

Constructora y Perforadora Latina , S.A. de C.V. and Subsidiaries

Statement of Financial Position

As of March 31, 2018 and December 31, 2017

(In thousands of US dollars)

Assets	March 2018	December 2017
	Unaudited	Audited
Current assets:		
Cash and restricted cash	\$ 13,084	\$ 13,336
Trade accounts receivable	33,458	37,461
Due from related parties	10,220	8,005
Recoverable taxes and other accounts receivable	13,469	8,046
Inventories - net	10,712	11,127
Prepaid expenses	2,041	1,432
Total current assets	82,984	79,407
Non-current assets:		
Jack-ups and equipment – Net	502,128	512,747
Investments in associates	10,878	11,964
Deferred income tax	7,867	9,368
Other assets, net	179	2,314
Total non-current assets	521,052	536,393
Total assets	\$ 604,036	\$ 615,800
Liabilities and Stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 313,696	\$ 364,155
Trade accounts payable	4,680	5,671
Taxes and accrued expenses	24,423	16,897
Due related parties	25,556	28,000
Interest payable	8,035	15,188
Total current liabilities	376,390	429,911
Non-current liabilities:		
Long-term debt	50,500	-
Employee benefits	1,000	858
Deferred income taxes	6,628	7,329
Total non-current liabilities	58,128	8,187
Total liabilities	434,518	438,098
Stockholders' equity:		
Capital stock	276,336	276,336
Legal reserve	398	398
Deficit	(107,369)	(99,185)
Other comprehensive income	153	153
Total stockholders' equity	169,518	177,702
Total stockholders' equity and liabilities	\$ 604,036	\$ 615,800

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Statements of Profit and Loss

For the three months ended March 31, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	March 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating leases income	\$ 25,934	\$ 101,408
Operating cost	4,762	33,736
Depreciation and amortization	12,917	51,544
Gross profit	<u>8,255</u>	<u>16,128</u>
Administrative expenses	4,553	8,655
Other income - Net	(109)	6,499
Interest expenses	9,598	39,239
Exchange gain (loss) - Net	511	(598)
Equity in losses of associate	1,086	4,245
Loss before income taxes	<u>(7,384)</u>	<u>(41,912)</u>
Deferred income tax expenses (benefit)	800	(17,098)
Consolidated net loss	<u>\$ (8,184)</u>	<u>\$ (24,814)</u>

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Statements of Cash Flows

For the three months ended March 31, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	March 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities:		
Consolidated net loss	\$ (8,184)	\$ (24,814)
Adjustments for:		
Deferred income tax expenses (benefit)	800	(17,098)
Depreciation and amortization	12,917	51,544
Loss on equipment sale	-	70
Impairment of assets	-	4,726
Participation in subsidiary	1,086	4,245
Labor cost of current service	142	427
Amortization of bond issuance cost	616	4,358
Adjustment to cash flows due to exchange rate fluctuations	511	(598)
Interest expenses	8,982	34,886
Interest income	-	(5)
	16,870	57,741
Movements in working capital:		
(Increase) decrease in:		
Trade accounts receivable	4,003	(17,639)
Due from related parties	(2,215)	(7,616)
Current taxes and other accounts receivable	(5,423)	9,573
Inventories	415	361
Prepaid expenses	(609)	(352)
Increase (decrease) in:		
Trade accounts payable	(991)	(2,691)
Taxes and accrued expenses	7,015	1,978
Due to related parties	(2,749)	14,451
Net cash flows by operating activities	16,316	55,806
Cash flows from investing activities:		
Purchase of machinery and equipment	(2,265)	(11,825)
Sale of equipment	-	122
Investment in subsidiary	(0)	(15,124)
Other assets	2,102	371
Net cash flows in investing activities	(163)	(26,456)
Cash flows from financing activities:		
Proceeds from related parties	-	8,000
Long-term debt payments	(575)	(5,484)
Interest paid	(15,830)	(33,539)
Bonds issuance cost	-	(635)
Net cash flows in financing activities	(16,405)	(31,658)
Net change in cash and restricted cash	(252)	(2,308)
Cash and restricted cash at the beginning of the year	13,336	15,644
Cash and restricted cash at end of the year	\$ 13,084	\$ 13,336