

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



Consolidated Statements of Financial Position (No Audit)  
 For the three months ended March 31, 2017 and December 31, 2016

All amounts in thousands of US dollars, unless otherwise indicated

	<u>March 31,</u>	<u>December 31,</u>
	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 61,051	\$ 28,787
Trade and other receivables	86,632	154,839
Inventory	16,164	15,267
Prepaid expenses	<u>7,388</u>	<u>3,334</u>
<b>Total current assets</b>	<u>171,235</u>	<u>202,227</u>
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment	924,430	932,816
Prepayments for jack-up acquisitions	135,379	135,360
Intangible assets	185	228
Deferred income tax asset	<u>31,965</u>	<u>31,965</u>
<b>Total non-current assets</b>	<u>1,091,959</u>	<u>1,100,639</u>
<b>Total assets</b>	<u>\$ 1,263,194</u>	<u>\$ 1,302,596</u>
<b>Liabilities and stockholders' equity</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 45,112	\$ 79,346
Current portion of deferred revenue	5,211	7,151
Trade and other payables	20,779	15,370
Other liabilities	<u>12,133</u>	<u>11,153</u>
<b>Total current liabilities</b>	<u>83,235</u>	<u>113,020</u>
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt	879,705	879,094
Deferred revenue	6,162	6,162
Deferred income tax liability	11	11
Employee benefits	<u>30</u>	<u>30</u>
<b>Total non-current liabilities</b>	<u>885,908</u>	<u>885,297</u>
<b>Total liabilities</b>	<u>969,143</u>	<u>998,317</u>
<b>STOCKHOLDERS' EQUITY:</b>		
Share capital	590,004	590,004
Share premium	6,000	6,000
Retained earnings	(301,952)	(291,724)
Actuarial losses	<u>(1)</u>	<u>(1)</u>
<b>Total stockholders' equity</b>	<u>294,051</u>	<u>304,279</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 1,263,194</u>	<u>\$ 1,302,596</u>

Edgar Rodrigo García García  
 General Controller

**Integradora de Servicios Petroleros**  
**Oro Negro, S. A. P. I. de C. V. and subsidiaries** **oro negro | x**  
 Consolidated Statements of Comprehensive Income (No Audit)  
 For the three months ended March 31, 2017 and 2016

All amounts in thousands of US dollars, unless otherwise indicated

	For the three months ended March 31,	
	2017	2016
Revenue	\$ 33,068	\$ 50,651
Operating costs	<u>(21,093)</u>	<u>(28,926)</u>
Gross profit	11,975	21,725
Administrative expenses	(3,618)	(6,241)
Other income - Net	<u>330</u>	<u>(63)</u>
Operating profit	8,687	15,421
Financing income	65	6
Financing cost	<u>(18,980)</u>	<u>(22,661)</u>
Financing cost - Net	<u>(18,915)</u>	<u>(22,655)</u>
(Loss) profit before income taxes	(10,228)	(7,234)
Income tax benefit	—	—
(Loss) profit for the year	<u>(10,228)</u>	<u>(7,234)</u>
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss	—	—
Total comprehensive (loss) income for the year attributable to owners of the parent company	<u>(\$ 10,228)</u>	<u>(\$ 7,234)</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 three months ended March 31, 2017 and 2016

*All amounts in thousands of US dollars, unless otherwise indicated*

	Attributable to owners of the parent company				Total equity
	Share capital	Share premium	Accumulated losses	Actuarial deficit	
Balances at January 1, 2016	\$590,004	\$ 6,000	(\$73,639)	(\$ 1)	\$522,364
Total comprehensive loss for the year	—	—	(7,234)	—	(7,234)
Balances as of March 31, 2016	<u>\$590,004</u>	<u>\$ 6,000</u>	<u>(\$80,873)</u>	<u>(\$ 1)</u>	<u>\$515,130</u>
Balances at January 1, 2017	\$590,004	\$ 6,000	(\$291,724)	(\$ 1)	\$304,279
Total comprehensive loss for the year	—	—	(10,228)	—	(10,228)
Balances as of March 31, 2017	<u>\$590,004</u>	<u>\$ 6,000</u>	<u>(\$ 301,952)</u>	<u>(\$ 1)</u>	<u>\$294,051</u>

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**Integradora de Servicios Petroleros**  
**Oro Negro, S. A. P. I. de C. V. and subsidiaries**  
 Consolidated Statements of Cash Flows (No Audit)  
 For the three months ended March 31, 2017 and 2016



All amounts in thousands of US dollars, unless otherwise indicated

	For the three months ended March 31,	
	<u>2017</u>	<u>2016</u>
<b>Operating activities</b>		
Loss before income tax	(\$ 10,228)	(\$ 7,234)
Adjustment for:		
Depreciation and amortization	10,225	10,700
Certification	980	1,023
Deferred revenue amortization	(1,940)	(2,417)
Financing cost	18,980	22,661
Trade receivables and other assets	62,256	(5,058)
Trade payables and other liabilities	<u>5,136</u>	<u>13,533</u>
Net cash generated in operating activities	<u>85,409</u>	<u>33,208</u>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	<u>(852)</u>	<u>(8,890)</u>
<b>Financing activities</b>		
Interest paid	<u>(52,293)</u>	<u>(1,664)</u>
Net cash flows provided by financing activities	<u>(52,293)</u>	<u>(1,664)</u>
Increase in cash and cash equivalents	32,264	22,654
Cash and cash equivalents at beginning of the year	<u>28,787</u>	<u>40,933</u>
Cash and cash equivalents at end of the year	<u>\$ 61,051</u>	<u>\$ 63,587</u>

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