Latina Offshore Limited and Subsidiaries
(Subsidiary of Latina Desarrollos Energéticos, S. A. de C. V.)

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report Dated April 29, 2022

Latina Offshore Limited and Subsidiaries
(Subsidiary of Latina Desarrollos Energéticos, S. A. de C. V.)

Independent Auditors' Report and Consolidated Financial Statements for 2021 and 2020

Table of Contents **Page**

Independent Auditors' Report	1
Consolidated Statements of Financial Position	4
Consolidated Statements of Losses	5
Consolidated Statements of Changes in Stockholders' Equity	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

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Independent Auditors' Report to the Board of Directors and Stockholders of Latina Offshore Limited

Opinion

We have audited the consolidated financial statements of Latina Offshore Limited and Subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020 and the consolidated statements of losses, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. ("IASB")

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code) together with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to the going concern

We draw your attention to Note 3a of the accompanying financial statements that describe that on October 11, 2014, Latina Offshore Limited, the Parent company, issued an International Bond. As of December 31, 2021 the outstanding balance is $281,847 and it is due on October 15, 2022, the Parent company is holding discussions with the Bond holders to renegotiate the terms of the debt. If the terms are not successfully renegotiated and the International Bond is not paid, the Jack-ups owned by the Entity, which is pledged as collateral could be collected by the bond holders. Due to these events or conditions, at the date of the financial statements, this matter indicates the existence of a material uncertainty about the Entity's ability to continue as a going concern.

Our opinion has not been modified in relation to this matter

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Emphasis of Matters

As mentioned in note 1, the Entity provides services exclusively to a related party. Accordingly, the accompanying consolidated financial statements are not necessarily indicative of the prevailing conditions or results of operation and cash flows that the Entity would have obtained. if there were no such affiliation.

Our opinion has not been modified in relation to this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient and appropriate audit evidence about the Entity's financial information and its business activities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We continue to be solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Entity with a statement that we have complied with the applicable ethical requirements regarding independence and have communicated to them about all relationships and other matters that can reasonably be expected to affect our independence, and where appropriate, the corresponding safeguards.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Arturo Ceballos López

Mexico City, Mexico
April 29, 2022

Latina Offshore Limited and Subsidiaries
(Subsidiary of Latina Desarrollos Energéticos, S. A. de C. V.)

Consolidated Statements of Financial Position

As of December 31, 2021 and 2020
(In thousands of US dollars)

Assets	Note		2021		2020
Current assets:					
Cash and restricted cash	5	$	14,470	$	10,295
Due from related parties	13		48,404		51,397
Other accounts receivable			972		1,925
Prepaid expenses, net			125		97
Total current assets			63,971		63,714
Non-current assets:					
Jack-ups and equipment, net	6		305,702		324,064
Deferred income taxes	8		27,162		19,451
Total non-current assets			332,864		343,515
Total assets		$	396,835	$	407,229
Liabilities and Stockholders' equity					
Current liabilities:					
Current portion of long-term debt	7	$	286,672	$	5,822
Due to related parties	13		13,628		10,164
Trade accounts payable			72		69
Other accounts payable and accrued liabilities			7,179		7,129
Total current liabilities			307,551		23,184
Non-current liabilities:					
Long-term debt	7		-		285,350
Total liabilities			307,551		308,534
Stockholders' equity:					
Capital stock	10		180,712		180,712
Accumulated deficit			(91,428)		(82,017)
Total stockholders' equity			89,284		98,695
Total stockholders' equity and liabilities		$	396,835	$	407,229

See accompanying notes to the consolidated financial statements.

Latina Offshore Limited and Subsidiaries
(Subsidiary of Latina Desarrollos Energéticos, S. A. de C. V.)

Consolidated Statements of Losses

For the years ended December 31, 2021 and 2020
(In thousands of US dollars)

	Note	2021	2020
Revenue from operating lease	13	$ 36,300	$ 40,898
Operating costs	11	336	296
Depreciation of assets under operating leases	6	25,725	29,170
Gross profit		10,239	11,432
Other income, net		-	(15)
Interest expense, net	12	(27,388)	(27,302)
Exchange gain, net		27	83
Loss before income taxes		(17,122)	(15,772)
Deferred income tax benefit	8	(7,711)	(3,329)
Consolidated loss for the year		$ (9,411)	$ (12,443)

See accompanying notes to the consolidated financial statements.

