

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	988 288 330
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	COSL DRILLING EUROPE AS
Forretningsadresse:	Vestre Svanholmen 4 4313 SANDNES

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Randi Skailand
Dato for fastsettelse av årsregnskapet:	20.06.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 23.11.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	201 444 710	154 935 866
Sum inntekter		201 444 710	154 935 866
Kostnader			
Lønnskostnad	3	130 332 990	87 558 921
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	508 430	306 793
Annen driftskostnad	5	59 029 223	59 480 618
Sum kostnader		189 870 643	147 346 332
Driftsresultat		11 574 067	7 589 534
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	6		9 324 260
Verdøkning andre finansielle instrumenter vurdert til virkelig verdi	10		453 242 360
Sum finansinntekter			462 566 620
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	7	17 410 071	183 508 476
Rentekostnad til foretak i samme konsern	7	308 829 190	71 310 668
Annen finanskostnad	8	82 285 542	367 091 974
Sum finanskostnader		408 524 803	621 911 118
Netto finans		-408 524 803	-159 344 498
Ordinært resultat før skattekostnad		-396 950 736	-151 754 964
Skattekostnad på ordinært resultat	9	0	0
Ordinært resultat etter skattekostnad		-396 950 736	-151 754 964
Årsresultat		-396 950 736	-151 754 964
Overføringer og disponeringer			
Udekket tap	13	-396 950 736	-151 754 964
Sum overføringer og disponeringer		-396 950 736	-151 754 964



Resultatregnskap

Beløp i: NOK	Note	2023	2022
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Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Maskiner og anlegg	4	1 156 196	1 532 367
Sum varige driftsmidler		1 156 196	1 532 367
Finansielle anleggsmidler			
Investering i datterselskap	10	4 335 928 684	4 353 338 755
Sum finansielle anleggsmidler		4 335 928 684	4 353 338 755
Sum anleggsmidler		4 337 084 880	4 354 871 122
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		18 580 423	5 901 583
Konsernfordringer		355 665	40 713 218
Sum fordringer		18 936 088	46 614 801
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	12	14 145 287	11 089 955
Sum bankinnskudd, kontanter og lignende		14 145 287	11 089 955
Sum omløpsmidler		33 081 375	57 704 756
SUM EIENDELER		4 370 166 255	4 412 575 878
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	13	12 560 612	12 560 612



Balanse

Beløp i: NOK	Note	2023	2022
Annen innskutt egenkapital	13	55 899 742	55 899 742
Sum innskutt egenkapital		68 460 354	68 460 354
Opptjent egenkapital			
Udekket tap	13	1 941 066 187	1 544 115 451
Sum opptjent egenkapital		-1 941 066 187	-1 544 115 451
Sum egenkapital		-1 872 605 833	-1 475 655 097
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	14	5 082 897 515	4 756 188 146
Sum annen langsiktig gjeld		5 082 897 515	4 756 188 146
Sum langsiktig gjeld		5 082 897 515	4 756 188 146
Kortsiktig gjeld			
Leverandørgjeld		3 469 899	586 683
Skyldige offentlige avgifter		15 327 345	9 713 556
Kortsiktig konserngjeld	15	1 089 641 593	1 088 575 536
Annen kortsiktig gjeld		51 435 737	27 886 906
Sum kortsiktig gjeld		1 159 874 574	1 126 762 681
Sum gjeld		6 242 772 089	5 882 950 827
SUM EGENKAPITAL OG GJELD		4 370 166 256	4 407 295 730



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of COSL Drilling Europe AS

Opinion

We have audited the financial statements of COSL Drilling Europe AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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 from 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 scepticism 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Company 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 communicate with the board of directors 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.

Stavanger, 26 June 2024
ERNST & YOUNG AS

The auditor's report is signed electronically.

Erik Søreng
State Authorised Public Accountant (Norway)

Independent auditor's report - COSL Drilling Europe AS 2023

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"By my signature I confirm all dates and content in this document."

