

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Financial Position

As of June 30, 2020 and December 31, 2019

(In thousands of US dollars)

Assets

	June 2020	December 2019
	Unaudited	Audited
Current assets:		
Cash	\$ 6	\$ 4
Other accounts receivable	2,102	3,190
Prepaid expenses, net	20	40
Total current assets	<u>2,128</u>	<u>3,234</u>
Non-current assets:		
Modular rig and equipment, net	88,709	93,090
Deferred income taxes	16	3,319
Total non-current assets	<u>88,725</u>	<u>96,409</u>
Total assets	<u>\$ 90,853</u>	<u>\$ 99,643</u>

Liabilities and Stockholders' equity

Current liabilities:		
Due to related parties	\$ 6,913	\$ 12,567
Other accounts payable and accrued liabilities	629	1,395
Total liabilities	<u>7,542</u>	<u>13,962</u>
Non-current liabilities:		
Deferred income taxes	700	-
Total liabilities	<u>8,242</u>	<u>13,962</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	(5,889)	(2,819)
Total stockholders' equity	<u>82,611</u>	<u>85,681</u>
Total stockholders' equity and liabilities	<u>\$ 90,853</u>	<u>\$ 99,643</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statements of Operations

For the six months ended June, 2020 and for the year end December 31, 2019

(In thousands of US dollars)

	June 2020	December 2019
	Unaudited	Audited
Continuing operations:		
Operating leases revenues	\$ 6,006	\$ 7,233
Operating cost	39	236
Depreciation of assets under operating leases	<u>5,158</u>	<u>11,781</u>
Gross (loss) profit	809	(4,784)
Interest income	(125)	(163)
Exchange loss (gain), net	<u>2</u>	<u>(19)</u>
Gross (loss) before income taxes	932	(4,602)
Deferred income tax	<u>4,002</u>	<u>(3,254)</u>
Consolidated net result	<u>\$ (3,070)</u>	<u>\$ (1,348)</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Cash Flows

For the six months ended June, 2020 and for the year end December 31, 2019

(In thousands of US dollars)

	June 2020	December 2019
	Unaudited	Audited
Cash flows from operating activities:		
Consolidated net profit	\$ (3,070)	\$ (1,348)
Adjustments for:		
Depreciation	5,158	11,781
Interest gain	(125)	(163)
Exchange (gain) loss	2	(19)
Deferred income tax benefit	4,002	(3,254)
	<u>5,967</u>	<u>6,997</u>
Changes in working capital:		
(Increase) decrease in:		
Other accounts receivable	1,087	265
Due from related parties	-	
Prepaid expenses	20	459
Increase (decrease) in:		
Trade accounts payable	-	(510)
Due to related parties	(5,654)	(2,901)
Income tax	-	-
Other accounts payable and accrued liabilities	(766)	652
Net cash flows by operating activities	<u>654</u>	<u>4,962</u>
Cash flows from investing activities:		
Purchase of equipment	(777)	(5,126)
Net cash flows in investing activities	<u>(777)</u>	<u>(5,126)</u>
Cash flows from financing activities:		
Interest paid	125	163
Net cash flows by financing activities	<u>125</u>	<u>163</u>
Net change in cash	2	(1)
Cash at the beginning of the year	4	5
Cash at end of the year	<u>\$ 6</u>	<u>\$ 4</u>