Latina Offshore Limited and Subsidiaries
(Subsidiary of Latina Desarrollos Energéticos, S. A. de C. V.)

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2021 and 2020
(In thousands of US dollars)

		Capital stock		Deficit		Total stockholders' equity
Beginning balance as of January 1, 2020	$	180,712	$	(69,574)	$	111,138
Consolidated loss for the year		-		(12,443)		(12,443)
Balance as of December 31, 2020		180,712		(82,017)		98,695
Consolidated loss for the year		-		(9,411)		(9,411)
Balance as of December 31, 2021	$	180,712	$	(91,428)	$	89,284

See accompanying notes to the consolidated financial statements.

Latina Offshore Limited and Subsidiaries
(Subsidiary of Latina Desarrollos Energéticos, S. A. de C. V.)

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020
(In thousands of US dollars)

	2021	2020
Cash flows from operating activities:		
Consolidated loss for the year	$ (9,411)	$ (12,443)
Adjustments for:		
Deferred income tax benefit	(7,711)	(3,329)
Interest expense (amortization of bond issuance cost)	1,232	1,113
Depreciation	25,725	29,169
Exchange gain, net	(27)	(83)
Interest income	(359)	(1,306)
Interest expense	26,515	27,496
	35,964	40,617
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	3,508	(7,528)
Other accounts receivable	953	679
Prepaid expenses	(28)	326
(Decrease) increase in:		
Trade accounts payable	3	69
Due to related parties	3,464	4,558
Other accounts payable and accrued liabilities	(78)	(253)
Net cash flows generated by operating activities	43,786	38,468
Cash flows from investing activities:		
Purchase of Jack-ups and equipment	(7,363)	(7,034)
Net cash flows used in investing activities	(7,363)	(7,034)
Cash flows from financing activities:		
Long-term debt payments	(5,502)	(10,669)
Bond issuance cost	(102)	(786)
Interest income	-	39
Interest paid	(26,644)	(27,216)
Net cash flows used in financing activities	(32,248)	(38,632)
Net increase (decrease) in cash and restricted cash	4,175	(7,198)
Cash and restricted cash at the beginning of the year	10,295	17,493
Cash and restricted cash at the end of the year	$ 14,470	$ 10,295

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020
(In thousands of US dollars)

1. Activities

Latina Offshore Limited (the "Entity") is a Bermuda exempted company established on June 6, 2013 under the laws of Bermuda. The Entity has an office at Canon's Court 22 Victoria Street, Hamilton, Bermuda. For Mexican tax purposes, the Entity's address is Horacio 1855, 5th floor, Los Morales Polanco, Mexico City, Zip Code 11510.

The main activities of the Entity and its subsidiaries is the leasing of two Jack-ups ("Santa Maria" and "La Covadonga") for oil and gas drilling to Constructora y Perforadora Latina, S.A. de C.V., ("CP Latina") the indirect parent, company incorporated in Mexico.

The Entity provides services exclusively to a related party. Accordingly, the accompanying consolidated financial statements are not necessarily indicative of the prevailing conditions or results of operation and cash flows that the Entity would have obtained, if there were no such affiliation.

The Entity's operating and administrative personnel are employed directly by a related party. Therefore, the Entity has no employees and is not subject to any labor obligations other than any joint and several obligations that may arise from the labor agreements executed with the related party.

COVID-19 Pandemic - the Entity, as well as the industry, has a very high maturity level with respect to occupational safety and health and has therefore implemented the highest control standards to mitigate the effects of COVID-19, i) modifying the turnover of offshore staff, (ii) regularly sanitizing facilities, (iii) establishing medical examinations to personnel working offshore before climbing and during their offshore stay. , and (iv) formalizing a response plan if there is any indication that staff may be infected with COVID-19.