Søreng, Erik

State Authorised Public Accountant (Norway)

On behalf of: Ernst & Young AS

Serial number: no_bankid:9578-5999-4-1529830

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COSL Drilling Europe AS

BOARD OF DIRECTORS' REPORT 2023



Introduction

COSL Drilling Europe AS is a fully owned subsidiary of COSL Norwegian AS. As of the date of this report, COSL Drilling Europe AS have shares in 5 subsidiaries. Three of the subsidiaries are asset companies who own rigs, and the remaining two companies are manning companies that hire personnel to other companies within the COSL Norwegian Group.

COSL Drilling Europe AS's office is at Forus in Sandnes, Norway.

Going concern

In accordance with the Accounting Act § 3-3 the Board confirms that the Financial Statements have been prepared under the assumption of a going concern.

The equity of the Company is lost with an amount of NOK 1 872.6 million per end of 2023. This is mainly due to impairment of the subsidiaries. The Company is financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by COSL to additional equity. Per 31 December 2023, the Group's equity including COSL Shareholder loans amounts to NOK 3 210.3 million, which implies an adjusted equity ratio of 73.5%. This has been assessed by the Board as sufficient to continue business operations.

China Oilfield Services Ltd (COSL) has guaranteed to provide financial support to COSL Norwegian AS and its subsidiaries. COSL will provide continuing financial support to the COSL Norwegian Group companies if required to enable them to operate as a going concern and to meet their obligations, for at least 12 months from the date of directors' report, and that such financial support include to provide necessary funding to the companies as well as not calling for payments of the amounts that the Companies owe to COSL. This has been formalized through a signed agreement in 2023.

The Company furthermore had a positive bank balance per 31 December 2023 of NOK 14.1 million.

Profit and loss account

In 2023 total revenues amounted to NOK 201.4 million. The corresponding amount for 2022 was NOK 154.9 million. The revenue for both years relates to recharge of salary and overhead expenses to subsidiaries, mainly subsidiary COSL Offshore Management AS. Personnel costs was NOK 130.3 million compared to NOK 87.6 million in 2022. General and administrative expenses were NOK 59.0 million, compared to NOK 59.5 million in 2022.

Net financial loss was NOK 408.5 million, compared to a net financial loss of NOK 159.3 million in 2022. The financial items were mainly interest to the Parent company, impairment of subsidiaries and exchange loss. Loss before tax was NOK 397.0 million, compared to a loss before tax of NOK 151.8 million in 2022. In 2023, net loss after tax was NOK 397.0 million compared to a net loss after tax of NOK 151.8 million in 2022.

Balance

As of December 31, 2023, total assets were NOK 4 370.2 million compared to NOK 4 412.6 million at the end of 2022.



The board believes that COSL Drilling Europe AS is well positioned to meet its future commitments through internal funds, cash flow and debt financing.

There has been no change in the number of shares during 2023. At the date of this report, the number of outstanding shares of the Company is 50.242.448, the same as December 31, 2022.

Cashflow

The cash flow from operations presented in the financial statement mainly relates to profit before tax, decrease in short term intercompany receivables and payables, financed by increased long term intercompany loan.

Liquidity and financing

December 31, 2023, COSL Drilling Europe AS had NOK 14.1 million in cash and cash equivalents. At the end of 2022, the same figure was NOK 11.1 million. The Company's investments in its subsidiaries are mainly financed through intercompany interest-bearing debt. Intercompany Interest-bearing debt was NOK 5 082.9 million at the end of the year. In 2022 this amount was NOK 4 756.2 million. The increase is due to exchange gain on the USD-denominated loan, and interest not paid.

Market

COSL Drilling Europe AS is a management and holding company and will continue its investment in its subsidiaries. The market view is dependent on the investments made by its subsidiaries.

Working environment

The company had 59 full time equivalent positions as of December 31, 2023. At the end of 2022 the number was 45. 42% of the staff was female.

