Latina Offshore Limited and Subsidiaries

(Subsidiary of Latina Desarrollos Energéticos, S. A. de C. V.)

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report April 28, 2023

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

Independent Auditors' Report and Consolidated Financial Statements for 2022 and 2021

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Independent Auditors' Report to the Board of Directors and Partners 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, 2022 and 2021 and the consolidated statements of losses, consolidated statements of changes in Partners' 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, 2022 and 2021, 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 attention to Note 3a of the attached consolidated financial statements describing the plans for the entity to continue as an operating company, because as of December 31, 2022 and 2021, the Entity incurred a net loss of $7,346 and $9,411, respectively, and its current liabilities exceeds its current assets for $243,807 and $243,580, respectively.

As mentioned in Note 1, the Entity provides services exclusively to a related party. Accordingly, the accompanying 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.

Due to these events or conditions, at the date of the consolidated financial statements, this matter indicates the existence of a material uncertainty about the Entity's ability to continue as a going concern.

The attached consolidated financial statements do not include adjustments related to the valuation and presentation and disclosure consolidation of assets and Presentation and disclosure the amount of liabilities. They may be necessary if the entity is unable to continue in operation and have been prepared on the assumption that the entity will continue as an operating company

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

Emphasis of Matter

We draw your attention to Note 1b of the accompanying consolidated financial statements that describe that on October 11, 2014, the Entity, issued an International Bond. As of December 31, 2022, the outstanding balance is $277,379. The Entity dated January 31, 2023 obtained approval of the restructuring of these international bonds by improving the interest rate, extending its long-term maturity and capitalizing part of the debt, see Note 14.

Other additional information

As mentioned in Note 15, the entity has decided to submit additional information not required by IFRS, solely for the purpose of providing an additional explanation to its shareholders and main readers of its consolidated financial statements on the effect of the restructuring (referred to in Note 15), this reduced excess liabilities on current assets as well as the reduction in the loss of more than two thirds of the share capital. This note is prepared under the responsibility of management and is not necessary for the understanding of the financial statements and explanatory notes as a whole.

Our opinion of the financial statements does not cover the other information and we do not express any form of security in it.

Also, and in relation to our service auditor consolidated financial statements, our responsibility is to read and recalculate additional information the consolidated financial statements and in so doing to consider whether the other information contained therein is inconsistent in material form with the consolidated financial statements or with our knowledge obtained during service auditor the consolidation, or that it appears to contain a material misstatement. If based on the work we have done, we conclude that there is a material misstatement in additional information, we would have to report this fact. As of the date of this report, we have nothing to report on this.

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.

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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.

- 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.

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

C. P. C. Arturo Ceballos López

Mexico City, Mexico
April 28, 2023

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

Consolidated Statements of Financial Position

As of December 31, 2022 and 2021
(In thousands of US dollars)

Assets	**Note**	**2022**	**2021**
Current assets:			
Cash and restricted cash	5	$ 10,460	$ 14,470
Due from related parties	13	49,457	48,404
Other accounts receivable		3,815	972
Prepaid expenses, net		77	125
Total current assets		63,809	63,971
Non-current assets:			
Jack-ups and equipment, net	6	287,795	305,702
Deferred income taxes	8	37,950	27,162
Total non-current assets		325,745	332,864
Total assets		$ 389,554	$ 396,835

Liabilities and Partners' equity

Current liabilities:			
Current portion of long-term debt	7	$ 282,969	$ 286,672
Due to related parties	13	13,511	13,628
Trade accounts payable		77	72
Other accounts payable and accrued liabilities		11,059	7,179
Total current liabilities		307,616	307,551
Partners' equity:			
Capital stock	10	180,712	180,712
Accumulated deficit		(98,774)	(91,428)
Total Partners' equity		81,938	89,284
Total Partners' equity and liabilities		$ 389,554	$ 396,835

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, 2022 and 2021
(In thousands of US dollars)

	Note	2022	2021
Revenue from operating lease	13	$ 36,500	$ 36,300
Operating costs	11	332	336
Depreciation of assets under operating leases	6	26,367	25,725
Gross profit		9,801	10,239
Other income, net		500	-
Interest expense, net	12	26,592	27,388
Exchange gain (loss), net		530	(27)
Loss before income taxes		(17,821)	(17,122)
Income tax benefit	8	(10,475)	(7,711)
Consolidated loss for the year		$ (7,346)	$ (9,411)

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 Partners' Equity

For the years ended December 31, 2022 and 2021
(In thousands of US dollars)

