

Integradora de Servicios Petroleros
Oro Negro, S. A. P. I. de C. V. and subsidiaries **oro negro x**
Consolidated Statements of Financial Position (No Audit)
For the years ended December 31, 2016 and 2015

Thousands of US dollars, unless otherwise indicated

	December 31,	
	2016	2015
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 29,550	\$ 40,933
Trade and other receivables	154,489	111,047
Inventory	15,267	-
Prepaid expenses	3,342	2,413
Total current assets	202,648	154,393
NON-CURRENT ASSETS:		
Property, plant and equipment	1,109,138	1,150,347
Prepayments for jack-up acquisitions	135,379	132,712
Intangible assets	228	472
Deferred income tax asset	59,549	41,544
Total non-current assets	1,304,294	1,325,075
Total assets	\$ 1,506,942	\$ 1,479,468
Liabilities and stockholders' equity		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 78,592	\$ 258,570
Current portion of deferred revenue	7,151	7,595
Trade and other payables	13,966	22,877
Related parties	-	3,000
Other liabilities	12,189	8,172
Total current liabilities	111,898	300,214
NON-CURRENT LIABILITIES:		
Long-term debt	879,860	645,393
Deferred revenue	6,162	5,463
Deferred income tax liability	9,617	6,026
Employee benefits	30	8
Total non-current liabilities	895,669	656,890
Total liabilities	1,007,567	957,104
STOCKHOLDERS' EQUITY:		
Share capital	590,004	590,004
Share premium	6,000	6,000
Accumulated deficit	(73,639)	(62,259)
Loss for the year	(22,989)	(11,380)
Actuarial losses	(1)	(1)
Total stockholders' equity	499,375	522,364
Total liabilities and stockholders' equity	\$ 1,506,942	\$ 1,479,468



Edgar Rodrigo García García
General Controller

Integradora de Servicios Petroleros
Oro Negro, S. A. P. I. de C. V. and subsidiaries
Consolidated Statements of Comprehensive Income (No Audit)
For the years ended December 31, 2016 and 2015



Thousands of US dollars, unless otherwise indicated

	Year ended December 31,	
	2016	2015
Revenue	\$175,153	\$ 230,906
Operating costs	<u>(97,038)</u>	<u>(128,550)</u>
Gross profit	78,115	102,356
Administrative expenses	(30,665)	(25,968)
Impairment loss	(6,181)	-
Other income - Net	<u>5,955</u>	<u>1,108</u>
Operating profit	47,224	77,496
Financing income	56	53
Financing costs	<u>(83,826)</u>	<u>(89,079)</u>
Financing cost - Net	<u>(83,770)</u>	<u>(89,079)</u>
(Loss) profit before income taxes	(36,546)	(11,530)
Income tax	<u>13,557</u>	<u>150</u>
(Loss) profit for the year	(22,989)	(11,380)
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss	<u>-</u>	<u>-</u>
Total comprehensive (loss) profit for the year	<u>(\$ 22,989)</u>	<u>(\$ 11,380)</u>

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Integradora de Servicios Petroleros Oro Negro, S. A. P. I. de C. V. and subsidiaries



Consolidated Statements of Changes in Stockholders' Equity (No Audit)
For the years ended December 31, 2016 and 2015

Thousands of US dollars, unless otherwise indicated

	Attributable to owners of the parent company				
	Share capital	Share premium	Accumulated losses	Actuarial deficit	Total equity
Balances at January 1, 2015	\$590,004	\$ 6,000	(\$62,259)	(\$ 1)	\$533,744
Other comprehensive loss for the year	-	-	(11,380)	-	(11,380)
Balance as of December 31, 2015	590,004	6,000	(73,639)	(1)	522,364
Other comprehensive loss for the year	-	-	(22,989)	-	(22,989)
Balance as of December 31, 2016	<u>\$590,004</u>	<u>\$ 6,000</u>	<u>(\$ 96,628)</u>	<u>(\$ 1)</u>	<u>\$499,375</u>

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Consolidated Statements of Cash Flows (No Audit)
For the years ended December 31, 2016 and 2015

Thousands of US dollars, unless otherwise indicated

	Year ended December 31,	
	2016	2015
Operating activities		
(Loss) profit before income tax	(\$ 36,546)	(\$ 11,530)
Adjustment for:		
Depreciation and amortization	42,129	40,770
Impairment loss	6,181	-
Increase in other liabilities	4,788	4,294
Deferred costs amortization	-	6,407
Deferred income amortization	(8,245)	(10,660)
Deferred income	8,500	-
Financing cost	83,770	89,079
Trade receivables and other assets	(59,638)	(14,374)
Trade payables and other liabilities	(14,418)	(10,093)
Net cash generated in operating activities	26,521	93,893
Investing activities		
Acquisition of property and equipment	(9,524)	(194,309)
Financing activities		
Proceeds from borrowings	63,100	-
Loans paid	(23,000)	(24,000)
Interest paid	(68,480)	(67,577)
Net cash flows provided by financing activities	(28,380)	(91,577)
Increase in cash and cash equivalents	(11,383)	(191,993)
Cash and cash equivalents at beginning of the year	40,933	232,926
Cash and cash equivalents at end of the year	\$ 29,550	\$ 40,933



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