Operations 2021 and 2020

a. **Changes to the leases with CP Latina of Santa Maria and La Covadonga**

During 2020 due to the pandemic, the daily rates in the leases of La Santa María and La Covadonga were $50 for the period from July 1, 2020 to December 31, 2021.

Operational impacts

La Santa María had a temporary suspension of operations from August 5, 2020 to January 6, 2021, so the Entity stopped recognizing income in that period. As of January 7, 2021, this Jack-up resumed operations, therefore, the operation has been regularized and has remained so as of the date of the report.

During 2020 and 2021, the Entity and CP Latina signed modification agreements in the lease agreements where it was agreed that:

- The Jack-ups will apply a daily fee of $50, for the period July 1, 2020 to December 31, 2021,

- From January 1, 2023 Jack-ups will return to the indexing mechanism established in the amending agreements signed in 2018,
- As of June 1, 2021, the Jack-ups applied the payment term for accounts receivable at 90 days after the invoices were issued instead of 180 days,
- The Jack-ups extended the contract expiration date from Santa Maria April 1, 2023, to March 31,2024 and Covadonga March 15, 2023 to March 13, 2024.

International bonds $281,847 (original amount of $ 350,000).

During 2021, the following conditions were formalized in order to restructure the bonds debt:

	$281,847 Bond
New maturity date	October 15, 2022
Interest payment frequency	On quarterly basis
Payments of principal	100% of available quarterly cash Flow.

During 2020, the following conditions were formalized:

	$287,349 Bond
Maturity date	No change
Capital amortization	Waiver for July 2020 capital payment.

2. Adoption of new and revised International Financial Reporting Standards

a. New and amended IFRS *standards that are effective for the current year*

In the prior year, the Entity adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Entity adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Entity to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Entity has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognized in the appropriate components of equity as at January 1, 2021.
Both the Phase 1 and Phase 2 amendments are relevant to the Entity because it applies hedge accounting to its interest rate benchmark exposures, and in the current period modifications in response to the reform have been made to some (but not all) of the Entity derivative and non-derivative financial instruments that mature post 2021 (the date by which the reform is expected to be implemented).

Details of the derivative and non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Entity to manage the risks relating to the reform and the accounting impact, including the impact on hedge accounting relationships.

The amendments are relevant for the following types of hedging relationships and financial instruments of the Entity, all of which extend beyond 2021:

- Fair value hedges where LIBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the GBP LIBOR risk component.

- Cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked bank borrowings.

- Bills of exchange and lease liabilities which reference LIBORs and are subject to the interest rate benchmark reform.

- The application of the amendments affects of the Entity accounting in the following ways:

- The Entity has issued CU-denominated fixed rate debt that is subject to a fair value hedge using CU fixed to CU LIBOR interest rate swaps. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, CU LIBOR, may no longer be separately identifiable and there is uncertainty about the replacement of the floating interest rates included in the interest rate swaps. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship will be discontinued.

As of December 31, 2021, the modifications of both phases are not relevant for the Entity.

Impact of the initial application of COVID-19-Related Rent Concessions beyond June 30, 2021—Amendment to IFRS 16

In the prior year, the Entity early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June, 2021.

In March 2021, the Board issued COVID-19-Related Rent Concessions beyond 30 June ,2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

In the current financial year, the Entity has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date. IFRS 16:46A the practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2022, and increased lease payments that extend beyond June 30, 2022).

- There is no substantive change to other terms and conditions of the lease.

b. *New and revised IFRS Standards in issue but not yet effective*

At the date of authorization of these financial statements, The Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1,	*Classifications as current liabilities or non- current liabilities*
Amendments to IFRS 3,	*References to the conceptual framework*
Amendments to IAS 16,	*Property, Plant and Equipment - before being used*
Amendments to IAS 37,	*Onerous contracts - costs of fulfilling a contract*

The management does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Entity in future periods, except as noted below:

Amendments to IAS 1, Classification of current liabilities and Non-current

Amendments to IAS 1 affect only the presentation of liabilities as current and non-current in the statement of financial position and not for the amount or time in which any assets, liabilities, income or expenses, or information disclosed about those items are recognized.

