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

Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report Dated April 26, 2024

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

Independent Auditors' Report and Financial Statements for 2023 and 2022

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Independent Auditors' Report to the Board of Directors and Stockholders of La Covadonga Limited

Opinion

We have audited the financial statements of La Covadonga Limited (the "Entity"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the statements of profit or loss and other comprehensive income, statements of changes in Partners' equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2023 and 2022, its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS"), 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 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 which indicates that on October 11, 2014, Latina Offshore Limited, the Parent company, issued an International Bond. As of December 31, 2023, the outstanding balance is $205,493. The Parent company 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.

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.

Paragraphs of emphasis

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.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 auditor’s 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 financial statements, including the disclosures, and whether the 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 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.
Affiliated to a Member of Deloitte Touche Tohmatsu Limited

C. P. C. Juan Carlos Reynoso Degollado

April 26, 2024

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

Statements of Financial Position

As of December 31, 2023, and 2022
(In thousands of US dollars)

Assets	Note	2023	2022
Current assets:			
Cash		$ 4	$ 4
Due from related parties	9	17,871	14,123
Other accounts receivable		1,978	1,172
Prepaid expenses, net		27	23
Total current assets		19,880	15,322
Non-current assets:			
Jack-up and equipment, net	5	135,296	140,364
Deferred income taxes	6	21,663	17,497
Total non-current assets		156,959	157,861
Total assets		$ 176,839	$ 173,183

Liabilities and Partners' equity

	Note	2023	2022
Current liabilities:			
Trade accounts payable		$ 26	$ 23
Other accounts payable and accrued liabilities		5,524	3,797
Total liabilities		5,550	3,820
Non-current liabilities:			
Due to related parties	9	135,047	137,728
Total non-current liabilities		135,047	137,728
Total		140,597	141,548
Partners' equity:			
Capital stock	8	78,100	78,100
Accumulated deficit		(41,858)	(46,465)
Total Partners' equity		36,242	31,635
Total Partners' equity and liabilities		$ 176,839	$ 173,183

See accompanying notes to financial statements.

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

Statements of profit or loss and other comprehensive income

For the years ended December 31, 2023 and 2022
(In thousands of US dollars)

	Note	2023	2022
Revenue from operating lease		$ 27,016	$ 18,250
Operating cost		60	47
Depreciation of assets under operating leases	5	12,901	12,228
Gross profit		14,055	5,975
Interest expense, net		13,460	13,574
Exchange loss		9	5
Profit (loss) before income taxes		586	(7,604)
Deferred income tax benefit	6	(4,021)	(4,822)
Profit (loss) for the year		$ 4,607	$ (2,782)

See accompanying notes to financial statements.

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

Statements of Changes in Partners' Equity

For the years ended December 31, 2023 and 2022
(In thousands of US dollars)

	Capital stock	Accumulated deficit	Total Partners' equity
Balance as of December 31, 2021	$ 78,100	$ (43,683)	$ 34,417
Loss for the year	-	(2,782)	(2,782)
Balance as of December 31, 2022	78,100	(46,465)	31,635
Profit for the year	-	4,607	4,607
Balance as of December 31, 2023	$ 78,100	$ (41,858)	$ 36,242

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2023 and 2022
(In thousands of US dollars)

	2023	2022
Cash flows from operating activities		
Profit (Loss) for the year	$ 4,607	$ (2,782)
Adjustments for:		
Deferred income tax benefit	(4,021)	(4,822)
Depreciation	12,901	12,228
Exchange loss	9	5
Interest expense	13,460	13,574
	26,956	18,203
Changes in working capital:		
(Increase) decrease in:		
Due from related parties	(3,748)	1,454
Other accounts receivables	(806)	(851)
Prepaid expenses	(4)	(2)
(Decrease) increase in:		
Trade accounts payable	3	2
Due to related parties	(2,681)	(150)
Other accounts payable and accrued liabilities	1,573	788
Net cash flows generated by operating activities	21,293	19,444
Cash flows from investing activities:		
Purchase of equipment	(7,833)	(6,118)
Net cash flows used in investing activities	(7,833)	(6,118)
Cash flows from financing activities:		
Interest paid	(13,460)	(13,574)
Net cash flows used in financing activities	(13,460)	(13,574)
Net decrease in cash	-	(248)
Cash at the beginning of the year	4	252
Cash at the end of the year	$ 4	$ 4

See accompanying notes to the financial statements.

1. Activity

La Covadonga Limited (the "Entity") was incorporated as a Bermuda exempted company on June 6, 2018 under the laws of Bermuda. The Entity is Subsidiary of Latina Desarrollos Energéticos, S. A. de C. V. 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 activity of the Entity is the leasing of a Jack-up ("La Covadonga") for oil and gas drilling to Constructora y Perforadora Latina, S. A. de C. V., ("CP Latina") the indirect parent Entity, company incorporated in Mexico.

