

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

Statement of Financial Position

As of December 31, 2018 and 2019

(In thousands of US dollars)

Assets	December 2019	December 2018
	Unaudited	Unaudited
Current assets:		
Cash and restricted cash	\$ 28,928	\$ 23,816
Trade accounts receivable	42,305	32,214
Due from related parties	27,514	9,263
Recoverable taxes and other accounts receivable	17,348	15,186
Inventories - net	9,738	10,474
Prepaid expenses	760	2,442
Total current assets	126,593	93,395
Non-current assets:		
Jack-ups and equipment – Net	441,181	470,902
Investments in associates	12,860	15,152
Deferred income tax	24,116	14,171
Other assets, net	59	121
Total non-current assets	478,216	500,346
Total assets	\$ 604,809	\$ 593,741
 Liabilities and Stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 64,733	\$ 313,187
Trade accounts payable	9,825	10,840
Taxes and accrued expenses	28,140	22,915
Advance to customers	16,023	-
Due to related parties	-	13
Other accounts payable	7	-
Interest payable	7,254	10,795
Total current liabilities	125,982	357,751
Non-current liabilities:		
Long-term debt	297,596	49,172
Employee benefits	-	1,122
Deferred income taxes	781	689
Total non-current liabilities	298,377	50,983
Total liabilities	424,359	408,734
Stockholders' equity:		
Capital stock	317,508	306,096
Legal reserve	398	398
Deficit	(137,456)	(121,745)
Other comprehensive income	-	258
Total stockholders' equity	180,450	185,007
Total stockholders' equity and liabilities	\$ 604,809	\$ 593,741

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

Statements of Profit and Loss

For the years ended December 31, 2018 and 2019

(In thousands of US dollars)

	December 2019	December 2018
	Unaudited	Unaudited
Continuing operations:		
Operating leases income	\$ 97,774	\$ 94,548
Operating cost	22,197	17,878
Depreciation and amortization	44,062	37,505
Gross profit	<u>31,515</u>	<u>39,165</u>
Administrative expenses	17,395	17,374
Other expenses - Net	3,391	3,071
Interest expenses	35,180	36,362
Exchange loss - Net	246	336
Equity in losses of subsidiary	2,568	7,958
Loss before income taxes	<u>(27,265)</u>	<u>(25,936)</u>
Income taxes benefit	<u>(10,220)</u>	<u>(11,439)</u>
Consolidated net loss	<u>\$ (17,045)</u>	<u>\$ (14,498)</u>

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Statements of Cash Flows

For the years ended December 31, 2018 and 2019

(In thousands of US dollars)

	December 2019	December 2018
	Unaudited	Unaudited
Cash flows from operating activities:		
Consolidated net loss	\$ (17,045)	\$ (14,498)
Adjustments for:		
Income tax benefit	(10,220)	(11,439)
Depreciation and amortization	44,062	37,505
Equity in losses of associate	2,568	7,958
Labor cost of current service	-	264
Amortization of bond issuance cost	774	931
Adjustment to cash flows due to exchange rate fluctuations	246	336
Interest expenses	34,406	35,431
	<u>54,791</u>	<u>56,488</u>
Movements in working capital:		
(Increase) decrease in:		
Trade accounts receivable	(10,091)	5,247
Due from related parties	(18,251)	(1,258)
Current taxes and other accounts receivable	(2,162)	(7,140)
Inventories	736	653
Prepaid expenses	1,682	(1,010)
Increase (decrease) in:		
Trade accounts payable	(1,015)	5,169
Taxes and accrued expenses	5,298	(2,261)
Advance to customers	16,023	-
Due to related parties	41	(29,247)
Net cash flows by operating activities	<u>47,052</u>	<u>26,641</u>
Cash flows from investing activities:		
Purchase of machinery and equipment	(14,302)	4,340
Income tax	-	(16)
Investment in subsidiary	(276)	(11,147)
Other assets	23	2,193
Net cash flows in investing activities	<u>(14,555)</u>	<u>(4,630)</u>
Cash flows from financing activities:		
Capital increase	11,412	29,760
Long-term debt payments	608	(1,500)
Interest paid	(37,993)	(38,564)
Bonds issuance cost	(1,412)	(1,227)
Net cash flows in financing activities	<u>(27,385)</u>	<u>(11,531)</u>
Net change in cash and restricted cash	5,112	10,480
Cash and restricted cash at the beginning of the year	23,816	13,336
Cash and restricted cash at end of the year	<u>\$ 28,928</u>	<u>\$ 23,816</u>