

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

Mexico City, 30 November 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 September 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 operation on 15 February 2014, La Covadonga on 28 May 2014, and the Modular on 5 July 2016.

1. Contracts with PEMEX

As announced in relation to the second quarter results 2016, the amendment of the contract for the Modular has not yet been signed. However, Latina has had to invoice on time.

Furthermore, after a period of suspension, La Santa Maria and La Covadonga resumed their contracts on 15 August 2016. Following mobilization to their respective locations, La Santa Maria resumed operation on 1 September 2016 and La Covadonga on 1 October 2016.

2. Operations

Highlights

	Q3 2016	YTD 2016
Revenue	\$5,860	\$31,754
Efficiency of La Santa Maria	100%	100%
Efficiency of La Covadonga	N/A	100%
Efficiency of Modular	68%	68%
EBITDA	\$3,571	\$25,436
Interest expenses	\$6,953	\$20,925

The Modular commenced operation on 5 July 2016. Latina has worked hard since then to stabilize the operational ramp-up phase, and have had certain issues where the most important ones were issues with the; (i) control system (configuration); (ii) mud pumps; (iii) draw works drill line; (iv) top drive slice; and (v) quill. As a result of this, the efficiency for the Modular for the Q3 2016 was 68%, and it's worth noting that up to this date, the Modular has had zero issues during the last 40 days.

Revenue

The accumulated revenue for the nine months ended 30 September 2016 was \$31,754, all of which was received under the bareboat charter contracts between La Santa Maria Limited, La Covadonga Limited and Latina Modular 01 Limited (indirect subsidiaries of the Company) and Latina.

During Q3 2016 and as of 30 September 2016 the bareboat charter is as follows:

	Bareboat rate	Q3 2016	Average bareboat rate	YTD 2016
La Santa María	\$35	\$1,610	\$87.70	\$14,557
La Covadonga	\$35	\$1,610	\$87.70	\$14,557
Modular	\$30	\$2,640	\$30	\$2,640

EBITDA

The accumulated EBITDA for Q3 2016 was \$25,436. This corresponds to a percentage of accumulated revenue equal to 80%.

3. Invoice and factoring

As of today, the total amount of invoices factored in relation to the Jack-ups by Latina with HSBC has been \$86,764, of which \$77,919 has been paid by PEMEX. The outstanding balance not yet due is equal to \$8,845, which has been factored without any form of recourse. The total amount of invoices factored in relation to the Modular by Latina with HSBC has been \$11,389, of which zero has been paid by PEMEX. The outstanding balance not yet due is equal to \$11,389, which has been factored without any form of recourse.

4. Update on negotiation with creditors

Latina, the Company and Latina Offshore Limited (direct and indirect subsidiary of Latina) either have or are about to amend certain terms in their respective bond loan agreements. With respect to the USD 306.25m bond (ISIN NO0010683832), please refer to the Notice of a Written Bondholders' Resolution (published on Stamdata.no by the Nordic Trustee ASA on 10 and 14 October 2016). With respect to the USD 50m bond (ISIN NO0010715212), the Company has made a preliminary agreement with an ad-hoc group of creditors, we will provide an update to the market in due course.

Due to the current issues with Pemex's daily rates being reduced because of the decrease of oil prices worldwide, and the uncertainty about the recovery of the industry in general, it will be necessary to refinance the bonds as long term in order to pay the amortization.

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 September 2016 and for the year ended 31 December 2015

(In thousands of US dollars)

	YTD 2016	FY 2015
Operating lease income	\$ 40,659	\$ 95,537
Operating expenses:		
Operating cost and expenses	13,521	20,881
Other expenses (incomes), net	1,687	924
Corporate expenses	4,320	5,400
Depreciation	<u>30,334</u>	<u>35,587</u>
Total operating expenses	49,862	62,792
Operating profit	<u>(\$ 9,203)</u>	<u>\$ 32,745</u>
EBITDA	<u>\$ 21,131</u>	<u>\$ 68,332</u>