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.

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.

Significant events

a) **Changes to the leases with CP Latina of La Covadonga**

During 2023, the daily rate of La Covadonga was $72 the first semester and $76 in the second semester.

During 2020, the daily rental rate for La Covadonga was $50 for the period from July 1, 2020 to December 31, 2022.

- **Operational impacts.**

  During 2023 and 2022, the Entity and CP Latina signed amending agreements in the leases where it was agreed that:

  - La Covadonga applied a daily fee of $72, for the period January 1, 2023 to June 30, 2023 and of $76 for the period July 1, 2023 to December 31, 2023. The Jack-up applied a daily fee of $50, for the period July 1, 2021 to December 31, 2022.
  - Beginning January 1, 2023, La Covadonga Jack-up will return to the indexing mechanism established in the amending agreements signed in 2018.
  - The payment term for accounts receivable at 90 days after the invoices.
  - La Covandoga Jack-up extended the contract expiration date to December 31, 2024.

2. Adoption of new and revised International Financial Reporting Standards

a. *New and amended International Financial Reporting Standards ("IFRS TAD" or "IAS") that are mandatory for the current year*

In the year, the Group has applied amendments to IFRS the ISPS issued by the International Financial Reporting Standards Council (IASB) that are mandatory for accounting periods beginning on or after January 1, 2023. Your adoption has not had a material impact on disclosures or amounts reported in these financial statements

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	The Entity has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The Entity does not have any contracts that meet the definition of an insurance contract under IFRS 17.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies	The Entity has adopted the amendments to IAS 1 for the first time in the current year. 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.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The Entity has adopted the amendments to IAS 12 for the first time in the current year. 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 profit nor taxable profit. 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.
Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules	The Entity has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum topup taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the Entity is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	The Entity has adopted the amendments to IAS 8 for the first time in the current year. 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.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRS Accounting 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	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management does not expect the adoption of the above standards to have a significant impact on the financial statements of the entity in future periods, except as follows:

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 anticipate that the application of these amendments may have an impact on the financial statements in future periods should such transactions arise

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

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 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The management anticipate that the application of these amendments may have an impact on the financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The Management of the parent company anticipate that the application of these amendments may have an impact on the financial statements in future periods.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements,
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers,
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement,
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The management of the Entity anticipates that the application of these amendments may have an impact on the financial statements in future periods if such Class of transaction time-bound markets arise.

3. Significant accounting policies

a. *Going concern*

We draw your attention to Note 5 of the accompanying financial statements that describe that on October 11, 2014, Latina Offshore Limited, the Parent, issued an International Bond. As of December 31, 2023, the outstanding balance is $205,493 and it is due on April 13, 2028. The Jack-up owned by the Entity, is pledged as collateral and could be collected by the bondholders.

The Parent company 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.

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.

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.

b. *Statement of compliance*

The 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 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 considers 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. ***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.

e. ***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).

Despite the foregoing, the group may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below)

- The Entity may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below)

(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 allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired 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 Entity 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.

Interest income is recognised in profit or loss and is included in the "finance income - interest income"

(ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Entity 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 entity 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 or loss.

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 Entity 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 Entity 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 Entity 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.

3. ***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.

f. ***Cash***

Consists mainly of bank deposits in checking accounts, highly liquid and easily convertible into cash. Cash is stated at nominal value.

g. ***Jack-up and equipment***

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

Jack-up that are in the process of construction are 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 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 for on a prospective basis.

Items of Jack-up and equipment is 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 an item of items of Jack-up and equipment is 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

h. ***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 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.

i. ***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.

j. ***Foreign currencies***

In preparing the financial statements, 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, 2023	December 31, 2022
Mexican pesos per one US dollar	$ 16.8935	$ 19.3615

k. ***Income taxes***

Income tax expense 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 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 way 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.

l. ***Provisions***

Provisions are recognized when the Entity has a present obligation (legal or constructive) because 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, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it 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.

m. ***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 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.

n. ***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 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 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-up and equipment to the lease by the end of the lease term.

  b) The lease does not contain an option to purchase the Jack-up and equipment.

  c) The lease term does not represent a substantial portion of the economic life of the Jack-up and equipment.

  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-up and equipment.

e) The leased Jack-up and equipment 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 it is 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-up 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 2023 and 2022. The Entity expects to amortize tax losses against tax profits generated from subsequent years, with the normal operations of its Jack-up.

