

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

Statement of Financial Position

As of September 30, 2018 and December 31, 2017

(In thousands of US dollars)

Assets	September 2018	December 2017
	Unaudited	Audited
Current assets:		
Cash and restricted cash	\$ 22,188	\$ 13,336
Trade accounts receivable	31,952	37,461
Due from related parties	10,715	8,005
Recoverable taxes and other accounts receivable	15,468	8,046
Inventories - net	10,949	11,127
Prepaid expenses	3,355	1,432
Total current assets	94,627	79,407
Non-current assets:		
Jack-ups and equipment – Net	491,800	512,747
Investments in associates	14,724	11,964
Deferred income tax	13,713	9,368
Other assets, net	137	2,314
Total non-current assets	520,374	536,393
Total assets	\$ 615,001	\$ 615,800
Liabilities and Stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 312,000	\$ 364,155
Trade accounts payable	11,377	5,671
Taxes and accrued expenses	23,622	16,897
Due related parties	49,559	28,000
Interest payable	9,315	15,188
Total current liabilities	405,873	429,911
Non-current liabilities:		
Long-term debt	49,314	-
Employee benefits	1,146	858
Deferred income taxes	3,492	7,329
Total non-current liabilities	53,952	8,187
Total liabilities	459,825	438,098
Stockholders' equity:		
Capital stock	276,336	276,336
Legal reserve	398	398
Deficit	(121,711)	(99,185)
Other comprehensive income	153	153
Total stockholders' equity	155,176	177,702
Total stockholders' equity and liabilities	\$ 615,001	\$ 615,800

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Statements of Profit and Loss

For the nine months ended September 30, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	September 2018	December 2017
	Unaudited	Audited
Continuing operations:		
Operating leases income	\$ 71,792	\$ 101,408
Operating cost	13,764	33,736
Depreciation and amortization	30,666	51,544
Gross profit	<u>27,362</u>	<u>16,128</u>
Administrative expenses	21,943	8,655
Other income - Net	(416)	6,499
Interest expenses	27,712	39,239
Exchange gain (loss) - Net	429	(598)
Equity in losses of subsidiary	8,353	4,245
Loss before income taxes	<u>(30,659)</u>	<u>(41,912)</u>
Income taxes benefit	(8,133)	(17,098)
Consolidated net loss	<u>\$ (22,526)</u>	<u>\$ (24,814)</u>

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Statements of Cash Flows

For the nine months ended September 30, 2018 and for the year end December 31, 2017

(In thousands of US dollars)

	September 2018	December 2017
	Unaudited	Audited
Cash flows from operating activities:		
Consolidated net loss	\$ (22,526)	\$ (24,814)
Adjustments for:		
Income tax benefit	(8,133)	(17,098)
Depreciation and amortization	30,666	51,544
Loss on equipment sale	-	70
Impairment of assets	-	4,726
Equity in losses of subsidiary	8,353	4,245
Labor cost of current service	288	427
Amortization of bond issuance cost	805	4,358
Adjustment to cash flows due to exchange rate fluctuations	429	(598)
Interest expenses	26,906	34,886
Interest income	-	(5)
	36,788	57,741
Movements in working capital:		
(Increase) decrease in:		
Trade accounts receivable	5,509	(17,639)
Due from related parties	(2,710)	(7,616)
Current taxes and other accounts receivable	(7,422)	9,573
Inventories	178	361
Prepaid expenses	(1,923)	(352)
Increase (decrease) in:		
Trade accounts payable	5,706	(2,691)
Taxes and accrued expenses	6,296	1,978
Due to related parties	20,336	14,451
Net cash flows by operating activities	62,758	55,806
Cash flows from investing activities:		
Purchase of machinery and equipment	(9,611)	(11,825)
Sale of equipment	-	122
Income tax	(49)	-
Investment in subsidiary	(11,112)	(15,124)
Other assets	2,069	371
Net cash flows in investing activities	(18,703)	(26,456)
Cash flows from financing activities:		
Proceeds from related parties	-	8,000
Long-term debt payments	(2,500)	(5,484)
Interest paid	(31,556)	(33,539)
Bonds issuance cost	(1,147)	(635)
Net cash flows in financing activities	(35,203)	(31,658)
Net change in cash and restricted cash	8,852	(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	\$ 22,188	\$ 13,336