	Capital stock	Accumulated Deficit	Total Partners' equity
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
Consolidated loss for the year	-	(7,346)	(7,346)
Balance as of December 31, 2022	$ 180,712	$ (98,774)	$ 81,938

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, 2022 and 2021
(In thousands of US dollars)

	2022	2021
Cash flows from operating activities:		
Consolidated loss for the year	$ (7,346)	$ (9,411)
Adjustments for:		
Income taxes benefit	(10,475)	(7,711)
Interest expense (amortization of bond issuance cost)	1,245	1,232
Depreciation	26,367	25,725
Exchange gain (loss), net	530	(27)
Interest income	(670)	(359)
Interest expense	26,017	26,515
	35,668	35,964
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	(545)	3,508
Other accounts receivable	(2,843)	953
Prepaid expenses	48	(28)
(Decrease) increase in:		
Trade accounts payable	5	3
Due to related parties	(118)	3,464
Other accounts payable and accrued liabilities	3,037	(78)
Net cash flows generated by operating activities	35,252	43,786
Cash flows from investing activities:		
Purchase of Jack-ups and equipment	(8,460)	(7,363)
Interest income	163	-
Net cash flows used in investing activities	(8,297)	(7,363)
Cash flows from financing activities:		
Long-term debt payments	(4,468)	(5,502)
Bond issuance cost	(376)	(102)
Interest paid	(26,121)	(26,644)
Net cash flows used in financing activities	(30,965)	(32,248)
Net (decrease) increase in cash and restricted cash	(4,010)	4,175
Cash and restricted cash at the beginning of the year	14,470	10,295
Cash and restricted cash at the end of the year	$ 10,460	$ 14,470

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021
(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.

Operations 2022 and 2021

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

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, 2022.

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, 2022.
- 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 expiration date of the contract to December 31, 2024.

b. ***International bond $277,379 (original amount $350,000)***

Regarding the $277,379 bond, the bondholders approved on December 17, 2020 to extend the payment to October 15, 2022. On November 29, 2022, the bondholders approved to extend the maturity of the bond as of January 31, 2023.

As mentioned in Note 14, on January 31, 2023, the restructuring of the international bond issued by the Entity was approved, improving the interest rate, extending its long-term maturity and capitalizing part of the debt, managing to reduce the principal of consolidated negative work, with the following conditions:

- Maturity term of 5 years with quarterly amortizations on cash sweep.
- Quarterly interest payments with a fixed interest rate of 8.875% per year at 7% per year.
- Debt capitalization for an amount of $39,246.
- Debt payment in the amount of $60,000. The resources of this debt are $15,000 of accounts receivable, $10,000 of cash, $35,000 of new debt.
- Derived from the above, the balance of the current debt decreases from $277,379 to $213,132.
- New debt for $35,000 accrues interest at 10% per year paid quarterly and interest capitalization of 0.25% for each million dollars of new debt. This debt is paid at the end of the debt restructure.

As of the date of issuance of the financial statements, the Entity Management is in the last processes to implement the restructuring.

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 current year, the Entity has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Amendments to IFRS 3 Reference to the Conceptual Framework	The entity has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.
Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	The Entity has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

	The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.
	If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.
Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle	The Entity has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to: IFRS 9 Financial Instruments
	The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise 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.
	IFRS 16 Leases
	The amendment removes the illustration of the reimbursement of leasehold improvements.

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

At the date of authorization of these consolidated 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 IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1 and IFRS Practice Statement 2,	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The management of the Entity anticipate that the application of these amendments may have an impact on the Entity´s financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023 with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments. The management of the Entity anticipate that the application of these amendments may have an impact on the Entity´s financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

  The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:

  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted.

The management of the Entity anticipate that the application of these amendments may have an impact on the Entity´s financial statements in future periods should such transactions arise.

3. Significant accounting policies

a. *Going concern*

We draw your attention to Note 7 of the accompanying consolidated financial statements that describe that on October 11, 2014, Latina Offshore Limited, the Parent, issued an International Bond. As of December 31, 2022, the outstanding balance is $277,379 and it is due on October 15, 2022. On November 29, 2022, the bondholders approved extending the maturity of the bond to January 31, 2023. The Jack-up owned by the Entity, is pledged as collateral and could be collected by the bondholders.

Dated January 31, 2023, the Entity obtained approval of the restructuring of these international bonds by improving the interest rate, extending its long-term maturity and capitalizing part of the debt, see Note 14.

