
Net result	\$ (1,763)	\$ (1,136)
Adjustments for:		
Depreciation	6,751	8,538
Interest income	(47)	(86)
Exchange (gain) loss	(19)	20
Deferred income tax benefit	(516)	(2,013)
	<u>4,406</u>	<u>5,323</u>
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	(132)	-
Other accounts receivable	226	(81)
Prepaid expenses	492	(427)
Increase (decrease) in:		
Trade accounts payable	(510)	510
Due to related parties	(178)	(1,178)
Other accounts payables and accrued liabilities	2	255
Net cash flows by operating activities	<u>4,306</u>	<u>4,402</u>
Cash flows from investing activities:		
Purchase of equipment	(4,347)	(4,493)
Net cash flows in investing activities	<u>(4,347)</u>	<u>(4,493)</u>
Cash flows from financing activities:		
Interest gain (paid)	47	86
Net cash flows by financing activities	<u>47</u>	<u>86</u>
Net change in cash	6	(5)
Cash at the beginning of the year	<u>2</u>	<u>7</u>
Cash at end of the year	<u>\$ 8</u>	<u>\$ 2</u>