The amendments clarify that the classification of liabilities as current and non-current is based on the rights of existence at the end of the reporting period, specifies that the classification is not affected by expectations as to whether the entity will exercise the right to defer the cancellation of the liability, explain that there are rights if there are conventions to be fulfilled at the end of the reporting period , and to introduce a definition of the 'agreement' to make it clear that the agreement relates to the transfer of counterparty cash, capital instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January, 2023, with early application permitted.

Amendments to IFRS 3, References to the conceptual framework

Amendments to IFRS 3 so that it can refer to the Conceptual Framework 2018 instead of Framework 1989. They also added a requirement that, for obligations within the scope of IAS 37, a buyer applies IAS 37 to determine whether the date of acquisition is a present obligation or exists as a result from a past event. For levies within the scope of IFRIC 21, *Assessments*, the buyer applies IFRIC 21 to determine whether the obligation results in a liability to pay the lien that occurred on the date of acquisition.

Finally, the modifications add an explicit statement that the buyer will not recognize a contingent asset acquired from a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 - Property, Plant and Equipment - Before use.

Amendments prohibit the deduction of the cost of a property asset, plant or equipment any income from selling the asset after it is ready to use, for example, revenue while the asset is taken to the location and the necessary conditioning is made to make it operable in the manner that is intended according to management. Therefore, an entity must recognize that revenue from sales and costs in results. The entity measures the costs of these items in accordance with IAS 2, *Inventories*.

The modifications clarify the meaning of 'test whether an asset is working properly'. IAS 16 now specifies this as an assessment in which the physical and technical performance of the asset is able to be used in the production or supply of goods or services, for rent or others, or administrative purposes.

If not presented separately in the comprehensive income statement, the financial statements shall disclose the amounts of income and costs in results related to items that are not an exit for the entity's ordinary activities, on the starting line(s) in the comprehensive income statement where the revenue and costs are included.

The modifications are applied retrospectively, but only to the items of ownership, plant and equipment that are brought to the location and conditions necessary to be able to be operated as the administration has planned in or after the beginning of the period in which the financial statements of the entity in which it applies the modifications are presented for the first time.

The entity shall recognize the cumulative effect of the initial application of the changes as an adjustment to the balance sheet on retained profits (or any capital component, which is appropriate) at the beginning of the first period that is presented.

The amendments are effective for annual periods starting on January 1, 2022 with the option of early application.

Amendments to IAS 37 – Onerous Contracts – Cost for Fulfilling a Contract

The amendments specify that the 'costs for fulfilling' a contract includes the 'costs directly related to the contract'. Costs that relate directly to a contract consist of incremental costs and costs for fulfilling a contract (example: labor or materials) and the allocation of other costs that relate directly to fulfill a contract (such as assigning depreciation to property, plant, and equipment items to fulfill the contract).

The amendments apply to contracts in which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the changes. Comparisons should not be reformulated. Instead, the entity must recognize the cumulative effect of the initial application of the changes as an adjustment to the balance statement of financial position on the retained profits or some other capital component, as appropriate, for the initial application date.

Modifications are effective for annual periods starting on or after January 1, 2022, with an early application option.

c. ***Annual Improvements to IFRS Standards 2018–2020***

The Annual Improvements include amendments to four Standards.

IFRS 1, First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1: D16(a).

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

IFRS 9, Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date, the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

IFRS 16, Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

3. Significant accounting policies

a. ***Going concern***

We draw your attention to Note 7 of the accompanying financial statements that describe that on October 11, 2014, Latina Offshore Limited, the Parent company, issued an International Bond. As of December 31, 2021 the outstanding balance is $281,847 and it is due on October 15, 2022, the Parent company is holding discussions with the Bond holders to renegotiate the terms of the debt. If the terms are not successfully renegotiated and the International Bond is not paid, the jack-up owned by the Entity, which is pledged as collateral could be collected by the bond holders. Due to these events or conditions, at the date of the financial statements, this matter indicates the existence of a material uncertainty about the Entity's ability to continue as a going concern.

