

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

Statement of Financial Position

As of December 31, 2018 and 2017

(In thousands of US dollars)

Assets	December 2018	December 2017
	Unaudited	
Current assets:		
Cash and restricted cash	\$ 23,884	\$ 13,429
Trade accounts receivable	40,049	50,639
Due from related parties	2,218	14,699
Recoverable taxes and other accounts receivable	28,023	24,611
Inventories - net	12,132	13
Prepaid expenses	2,479	1,447
Total current assets	108,786	104,838
Non-current assets:		
Jack-ups and equipment – Net	472,533	497,035
Investments in associates	(3,694)	11,964
Investment in wells and infrastructure - Net	29,138	35,760
Deferred income tax	20,031	9,965
Other assets, net	134	2,378
Total non-current assets	518,141	557,102
Total assets	\$ 626,927	\$ 661,940
Liabilities and Stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 313,187	\$ 364,155
Trade accounts payable	22,522	24,165
Taxes and accrued expenses	31,999	31,110
Due related parties	12,133	28,936
Interest payable	10,795	15,188
Total current liabilities	390,636	463,554
Non-current liabilities:		
Long-term debt	49,172	-
Employee benefits	1,423	1,110
Deferred income taxes	689	2,509
Total non-current liabilities	51,284	3,619
Total liabilities	441,920	467,173
Stockholders' equity:		
Capital stock	306,096	296,651
Legal reserve	398	398
Deficit	(121,745)	(102,450)
Other comprehensive income	258	168
Total stockholders' equity	185,007	194,767
Total stockholders' equity and liabilities	\$ 626,927	\$ 661,940

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

Statements of Profit and Loss

For the years ended December 31, 2018 and 2017

(In thousands of US dollars)

	December 2018	December 2017
	Unaudited	
Continuing operations:		
Operating leases income	\$ 110,729	\$ 110,833
Operating cost	24,819	39,534
Depreciation and amortization	61,421	56,552
Gross profit	<u>24,489</u>	<u>14,747</u>
Administrative expenses	28,556	11,954
Other income - Net	145	6,469
Interest expenses	36,674	39,362
Exchange gain (loss) - Net	293	(829)
Equity in losses of subsidiary	(1,940)	4,245
Loss before income taxes	<u>(39,239)</u>	<u>(46,454)</u>
Income taxes benefit	(16,720)	(21,980)
Consolidated net loss	<u>\$ (22,519)</u>	<u>\$ (24,474)</u>

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Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(In thousands of US dollars)

	December 2018	December 2017
	Unaudited	
Cash flows from operating activities:		
Consolidated net loss	\$ (22,519)	\$ (24,474)
Adjustments for:		
Income tax benefit	(16,720)	(21,980)
Depreciation and amortization	61,421	56,552
Equity in losses of subsidiary	(1,940)	-
Labor cost of current service	313	518
Amortization of bond issuance cost	931	4,611
Exchange gain (loss) - Net	293	(829)
Interest expenses	35,742	34,751
	<u>57,521</u>	<u>49,149</u>
Movements in working capital:		
(Increase) decrease in:		
Trade accounts receivable	10,590	(22,609)
Due from related parties	12,481	(8,005)
Current taxes and other accounts receivable	(3,413)	(4,116)
Inventories	(12,119)	(2,045)
Prepaid expenses	(1,033)	(62)
Increase (decrease) in:		
Trade accounts payable	(1,642)	13,710
Taxes and accrued expenses	595	7,390
Due to related parties	(18,252)	8,471
Net cash flows by operating activities	<u>44,728</u>	<u>41,883</u>
Cash flows from investing activities:		
Purchase of machinery and equipment	(13,185)	(12,091)
Investment in wells and infrastructure - Net	6,622	(25,753)
Income tax	(16)	-
Investment in subsidiary	25,756	(13,006)
Other assets	(21,488)	433
Net cash flows in investing activities	<u>(2,311)</u>	<u>(50,417)</u>
Cash flows from financing activities:		
Capital increase	9,445	37,409
Proceeds from related parties	-	8,000
Long-term debt payments	(1,500)	(5,434)
Interest paid	(38,682)	(34,053)
Bonds issuance cost	(1,227)	(938)
Net cash flows in financing activities	<u>(31,964)</u>	<u>4,984</u>
Net change in cash and restricted cash	10,453	(3,550)
Cash and restricted cash at the beginning of the year	13,430	16,980
Cash and restricted cash at end of the year	<u>\$ 23,884</u>	<u>\$ 13,430</u>