

Latina Offshore Holding Limited
Unaudited consolidated financial information
Second quarter results 2016
(In thousands of US dollars)

Mexico City, 31 August 2016, Latina Offshore Holding Limited (the “Company”), a subsidiary of Constructora y Perforadora Latina, S.A. de C.V. (“Latina”), reports the unaudited consolidated financial results as of 30 June 2016.

The Company, through its subsidiaries, owns two (2) jack-ups (La Santa Maria and La Covadonga, jointly referred to as the “Jack-ups”) and one (1) modular rig (Modular 01, referred to as the “Modular”). The Jack-ups and the Modular are indirectly leased to Pemex on long-term drilling contracts. La Santa Maria commenced operations on 15 February 2014, La Covadonga on 28 May 2014, and the Modular on 5 July 2016.

1. Potential amendment to the drilling contracts with PEMEX

As previously announced, Latina has been in dialogue with PEMEX over the last six months regarding a possible re-negotiation of the terms in the three drilling contracts. Although the re-negotiation has not yet been concluded, Latina and PEMEX have agreed in principle to what the main terms for the next 9-12 months period could look like. The amendment agreement has been reviewed by Latina, however it has not yet been signed.

The expected set of new terms for each of the three drilling contracts is outlined below:

Conditions	La Santa Maria	La Covadonga	Modular 01
Suspension Activity	1 May 2016 to 14 Aug 2016	6 May 2016 to 14 Aug 2016	N/A
Daily Rate at 70k	15 Aug 2016 to 14 May 2017	15 Aug 2016 to 31 Dec 2016	N/A
Daily Rate at 111.3k	15 May 2017 to 14 Aug 2017	1 Jan 2017 to 14 Aug 2017	N/A
Daily Rate at 52.2k	N/A	N/A	5 Jul 2016 to 31 May 2017
Additional Contract Days	547	547	364
Credit Days Post-Issue of Invoice	90	90	90
New Contract End Dates	5 Jan 2023	14 Mar 2023	6 Mar 2020

Following 31 May 2017 and 14 August 2017 for the Modular and the Jack-ups respectively, the Daily Rate is expected to return to the original level.

In addition, please note that the three drilling contracts contain a “termination of convenience” clause that makes the revenue backlog uncertain because it can be renegotiated or terminated at any time during the contract period. Latina anticipates that this clause will still be in place after the re-negotiation with PEMEX has been finalized.

From and including 1 May 2016 and 6 May 2016, PEMEX decided to suspend the operation of La Santa Maria and La Covadonga respectively. Latina had recently been informed by PEMEX that the two jack-ups will recommence operations shortly. As of today, La Santa Maria is currently in transit to its assigned location, while La Covadonga is waiting for the assigned location to be provided by PEMEX.

2. Operations

Q2 2016 Highlights

Revenue of \$6,420

Efficiency of 100% for the Jack-ups on average (April 2016 only)

EBITDA of \$4,396

Interest expense of \$4,886

Revenue

The accumulated revenue for the six months ended 30 June 2016 was \$25,894 all of which was received under the bareboat charter contracts between La Santa Maria Limited and La Covadonga Limited (indirect subsidiaries of the Company) and Latina. During Q2 2016 (April 2016 only), the average efficiency achieved for La Santa Maria and La Covadonga was 100%.

During the period, Pemex decided to suspend the operation of the Jack-ups. As a direct result of this, CP Latina and Latina Offshore Limited had to suspend transfer and payment of the bareboat charter, however, please note that this was agreed with the bondholders during the recent amendment of the USD 306.25m bond as further described below.

EBITDA

The accumulated EBITDA for the Q2 2016 was \$21,865. This corresponds to a percentage of accumulated revenue equal to 84.4%.

3. Invoice and factoring

As of today, the total amount of invoices factored with HSBC has been \$82,413, of which \$60,664 has been paid by PEMEX. The outstanding balance is \$21,750, of which \$8,845 has been without recourse and the remaining \$12,905 with recourse.

4. Amendment agreement with creditors

The Company and Latina Offshore Limited (a direct subsidiary of the Company) have recently agreed amendments to their respective bonds outstanding representing a short-term solution and intends to seek approval for a long-term solution once the negotiation with PEMEX has been concluded. Please see below for a short summary of the agreed and/or amended terms:

USD 306.25m bond – Key amendments:

- Bond interest/coupon paid in full (USD 13.812m) on the original date in July 2016
- Amortization of USD 5m paid on the original date in July 2016 while USD 10m deferred to 30 September 2016
- Minimum liquidity covenant reduced from USD 10m to USD 5m until 30 September 2016
- USD 5m of cash released to CP Latina for operational purposes (i.e. cover opex)
- Transfer and payment to the interest retention account and bareboat charters suspended during the deferral period
- Implementation of «written resolution» framework in bond agreement

USD 50m bond – Key amendments:

- Bond interest/coupon paid in full (USD 1.25m) on the original date in July 2016
- Maturity date moved to 30 September 2016

- Negative pledge covenant relating to revenue from the modular rig specifically
- Implementation of «written resolution» framework in bond agreement

As described above, the Company is currently in dialogue with certain of its creditors in order to find a long-term sustainable solution beneficial to all stakeholders.

5. Latina's pro-forma consolidated income statement

The following consolidated income statements are included only for additional information, reflecting the business offshore as a project.

For the period from 1 January to 30 June 2016 and for the year ended 31 December 2015
(In thousands of US dollars)

	2016	2015
Operating lease income	\$ 30,250	\$ 95,537
Operating expenses:		
Operating cost and expenses	8,773	20,881
Other expenses (incomes), net	684	924
Corporate expenses	2,700	5,400
Depreciation	<u>18,999</u>	<u>35,587</u>
Total operating expenses	31,156	62,792
Operating profit	<u>(\$ 906)</u>	<u>\$ 32,745</u>
EBITDA	<u>\$ 18,093</u>	<u>\$ 68,332</u>