The plans of the Management of the Entity to continue as a going concern are as follows:

i. Cost improvements and profile of debt, including the refinancing of short-term and long-term liabilities, and seek alternative sources of financing,

ii. Develop new projects, achieving high levels of operational efficiency and therefore adequate profitability.

b. ***Statement of compliance***

The consolidated financial statements have been prepared in accordance with IFRS as issued by IASB.

c. ***Basis of preparation***

The accompanying consolidated financial statements have been prepared on a historical cost basis; disclosures of fair value have been included where required by IFRS.

i. *Historical cost*

Historical cost is generally measured as the fair value of the consideration given in exchange for goods and services.

ii. *Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

d. ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Entity and its subsidiaries controlled. Control is achieved when the Entity:

- Has power over the investee

- Is exposed, or has rights, to variable returns from its involvement with that entity or,

- It has the ability to use its power to affect those returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Entity has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Entity considers all relevant facts and circumstances in assessing whether or not the Entity's voting rights in an investee are sufficient to give it power, including:

- The size of the Entity's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Entity, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Entity has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated in full on consolidation.

The Entity's shareholding percentage in the capital stock of its subsidiaries on December 31, 2021 and 2020 is shown below:

	Activity	% Ownership 2021 and 2020
Santa Maria Offshore Limited	Lessor	100%
La Covadonga Limited	Lessor	100%

Changes in the Entity's ownership interests in existing subsidiaries

Changes in the Entity's ownership interests in subsidiaries that do not result in the Entity losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Entity.

When the Entity loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Entity had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is considered as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

e. ***Financial instruments***

Financial assets and financial liabilities are recognized when the Entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

f. ***Financial assets***

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' "FVTPL", 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1. *Effective interest method*

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as of FVTPL.

2. *Financial assets at FVTPL*

Financial assets are classified as of FVTPL when the financial asset is either held for trading or it is designated as of FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the interest income and expenses line items. Fair value is determined in the manner described in Note 10.

3. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

4. *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period.

Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past an average credit period established by the Entity, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of trade or lease receivables is reduced through the use of an allowance account. When a trade or lease receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

5. *Derecognition of financial assets*

The Entity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

g. ***Cash and restricted cash***

Consists mainly of bank deposits in checking accounts. Cash is stated at nominal value. A minimum level of cash shall be maintained as restricted cash under debt agreement (see note 8)

h. ***Jack-ups and equipment***

Jack-ups and equipment that are initially recorded at cost less cumulated depreciation and any impairment loss recognized.

Jack-ups and equipment that are in the process of construction is recorded at cost less any impairment loss recognized. Cost includes professional fees and, in the case of qualifying assets, the costs of borrowing capitalized in accordance with the accounting policy of the Entity. The depreciation of these assets is initiated when assets are ready for their planned use.

Depreciation is recognized so as to write off the cost of assets over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted on a prospective basis.

Items of Jack-ups and equipment are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of any item of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The average useful lives of Jack-ups and equipment are:

	Years
Helmet	22
Substructure	22
Lifting system (legs and motors)	22
Equipment and accessories	17
Accessories	17
Preventers	17
Housing unit	14
Fire safety net equipment	5
Helideck	5

i. ***Impairment of tangible assets***

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest entity of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

j. ***Leasing***

The Entity as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

k. ***Foreign currencies***

In preparing the financial statements of each individual entity, transactions in currencies other than the Entity's functional currency (US dollar) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The exchange rates used to convert foreign currency into US dollars were as follows:

	December 31,	
	2021	2020
Mexican pesos per one US dollar	$ 20.5835	$ 19.9487

l. ***Income taxes***

Income tax represents the sum of current and deferred tax.

1. *Current tax*

Current income tax ("ISR") is recognized in the results of the year in which is incurred.

2. *Deferred tax*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. *Current and deferred tax for the year*

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity.

m. ***Provisions***

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

n. ***Financial liabilities and equity instruments***

1. *Classification as debt or equity*

Debt and equity instruments issued by the Entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2. *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Entity after deducting all of its liabilities. Equity instruments issued by an entity are recognized at the proceeds received, net of direct issue costs.

