

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

Statement of Financial Position

As of June 30, 2018 and December 31, 2017

(In thousands of US dollars)

Assets	June 2018		December 2017	
	Unaudited		Audited	
Current assets:				
Cash and restricted cash	\$	23,154	\$	13,336
Trade accounts receivable		33,637		37,461
Due from related parties		10,591		8,005
Recoverable taxes and other accounts receivable		15,480		8,046
Inventories - net		10,849		11,127
Prepaid expenses		1,104		1,432
Total current assets		<u>94,815</u>		<u>79,407</u>
Non-current assets:				
Jack-ups and equipment – Net		492,872		512,747
Investments in associates		9,242		11,964
Deferred income tax		11,482		9,368
Other assets, net		173		2,314
Total non-current assets		<u>513,769</u>		<u>536,393</u>
Total assets	\$	<u>608,584</u>	\$	<u>615,800</u>
Liabilities and Stockholders' equity				
Current liabilities:				
Current portion of long-term debt	\$	312,191	\$	364,155
Trade accounts payable		5,786		5,671
Taxes and accrued expenses		23,646		16,897
Due related parties		30,696		28,000
Interest payable		15,171		15,188
Total current liabilities		<u>387,490</u>		<u>429,911</u>
Non-current liabilities:				
Long-term debt		49,427		-
Employee benefits		1,010		858
Deferred income taxes		6,421		7,329
Total non-current liabilities		<u>56,858</u>		<u>8,187</u>
Total liabilities		<u>444,348</u>		<u>438,098</u>
Stockholders' equity:				
Capital stock		276,336		276,336
Legal reserve		398		398
Deficit		(112,651)		(99,185)
Other comprehensive income		153		153
Total stockholders' equity		<u>164,236</u>		<u>177,702</u>
Total stockholders' equity and liabilities	\$	<u>608,584</u>	\$	<u>615,800</u>

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

Statements of Profit and Loss

For the six months ended June 30, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	June 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating leases income	\$ 49,909	\$ 101,408
Operating cost	9,538	33,736
Depreciation and amortization	25,823	51,544
Gross profit	<u>14,548</u>	<u>16,128</u>
Administrative expenses	9,445	8,655
Other income - Net	(199)	6,499
Interest expenses	18,740	39,239
Exchange gain (loss) - Net	37	(598)
Equity in losses of associate	2,722	4,245
Loss before income taxes	<u>(16,197)</u>	<u>(41,912)</u>
Income taxes benefit	(2,731)	(17,098)
Consolidated net loss	<u>\$ (13,466)</u>	<u>\$ (24,814)</u>

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Statements of Cash Flows

For the six months ended June 30, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	June 2018		December 2017	
	Unaudited		Audited	
Cash flows from operating activities:				
Consolidated net loss	\$	(13,466)	\$	(24,814)
Adjustments for:				
Income tax benefit		(2,731)		(17,098)
Depreciation and amortization		25,823		51,544
Loss on equipment sale		-		70
Impairment of assets		-		4,726
Participation in subsidiary		2,722		4,245
Labor cost of current service		152		427
Amortization of bond issuance cost		812		4,358
Adjustment to cash flows due to exchange rate fluctuations		37		(598)
Interest expenses		17,928		34,886
Interest income		-		(5)
		<u>31,277</u>		<u>57,741</u>
Movements in working capital:				
(Increase) decrease in:				
Trade accounts receivable		3,824		(17,639)
Due from related parties		(2,586)		(7,616)
Current taxes and other accounts receivable		(7,434)		9,573
Inventories		278		361
Prepaid expenses		328		(352)
Increase (decrease) in:				
Trade accounts payable		115		(2,691)
Taxes and accrued expenses		6,713		1,978
Due to related parties		1,998		14,451
Net cash flows by operating activities		<u>34,513</u>		<u>55,806</u>
Cash flows from investing activities:				
Purchase of machinery and equipment		(5,877)		(11,825)
Sale of equipment		-		122
Income tax		(291)		-
Investment in subsidiary		(0)		(15,124)
Other assets		2,069		371
Net cash flows in investing activities		<u>(4,099)</u>		<u>(26,456)</u>
Cash flows from financing activities:				
Proceeds from related parties		-		8,000
Long-term debt payments		(3,000)		(5,484)
Interest paid		(17,247)		(33,539)
Bonds issuance cost		(349)		(635)
Net cash flows in financing activities		<u>(20,596)</u>		<u>(31,658)</u>
Net change in cash and restricted cash		9,818		(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	\$	<u><u>23,154</u></u>	\$	<u><u>13,336</u></u>