

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Financial Position

As of September 30, 2020 and December 31, 2019

(In thousands of US dollars)

Assets

	September 2020	December 2019
	Unaudited	Audited
Current assets:		
Cash	\$ 6	\$ 4
Due from related parties	1,336	-
Other accounts receivable	2,100	3,190
Prepaid expenses, net	10	40
Total current assets	<u>3,452</u>	<u>3,234</u>
Non-current assets:		
Modular rig and equipment, net	86,100	93,090
Deferred income taxes	2	3,319
Total non-current assets	<u>86,102</u>	<u>96,409</u>
Total assets	<u>\$ 89,554</u>	<u>\$ 99,643</u>

Liabilities and Stockholders' equity

Current liabilities:		
Due to related parties	\$ 6,283	\$ 12,567
Other accounts payable and accrued liabilities	883	1,395
Total liabilities	<u>7,166</u>	<u>13,962</u>
Non-current liabilities:		
Deferred income taxes	518	-
Total liabilities	<u>7,684</u>	<u>13,962</u>
Stockholders' equity:		
Capital stock	88,500	88,500
Deficit	(6,630)	(2,819)
Total stockholders' equity	<u>81,870</u>	<u>85,681</u>
Total stockholders' equity and liabilities	<u>\$ 89,554</u>	<u>\$ 99,643</u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statements of Operations

For the nine months ended September 30, 2020 and for the year end December 31, 2019

(In thousands of US dollars)

	September 2020	December 2019
	Unaudited	Audited
Continuing operations:		
Operating leases revenues	\$ 7,662	\$ 7,233
Operating cost	54	236
Depreciation of assets under operating leases	<u>7,767</u>	<u>11,781</u>
Loss profit	(159)	(4,784)
Interest income	(176)	(163)
Exchange loss (gain), net	<u>(7)</u>	<u>(19)</u>
Gross (loss) before income taxes	24	(4,602)
Deferred income tax	<u>3,835</u>	<u>(3,254)</u>
Consolidated net result	\$ <u><u>(3,811)</u></u>	\$ <u><u>(1,348)</u></u>

Latina Modular Holding Limited and Subsidiary

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2020 and for the year end December 31, 2019

(In thousands of US dollars)

	September 2020	December 2019
	Unaudited	Audited
Cash flows from operating activities:		
Consolidated net profit	\$ (3,811)	\$ (1,348)
Adjustments for:		
Depreciation	7,767	11,781
Interest gain	(176)	(163)
Exchange (gain) loss	(7)	(19)
Deferred income tax benefit	3,835	(3,254)
	<u>7,608</u>	<u>6,997</u>
Changes in working capital:		
(Increase) decrease in:		
Other accounts receivable	1,091	265
Due from related parties	(1,336)	
Prepaid expenses	30	459
Increase (decrease) in:		
Trade accounts payable	-	(510)
Due to related parties	(6,283)	(2,901)
Income tax	1	-
Other accounts payable and accrued liabilities	(508)	652
Net cash flows by operating activities	<u>603</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	176	163
Net cash flows by financing activities	<u>176</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>