3. *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities, which include borrowings and trade and other payables, are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

o. ***Consolidated statement of cash flows***

The cash flows are used applying the indirect method. Interest received is classified as investing cash flows, while interest paid is classified as financing cash flows.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 3, the Entity's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. ***Critical judgments in applying accounting policies***

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- ***Leases*** - The Entity evaluates the classification of the leases for accounting purposes.

  In performing such assessment, the Entity is required to exercise its professional judgment and make estimates, as follows:

  a) The lease does not transfer ownership of the Jack-ups and modular rig to the lease by the end of the lease term.

  b) The lease does not contain an option to purchase the Jack-ups and modular rig.

  c) The lease term does not represent a substantial portion of the economic life of the Jack-ups and modular rig.

  d) At the inception of the lease the present value of the minimum lease payments amounts does not represent a substantial portion of fair value of the leased Jack-ups and modular rig.

e) The leased Jack-ups can be used by another interested party without major modifications.

- *Contingencies* - By their nature, contingencies are settled when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the use of judgment and significant estimates related to the future outcome of those events.

b. ***Key sources of estimation uncertainty***

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of long-term live assets - At each reporting date, the Entity reviews the carrying amounts of its jack-up to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

Estimates of useful lives and depreciation methods - The Entity reviews its estimates of useful lives and methods of depreciation on the Jack-ups and equipment periodically and the effect of any change in estimate is recognized prospectively. Changes in these estimates could have a significant impact on the statements of financial position and comprehensive income of the Entity.

Recovery of tax losses carryforwards - The Entity makes financial and tax projections for the purpose of maximizing efficiency with respect to accounting and tax results. For tax purposes, the Entity realized a significant loss due to the devaluation of the Mexican peso with respect to the US dollar during 2016 and 2015. The Entity expects to amortize tax losses against tax profits generated from subsequent years, with the normal operations of its Jack-ups.

5. Cash and restricted cash

		2021		2020
Cash and banks deposits	$	4,196	$	21
Restricted cash (see Note 9) (1)		10,274		10,274
	$	14,470	$	10,295

(1) Restricted cash in accordance with the provisions of the International Bond contracts

6. Jack-ups and equipment

2021		Balance as of December 31, 2020		Additions		Transfers/Disposals		Balance as of December 31, 2021
Investments								
Jack-ups	$	538,559	$	7,363	$	(22)	$	545,900
Computers		414		-		-		414
Spare parts		4,642		-		(1)		4,641
		543,615		7,363		(23)		550,955

2021	Balance as of December 31, 2020	Additions	Transfers/Disposals	Balance as of December 31, 2021
Depreciation				
Jack-ups	(219,137)	(25,725)	23	(244,839)
Computers	(414)	-	-	(414)
	(219,551)	(25,725)	23	(245,253)
Total investments, net	$ 324,064	$ (18,362)	$ -	$ 305,702

2020	Balance as of December 31, 2019	Additions	Transfers/Disposals	Balance as of December 31, 2020
Investments				
Jack-ups	$ 526,434	$ 2,960	$ 9,165	$ 538,559
Computers	414	-	-	414
Spare parts	9,733	4,074	(9,165)	4,642
	536,581	7,034	-	543,615
Depreciation				
Jack ups	(189,968)	(29,169)	-	(219,137)
Computers	(414)	-	-	(414)
	(190,382)	(29,169)	-	(219,551)
Total investments, net	$ 346,199	$ (22,135)	$ -	$ 324,064

The Jack-ups are pledged as collateral for the bonds, as indicated in Note 8.