Additionally, the Entity provides services exclusively to a related party. Accordingly, the accompanying 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.

As of December 31, 2022 and 2021, the Entity incurred a net loss of $7,346 and $9,411, respectively, and its current liabilities exceeds its current assets for $243,807 and $243,580, respectively.

Due to these events or conditions, at the date of the consolidated 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. Regarding the bonds whose maturity is January 31, 2023, they have been refinanced in the long term, see Note 14.

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 International Financial Reporting Standards released by the International Accounting Standards Board (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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 the investee,

- 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, 2022 and 2021 is shown below:

	Activity	**% Ownership 2022 and 2021**
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***

All regular way purchases or sales of financial assets are recognised and derecognised 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.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

1. Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocatinginterest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are creditimpaired on initial recognition), 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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit - adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit - impaired.

(ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. Fair value is determined in the manner (i). The corporate bonds are initially measured at fair value plus transaction costs.

Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Finance income.

A financial asset is held for trading if either:

- It has been acquired principally for the purpose of selling it in the near term.
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking.
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Other gains and losses'

2. Impairment of financial assets

Financial assets, other than those at FVTPL, 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.

For all other financial assets, 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 the average credit period of 90 days, 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.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade 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.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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

Consists mainly of bank deposits in checking accounts. Cash is stated at nominal value. For the restricted cash, the Entity, most maintain a minimum level of cash shall be maintained as restricted cash under debt agreement (See Note 7)

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	21
Substructure	21
Lifting system (legs and motors)	21
Equipment and accessories	16
Accessories	16
Preventers	16
Housing unit	13
Fire safety net equipment	4
Helideck	4

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 it 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***

Leases are classified as finance leases whenever the terms of the lease substantially transfer all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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,	
	2022	**2021**
Mexican pesos per one US dollar	$ 19.3615	$ 20.5835

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

	2022	2021
Cash and banks deposits	$ 29	$ 4,196
Restricted cash (see Note 7) (1)	10,431	10,274
	$ 10,460	$ 14,470

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

6. Jack-ups and equipment

2022	Balance as of December 31, 2021	Additions	Transfers/Disposals	Balance as of December 31, 2022
Investments				
Jack-ups	$ 545,900	$ 8,460	$ 4,641	$ 559,001
Computers	414	-	-	414
Spare parts	4,641	-	(4,641)	-
	550,955	8,460	-	559,415
Depreciation				
Jack-ups	(244,839)	(26,367)	-	(271,206)
Computers	(414)	-	-	(414)
	(245,253)	(26,367)	-	(271,620)
Total investments, net	$ 305,702	$ (17,907)	$ -	$ 287,795

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
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

The Jack-ups are pledged as collateral for the bonds, as indicated in Note 7.

7. Debt

	2022	2021
Secured – at amortized cost		
Senior secured callable bond for $277,379 ($350,000 original amount) maturing on January 31, 2023, 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	$ 277,379	$ 281,847
Interest payable	5,590	5,694
	282,969	287,541
Less:		
Bond issuance cost, net	-	(869)
Less – Current portion	(282,969)	(286,672)
Long-term debt	$ -	$ -

a. As mentioned in Note 14, the Entity entered into an agreement with the bondholders of the International Bond to modify certain conditions established in the contracts.

International Bond are guaranteed by jack ups.

The Entity may redeem the bond. Call option at any time to a nominal value.

The Entity shall ensure compliance with several negative and affirmative covenants. The relevant covenants are as follows:

- No payment of more than 50% of dividends on the profit.
- Do not contract new liens on assets.
- Restricted cash of $ 10 million (See Note 5).

At the date of the issuance of these consolidated financial statements, the Entity has complied with the covenants established in the renegotiated agreement.

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***

	2022	2021
Income tax benefit:		
Current tax	$ 313	$ -
Deferred tax	(10,788)	(7,711)
	$ (10,475)	$ (7,711)

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

	2022	2021
Statutory rate	30%	30%
Non-deductible expenses	1%	2%
Others, mainly effects of inflation	28%	13%
Effective rate	59%	45%

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:

	2022	2021
Deferred ISR assets:		
Effect of tax loss carryforwards	$ 2,982	$ 8,228
Provisions	20	12
Jack-ups and equipment	27,976	14,276
Advances from customers	4,881	2,266
Prepaid expenses and issuance cost	2,091	2,380
Deferred ISR assets	$ 37,950	$ 27,162

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, 2022, are:

Year of expiration	Tax loss carryforwards
2026	$ 4,809
2027	1,987
2028	2,470
2029	140
2031	397
2032	137
	$ 9,940

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 Partners through the optimization of the balances of debt and equity. The capital structure of the Entity is composed by its net debt and Partners' equity.

