

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



Consolidated Statements of Financial Position (No Audit)  
For the six months ended June 30, 2017 and December 31, 2016

All amounts in thousands of US dollars, unless otherwise indicated

	<u>June 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<b><u>Assets</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 63,805	\$ 28,787
Trade and other receivables	95,804	154,839
Inventory	17,105	15,267
Prepaid expenses	<u>4,906</u>	<u>3,334</u>
<b>Total current assets</b>	<b><u>181,620</u></b>	<b><u>202,227</u></b>
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment	914,563	932,816
Prepayments for jack-up acquisitions	131,427	135,360
Intangible assets	140	228
Deferred income tax asset	<u>31,965</u>	<u>31,965</u>
<b>Total non-current assets</b>	<b><u>1,078,095</u></b>	<b><u>1,100,369</u></b>
<b>Total assets</b>	<b><u>\$ 1,259,715</u></b>	<b><u>\$ 1,302,596</u></b>
<b><u>Liabilities and stockholders' equity</u></b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 45,112	\$ 79,346
Current portion of deferred revenue	3,457	7,151
Trade and other payables	12,349	15,370
Other liabilities	<u>14,324</u>	<u>11,153</u>
<b>Total current liabilities</b>	<b><u>75,242</u></b>	<b><u>113,020</u></b>
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt	880,325	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>	<b><u>886,528</u></b>	<b><u>885,297</u></b>
<b>Total liabilities</b>	<b><u>961,770</u></b>	<b><u>998,317</u></b>
<b>STOCKHOLDERS' EQUITY:</b>		
Share capital	590,004	590,004
Share premium	6,000	6,000
Retained earnings	(298,058)	(291,724)
Actuarial losses	<u>(1)</u>	<u>(1)</u>
<b>Total stockholders' equity</b>	<b><u>297,945</u></b>	<b><u>304,279</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 1,259,715</u></b>	<b><u>\$ 1,302,596</u></b>

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 six months ended June 30, 2017 and 2016



All amounts in thousands of US dollars, unless otherwise indicated

	For the six months ended <u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Revenue	\$ 79,609	\$103,248
Operating costs	<u>(43,251)</u>	<u>(57,704)</u>
Gross profit	36,358	45,544
Administrative expenses	(5,977)	(14,400)
Other income - Net	<u>805</u>	<u>3,304</u>
Operating profit	31,186	34,448
Financing income	82	6
Financing cost	<u>(37,602)</u>	<u>(43,260)</u>
Financing cost - Net	<u>(37,520)</u>	<u>(43,254)</u>
(Loss) profit before income taxes	(6,334)	(8,806)
Income tax benefit	-	-
(Loss) profit for the year	<u>(6,334)</u>	<u>(8,806)</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>(\$ 6,334)</u>	<u>(\$ 8,806)</u>

  
 Edgar Rodrigo García García  
 General Controller

**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 six months ended June 30, 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	—	—	(8,806)	—	(8,806)
Balances as of June 30, 2016	<u>\$590,004</u>	<u>\$ 6,000</u>	<u>(\$ 82,445)</u>	<u>(\$ 1)</u>	<u>\$513,558</u>
Balances at January 1, 2017	\$590,004	\$ 6,000	(\$ 291,724)	(\$ 1)	\$304,279
Total comprehensive loss for the year	—	—	(6,334)	—	(6,334)
Balances as of June 30, 2017	<u>\$590,004</u>	<u>\$ 6,000</u>	<u>(\$ 298,058)</u>	<u>(\$ 1)</u>	<u>\$297,945</u>

Edgar Rodrigo García García  
General Controller

**Integradora de Servicios Petroleros**  
**Oro Negro, S. A. P. I. de C. V. and subsidiaries**  
 Consolidated Statements of Cash Flows (No Audit)  
 For the six months ended June 30, 2017 and 2016



All amounts in thousands of US dollars, unless otherwise indicated

	For the six months ended June 30,	
	<u>2017</u>	<u>2016</u>
<b>Operating activities</b>		
Loss before income tax	(\$ 6,334)	(\$ 8,806)
Adjustment for:		
Depreciation and amortization	20,449	21,418
Certification	1,626	2,127
Deferred revenue amortization	(3,694)	(4,164)
Deferred revenue	-	8,500
Financing cost	37,602	43,260
Trade receivables and other assets	55,625	(72,441)
Trade payables and other liabilities	<u>(1,718)</u>	<u>3,703</u>
Net cash generated in operating activities	<u>103,556</u>	<u>(6,403)</u>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	<u>1,825</u>	<u>(13,814)</u>
<b>Financing activities</b>		
Proceeds from borrowings	-	63,100
Interest paid	<u>(70,363)</u>	<u>(64,920)</u>
Net cash flows provided by financing activities	<u>(70,363)</u>	<u>(1,820)</u>
Increase in cash and cash equivalents	35,018	(22,037)
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>\$ 63,805</u>	<u>\$ 18,896</u>

  
 Edgar Rodrigo García García  
 General Controller