The company aims for equality between genders. The working environment is considered good, and management will continue to work to maintain a good work environment. There are no differences in salary based on gender. The company had no involuntary part time workers in 2023.

There were no employee related accidents in 2023.

When hiring new employees, they are evaluated based upon skills and objective measurements for the relevant position. No cultural, gender, religious, political or nationality considerations influence the decision. The company has internal procedures to ensure and maintain equality.

The company's operation does not pollute the environment.

Company risks

COSL Drilling Europe AS and its subsidiaries are exposed to market risks, geographical risks, political risks, construction risks, operational risks, financial risks, and strategic risks. The risk for COSL Drilling Europe AS is indirectly through ownership of asset companies for the different rigs. The Board and management manage these risks through ensuring a close relationship with the external management providers and through continuous reporting and monitoring. Strict safety management system has been implemented to



ensure a safe and efficient operation and working environment in the rig operations. Major factors in determining market risks are future oil and gas prices.

Financial risk

COSL Drilling Europe AS is exposed to several different financial market risks arising from the normal business activities. Financial market risk is the possibility that fluctuations in currency exchange rates or interest rates will affect the value of our assets, liabilities, or future cash flows. To reduce and manage these risks, management periodically reviews and assesses its primary financial market risks.

The company's exposure to the risk of changes in the market interest rates relates primarily to the long-term debt with floating interest rates.

Receivable balances are monitored on an ongoing basis.

Shareholders and equity

COSL Drilling Europe AS only shareholder is COSL Norwegian AS. COSL Norwegian AS is a fully owned subsidiary of China Oilfield Services Limited.

The board members are covered through a corporate insurance, the D&O limit is 200 million Chinese Yuan and this policy is Globally for all directors of China Oilfield Services Ltd and subsidiaries.

Sandnes, June 20th, 2024

The Board of Directors of COSL Drilling Europe AS

Zhou Bingwen
Chairman of the Board

Arild Stakkestad
Member of the Board

Frank Tollefsen
CEO and Board member

Li Bing
Member of the Board



Financial Statements

COSL Drilling Europe AS

Org. Nr.: 988.288.330

2023



COSL Drilling Europe AS Profit and loss statement

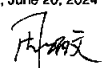
NOTE	OPERATING REVENUE AND OPERATING EXPENSES	2023	2022
2	Revenue	<u>201 444 710</u>	<u>154 935 866</u>
	Total operating revenue	<u>201 444 710</u>	<u>154 935 866</u>
3	Payroll and related costs	130 332 990	87 558 921
4	Depreciation and amortisation	508 430	306 793
5	Operating, general and administrative expenses	<u>59 029 223</u>	<u>59 480 618</u>
	Total operating expenses	<u>189 870 643</u>	<u>147 346 332</u>
	Operating profit/(loss)	<u>11 574 067</u>	<u>7 589 534</u>
	FINANCIAL INCOME AND FINANCIAL EXPENSES		
6	Income from subsidiaries and associated companies	-	9 324 260
10	Reversal of impairment of financial assets	-	453 242 360
10	Impairment of financial assets	(17 410 071)	(183 508 476)
7	Interest expense group companies	(308 829 190)	(71 310 668)
8	Other financial expenses	<u>(82 285 542)</u>	<u>(367 091 974)</u>
	Financial items, net	<u>(408 524 803)</u>	<u>(159 344 498)</u>
	Profit/(loss) before taxation	<u>(396 950 736)</u>	<u>(151 754 964)</u>
9	Tax on ordinary income	-	-
	PROFIT/(LOSS) FOR THE FINANCIAL YEAR	<u>(396 950 736)</u>	<u>(151 754 964)</u>
	ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS		
13	Transferred to retained earnings	<u>396 950 736</u>	<u>151 754 964</u>
	Total allocations and equity transfers	<u>396 950 736</u>	<u>151 754 964</u>