The Entity is subject to an equity ratio covenant of a minimum of 17.5%.

		Amount
Consolidated equity	$	81,938
Total consolidated assets		389,554
Equity ratio		21.03%

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, 2022 and 2021 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, 2022					
	Weighted average effective interest rate %	**1-6 months**	**6 months to 1 year**	**1 – 5 years**	**Total**	**Carrying amount**
Non-interest rate bearing		$ 5,590	$ -	$ -	$ 5,590	$ 5,590
Fixed interest rate instruments	8.875%	283,905	-	-	283,905	277,379
Total		$ 289,495	$ -	$ -	$ 289,495	$ 282,969

	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

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 as of December 31 are as follows:

	Carrying amount	Fair value as of December 31, 2022
Financial assets:		
Cash and restricted cash (Level 1)	$ 10,460	$ 10,460
At amortized cost	-	-
Due from related parties (Level 2)	49,457	49,457
Financial liabilities at amortized cost:		
Debt (Level 2)	$ 277,379	$ 277,379
Due to related parties (Level 2)	13,511	13,511

	Carrying amount		Fair value as of 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

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 ($277,379 outstanding balance as of December 31, 2022).

10. Partners' equity

a. The historical amount of subscribed and paid-in common stock of the Entity as of December 31, 2022 and 2021, are as follows:

	Number of shares 2022 and 2021		Amount 2022 and 2021
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

	2022		2021	
Services	$	291	$	256
Others		41		80
	$	332	$	336

12. Interest expense

	2022		2021	
Interest income, net from related parties	$	(670)	$	(359)
Interest expense for senior secured callable bond		26,017		26,515
Amortization of bond issuance cost		1,245		1,232
	$	26,592	$	27,388

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:

	2022	2021
Operating lease revenues	$ 36,500	$ 36,300
Purchases of spare parts and tools	$ (8,460)	$ (7,363)
Reimbursement	$ (500)	$ -
Interest income	$ 1,360	$ 1,363
Interest expenses	$ (852)	$ (1,004)

b. Balances with related parties are as follows:

	2022	2021
Due from related parties -		
CP Latina	$ 49,457	$ 48,404
Due to related parties -		
Latina Offshore Holding Limited	$ 13,511	$ 13,628

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. Subsequent events

On January 31, 2023, the restructuring of the international bonds issued by the Entity was approved, with the following conditions:

- Maturity term of 5-year maturity with quarterly amortization on cash sweep.
- Quarterly interest payment with a fixed interest rate from 8.875% to 7%.
- Debt capitalization for $39,246.
  A debt payment for $60,0000. The resources for this payment are: $15,000 from Accounts receivable, $10,000 from cash, and $35,000 from new debt.
- As a result of the above, the current debt is reduced from $277,379 to $213,132.
- New debt for $35,000 will bear interest at 10% payable quarterly and an interest capitalization of 0.25% per million dollars over the quarterly capital payment of the current debt. This debt will be paid at the end of the restructured debt.

As of the date of issuance of the financial statements, the Entity Management is in the last processes to implement the restructuring.

15. Other additional information

The Entity has prepared pro forma financial information in order to show its shareholders and main readers of the financial statements, the statement of financial position as if the restructuring mentioned in Note 14 had taken effect as of December 31, 2022. Said information is not required by IFRS and has been prepared under the responsibility of the Entity's management based on its accounting policies which do not differ significantly from IFRS:

The pro forma statement of financial position with restructuring effects as of December 31, 2022 would be as follows:

	Balances at the end of 2022	Restructuring effect	Balances including restructuring
Total current assets	$ 63,809	$ (25,000)	$ 38,809
Jack-ups and equipment, net	287,795	-	287,795
Deferred income taxes	37,950	-	37,950
Total assets	$ 389,554	$ (25,000)	$ 364,554
Current liabilities	$ 307,616	$ (277,379)	$ 30,237
Long-term liabilities	-	213,132	213,132
Total current liabilities	$ 307,616	$ (64,247)	$ 243,369
Total Partners' equity	$ 81,938	$ 39,247	$ 121,185

16. Authorization to issue the consolidated financial statements

On April 28, 2023, 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 Partners' Meeting, where they may be modified. The consolidated financial statements for the year ended December 31, 2021 were approved at the Annual Ordinary Partners' Meeting held in April 30, 2022.

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