7. Debt

	2021	2020
Secured – at amortized cost		
Senior secured callable bond for $281,847 ($350,000 original amount) maturing on October 15, 2022, bearing interest, payable on quarterly basis, at a fixed 8.875% rate. Principal will be paid in a quarterly basis on the total excess of cash flow	$ 281,847	$ 287,349
Interest payable	5,694	5,822
	287,541	293,171
Less:		
Bond issuance cost, net	(869)	(1,999)
Less – Current portion	(286,672)	(5,822)
Long-term debt	$ -	$ 285,350

8. Income taxes

The Entity is not subject to income taxes in Bermuda. The Entity is subject to income tax (ISR, for its name in Spanish) in Mexico at the current rate of 30%.

a. ***Income tax recognized in loss***

	2021	2020
Deferred tax		
Current year	$ (7,711)	$ (3,329)

The reconciliation of the statutory and effective ISR rate expressed in amounts off loss before tax is:

	2021	2020
Statutory rate	30%	30%
Non-deductible expenses	2	(2)%
Others, mainly effects of inflation	13%	(7)%
Effective rate	52%	21%

b. ***Deferred tax in the consolidated statement of financial position***

The following is the analysis of deferred tax assets (liabilities) presented in the consolidated statements of financial position:

	2021	2020
Deferred ISR assets:		
Effect of tax loss carryforwards	$ 8,228	$ 7,774
Provisions	12	19
Jack-ups and equipment	14,276	10,204
Advances from customers	2,266	
Prepaid expenses and issuance cost	2,380	1,454
Deferred ISR assets	$ 27,162	$ 19,451

c. The benefits of restated tax loss carryforwards for which the deferred ISR asset have been recognized, and can be recovered subject to certain conditions. Expiration dates and restarted amounts as of December 31, 2021, are:

Year of expiration	Tax loss carryforwards
2026	$ 22,719
2027	1,734
2028	2,155
2029	122
2030	380
2031	315
	$ 27,425

9. Financial risk management

a. ***Capital management***

The Entity manages its capital to ensure that it will continue as a going concern, while it maximizes returns to its stockholders through the optimization of the balances of debt and equity. The capital structure of the Entity is composed by its net debt and stockholders' equity.

The Entity is subject to an equity ratio covenant of a minimum of 22.5%.

		Amount
Consolidated equity	$	89,284
Total consolidated assets		396,835
Equity ratio		22.5%

b. ***Interest rate risk management***

The Entity is exposed to interest rate risk as a result of fluctuations in market rates when compared to the fixed rates under which its debt accrues interest. The risk is not currently considered significant but may be managed in the future by entering into derivative financial instruments to hedge such risk.

c. ***Credit risk management***

Credit risk refers to the situation in which the borrower defaults on its contractual obligations, thereby generating a financial loss for the Entity and which is essentially derived from customer accounts receivable and liquid funds. The Entity does not believe it has a significant credit risk as of December 31, 2021 and 2020 a result of its financial position as of such date.

d. ***Liquidity risk management***

Corporate treasury has the ultimate responsibility for liquidity management, and has established appropriate policies to control this through monitoring of working capital, managing short, medium and long-term funding requirements, maintaining cash reserves, continuously monitoring cash flows (projected and actual), and reconciling the maturity profiles of financial assets and liabilities.

The Entity is subject to a minimum (free and unrestricted) liquidity covenant in the amount of $10,000 on a consolidated basis.

The following table details the Entity's remaining contractual maturity for its liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows or financial liabilities based on the earliest date on which the Entity can be required to pay.

The table includes both interest and principal cash flows.

	December 31, 2021					
	Weighted average effective interest rate %	1-6 months	6 months to 1 year	1 – 5 years	Total	Carrying amount
Non-interest rate bearing		$ 5,694	$ -	$ -	$ 5,694	$ 5,694
Fixed interest rate instruments	8.875%	-	287,588	-	287,588	280,978
Total		$ 5,694	$ 287,588	$ -	$ 293,282	$ 286,672

