

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Financial Position

As of December 31, 2018 and 2019

(In thousands of US dollars)

Assets

	December 2019	December 2018
	Unaudited	Audited
Current assets:		
Cash	\$ 4	\$ 5
Other accounts receivable	3,190	3,455
Prepaid expenses, net	40	499
Total current assets	<u>3,234</u>	<u>3,959</u>
Non-current assets:		
Modular rig and equipment, net	93,090	99,745
Deferred income taxes	3,319	65
Total non-current assets	<u>96,409</u>	<u>99,810</u>
Total assets	<u>\$ 99,643</u>	<u>\$ 103,769</u>

Liabilities and Stockholders' equity

Current liabilities:		
Trade accounts payable	\$ -	\$ 510
Due to related parties	12,567	15,468
Other accounts payable and accrued liabilities	1,395	762
Total liabilities	<u>13,962</u>	<u>16,740</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	(2,819)	(1,471)
Total stockholders' equity	<u>85,681</u>	<u>87,029</u>
Total stockholders' equity and liabilities	<u>\$ 99,643</u>	<u>\$ 103,769</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statements of Operations

For the years ended December 31, 2018 and 2019

(In thousands of US dollars)

	December 2019	December 2018
	Unaudited	Audited
Continuing operations:		
Operating leases revenues	\$ 7,233	\$ 5,971
Operating cost	236	700
Depreciation of assets under operating leases	<u>11,781</u>	<u>8,538</u>
Gross loss	(4,784)	(3,267)
Interest income	(163)	(152)
Exchange (gain) loss, net	<u>(19)</u>	<u>20</u>
Loss before income taxes	(4,602)	(3,135)
Deferred income tax benefit	<u>(3,254)</u>	<u>(2,008)</u>
Consolidated net result	<u>\$ (1,348)</u>	<u>\$ (1,127)</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Cash Flows

For the years ended December 31, 2018 and 2019

(In thousands of US dollars)

	December 2019	December 2018
	Unaudited	Audited
Cash flows from operating activities:		
Consolidated net profit	\$ (1,348)	\$ (1,127)
Adjustments for:		
Depreciation	11,781	8,538
Interest gain	(163)	(152)
Exchange (gain) loss	(19)	20
Deferred income tax benefit	(3,254)	(2,010)
	<u>6,997</u>	<u>5,269</u>
Changes in working capital:		
(Increase) decrease in:		
Other accounts receivable	265	(115)
Prepaid expenses	459	(409)
Increase (decrease) in:		
Trade accounts payable	(510)	499
Due to related parties	(2,901)	(1,118)
Income tax	-	2
Other accounts payable and accrued liabilities	652	205
Net cash flows by operating activities	<u>4,963</u>	<u>4,333</u>
Cash flows from investing activities:		
Purchase of equipment	(5,126)	(4,493)
Net cash flows in investing activities	<u>(5,126)</u>	<u>(4,493)</u>
Cash flows from financing activities:		
Interest paid	163	152
Net cash flows by financing activities	<u>163</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>