5. Jack-up and equipment

	Balance as of December 31, 2022	Additions	Transfers/Disposals	Balance as of December 31, 2023
Investments:				
Jack-up	$ 272,199	$ 7,833	$ -	$ 280,032
Computers	347	-	-	347
	272,546	7,833	-	280,379
Depreciation:				
Jack-up	(131,835)	(12,901)	-	(144,736)
Computers	(347)	-	-	(347)
	(132,182)	(12,901)	-	(145,083)
Total investments, net	$ 140,364	$ (5,068)	$ -	$ 135,296

	Balance as of December 31, 2021	Additions	Transfers/Disposals	Balance as of December 31, 2022
Investments:				
Jack-up	$ 263,468	$ 6,118	$ 2,613	$ 272,199
Computers	347	-	-	347
Spare parts	2,613	-	(2,613)	-
	266,428	6,118	-	272,546
Depreciation:				
Jack-up	(119,607)	(12,228)	-	(131,835)
Computers	(347)	-	-	(347)
	(119,954)	(12,228)	-	(132,182)
Total investments, net	$ 146,474	$ (6,110)	$ -	$ 140,364

On October 11, 2014, Latina Offshore Limited (parent company) issued an International Bond, as of December 31, 2023, the balance is in the amount of $205,493. The Jack-up owned by the Entity is pledged as collateral under the Bond.

6. 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. The current rate of ISR is 30%.

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

Income tax benefit	2023	2022
In respect of the current year	$ (4,165)	$ (4,822)
Current tax	144	-
	$ (4,021)	$ (4,822)

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

	2023	2022
Statutory rate	30%	30%
Effects of inflation and other	293%	39%
Effect of rate difference depreciation	(1,140%)	(21%)
Non accumulative income	131%	15%
Effective rate	(686%)	63%

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

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

	2023	2022
Deferred ISR assets:		
Effect of tax loss carryforwards	$ -	$ 1,416
Jack-up and equipment	18,101	13,640
Advances from customers	3,562	2,441
Provisions	8	7
Deferred ISR assets	21,671	17,504

	2023	2022
Deferred ISR liabilities:		
Prepaid expenses	(8)	(7)
Deferred ISR liabilities	(8)	(7)
Total asset	$ 21,663	$ 17,497

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.

7. 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 shareholders 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.

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

The Entity is exposed to interest rate risk because 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 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, 2023 and 2022 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 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, 2023					
	Weighted average effective interest rate %	1-6 months	6 months to 1 year	1 – 5 years	Total	Carrying amount
Non-interest rate bearing	-	$ 26	$ -	$ -	$ 26	$ 26
Fixed interest rate instruments	9.5%	-	-	176,207	176,207	135,047
		$ 26	$ -	$ 176,207	$ 176,233	$ 135,073

	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	-	$ 23	$ -	$ -	$ 23	$ 23
Fixed interest rate instruments	9.5%	-	-	179,735	179,735	137,728
		$ 23	$ -	$ 179,735	$ 179,758	$ 137,751

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 statements of 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 after 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, 2023
Financial assets:		
Cash (Level 1)	$ 4	$ 4
At amortized cost		
Due from related parties (Level 2)	17,871	17,871
Financial liabilities at amortized cost:		
Trade accounts payable (Level 2)	$ 26	$ 26
Due to related parties (Level 2)	135,047	135,047

	Carrying amount	Fair value as of December 31, 2022
Financial assets:		
Cash (Level 1)	$ 4	$ 4
At amortized cost		
Due from related parties (Level 2)	14,123	14,123
Financial liabilities at amortized cost:		
Trade accounts payable (Level 2)	$ 23	$ 23
Due to related parties (Level 2)	137,728	137,728

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. Entity's management determined the fair value of payables to related parties, which is a level 2 input.

8. Partners' equity

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

	Number of shares 2023 and 2022	Amount 2023 and 2022
Fixed:		
Series A	100	$ -
Variable:		
Series A	78,100,000	78,100
	78,100,100	$ 78,100

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

9. Balances and transactions with related parties

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

	2023	2022
Operating lease revenues	$ 27,016	$ 18,250
Purchases of spare parts and tools	$ (7,833)	$ (6,118)
Interest expense	$ (13,460)	$ (13,574)

b. Balances with related parties are as follows:

	2023	2022
Due from related parties -		
CP Latina	$ 17,871	$ 14,123
Due to related parties -		
Long term:		
Latina Offshore Limited (1)	$ 135,047	$ 137,728

(1) Includes a loan of $134,598 bearing interest, payable on semi-annual basis, at 9.50% rate. In 2021, the maturity of the loan was extended to expire in March 2024.

10. Authorization to issue the financial statements.

On April 26, 2024 the issuance of the accompanying financial statements was authorized by C. P. C. Miguel Ruiz Tapia, Chief Executive Officer; 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 financial statements for the year ended December 31, 2022 were approved at the Annual Ordinary Partners' Meeting held on April 28, 2023.

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