	December 31, 2020					
	Weighted average effective interest rate %	1-6 months	6 months to 1 year	1 – 5 years	Total	Carrying amount
Non-interest rate bearing		$ 5,822	$ -	$ -	$ 5,822	$ 5,822
Fixed interest rate instruments	8.875%	12,662	12,662	313,564	338,888	285,350
Total		$ 18,484	$ 12,662	$ 313,564	$ 344,710	$ 291,172

e. ***Fair value measurements***

The fair value of financial instruments presented below has been determined by the Entity using information available in the markets or other valuation techniques but require judgment with respect to their development and interpretation, in addition use assumptions that are based on market conditions existing at each consolidates statements if financial position date. Consequently, the estimated amounts presented below are not necessarily indicative of the amounts that the Entity could obtain in a current market exchange. The use of different assumptions and/or estimation methods could have a material effect on the estimated amounts of fair value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Entity considers that the carrying amount of cash and restricted cash, accounts receivable and accounts payable from third parties and to related parties and the current portion of bank loans approximate their fair values because they have short-term maturities. The Entity's long-term debt is recorded at amortized cost and incurs interest at fixed and variable rates that are related to market indicators.

The carrying amounts of financial instruments by category and their related fair values at December 31 are as follows:

	Carrying amount	Fair value at December 31, 2021
Financial assets:		
Cash and restricted cash (Level 1)	$ 14,470	$ 14,470
At amortized cost		
Due from related parties (Level 2)	48,404	48,404
Financial liabilities at amortized cost:		
Debt (Level 2)	$ 280,978	$ 280,978
Due to related parties (Level 2)	13,628	13,628

	Carrying amount		Fair value at December 31, 2020	
Financial assets:				
Cash and restricted cash (Level 1)	$	14,470	$	10,295
At amortized cost				
Due from related parties (Level 2)		48,404		51,397
Financial liabilities at amortized cost:				
Debt (Level 2)	$	280,978	$	285,350
Due to related parties (Level 2)		13,628		10,164

Management believes that the carrying value of receivables and payables to related parties approximate their fair values based on their nature and short-term maturities. The fair value of bonds was determined by the Entity's management using a level 2 valuation methodology. The fair value of the bonds was calculated by the Entity using discounted cash flow valuation technique at a discount rate of 9.33% for the $350,000 ($281,847 outstanding balance as of December 31, 2021).

10. Stockholders' equity

a. The historical amount of subscribed and paid-in common stock of the Entity as of December 31, 2021 and 2020, are as follows:

	Number of shares 2021 and 2020		Amount 2021 and 2020
Fixed:			
Series A	100	$	-
Variable:			
Series A	180,712,292		180,712
	180,712,392	$	180,712

Common stock consists of ordinary, nominative shares with par value of $1 US dollar.

11. Operating cost by nature

		2021		2020
Services	$	256	$	204
Others		80		92
	$	336	$	296

12. Interest expense

		2021		2020
Interest income, net from related parties	$	(359)	$	(739)
Interest expense for senior secured callable bond		26,515		26,928
Amortization of bond issuance cost		1,232		1,113
	$	27,388	$	27,302

13. Balances and transactions with related parties

Balances and transactions between the Entity and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Entity and other related parties are disclosed below.

a. Transactions with related parties, carried out in the ordinary course of business were as follows:

	2021	2020
Operating lease revenues	$ 36,300	$ 40,898
Purchases of spare parts and tools	$ (7,363)	$ (7,034)
Reimbursement	$ -	$ (75)
Interest income	$ 1,363	$ 1,266
Interest expenses	$ (1,004)	$ (528)

b. Balances with related parties are as follows:

	2021	2020
Due from related parties -		
CP Latina	$ 48,404	$ 51,397
Due to related parties -		
Latina Offshore Holding Limited	$ 13,628	$ 10,164

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

14. Events after the reporting period

Based on previous and current talks with bondholders, we believe that the restructuring of the international bond is feasible.

15. Authorization to issue the consolidated financial statements

On April 29, 2022, the issuance of the accompanying consolidated financial statements was authorized by C. P. C. Miguel Ruiz Tapia, Chief Executive Officer, the Audit Committee and the Board of Directors; consequently, they do not reflect events that occurred after that date, and are subject to the approval at the Entity's Annual Ordinary Stockholders' Meeting, where they may be modified. The consolidated financial statements for the year ended December 31, 2020 were approved at the Annual Ordinary Stockholders' Meeting held in April 30, 2021.

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