COSL Drilling Europe AS
Balance sheet at 31 December

NOTE	ASSETS	2023	2022
	Non-current assets		
	Tangible fixed assets		
4	Property, plant and equipment	1 156 196	1 532 367
10	Investments in subsidiary companies	<u>4 335 928 684</u>	<u>4 353 338 755</u>
	Total non-current assets	<u>4 337 084 880</u>	<u>4 354 871 122</u>
	Other receivables	18 580 423	5 901 583
11	Intercompany receivables	355 665	40 713 218
12	Cash and cash equivalents	<u>14 145 287</u>	<u>11 089 955</u>
	Total current assets	<u>33 081 375</u>	<u>57 704 756</u>
	TOTAL ASSETS	<u>4 370 166 255</u>	<u>4 412 575 878</u>
NOTE	SHAREHOLDERS EQUITY AND LIABILITIES	2023	2022
	Shareholders equity		
	Paid-in capital		
13	Share capital	12 560 612	12 560 612
13	Other paid-in capital	<u>55 899 742</u>	<u>55 899 742</u>
	Total paid-in capital	<u>68 460 354</u>	<u>68 460 354</u>
	Retained earnings		
13	Retained earnings	<u>(1 941 066 187)</u>	<u>(1 544 115 451)</u>
	Total retained earnings	<u>(1 941 066 187)</u>	<u>(1 544 115 451)</u>
	Total shareholders equity	<u>(1 872 605 833)</u>	<u>(1 475 655 097)</u>
	Other non-current liabilities		
14	Loans from group companies	<u>5 082 897 515</u>	<u>4 756 188 146</u>
	Total non-current liabilities	<u>5 082 897 515</u>	<u>4 756 188 146</u>
	Current liabilities		
15	Intercompany liabilities	1 089 641 593	1 088 575 536
	Accounts payable	3 469 899	5 866 831
	Other taxes and withholdings	15 327 345	9 713 556
	Other current liabilities	<u>51 435 737</u>	<u>27 886 906</u>
	Total current liabilities	<u>1 159 874 573</u>	<u>1 132 042 829</u>
	Total liabilities	<u>6 242 772 088</u>	<u>5 888 230 975</u>
	TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	<u>4 370 166 255</u>	<u>4 412 575 878</u>

Sandnes, June 20, 2024


Zhou Bingwen
Chairman


Frank Tollefsen
CEO and Board member


Arild Stakkestad
Board member


Li Bing
Board member



COSL Drilling Europe AS

Cash flow statement

	2023	2022
CASH FLOW FROM OPERATIONS:		
Profit/(loss) before taxation	(396 950 736)	(151 754 964)
Depreciation and amortisation	508 430	306 793
Net Impairment of fixed and intangible assets	17 410 071	(269 733 884)
Interest expense Group companies *	308 829 190	71 310 668
Effect of currency rate changes	82 128 913	366 368 522
Change in trade payables	(2 396 931)	2 609 517
Changes in inter-company balances *	(21 759 068)	49 637 364
Changes in other current assets and other liabilities	16 483 779	5 714 539
Changes in group cashpool	(1 066 057)	(74 420 393)
Net cash flow from operations	3 187 591	38 163
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Outflows due to purchases of fixed assets	(132 259)	(1 397 442)
Net cash flow from investment activities	(132 259)	(1 397 442)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net cash flow from financing activities	-	-
Net change in bank deposits, cash and equivalents	3 055 333	(1 359 279)
Bank deposits, cash and equivalents at 1 January	11 089 956	12 449 235
Bank deposits, cash and equivalents at 31 December	14 145 288	11 089 956

* The presentation of the interest and interest bearing debt have been changed for 2022 retrospective to be comparable with the presentation for the 2023 figures. This is to identify the paid interest vs the accrued interest.



COSL Drilling Europe AS

Notes to the accounts, year ended 31 December 2023

Note 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

The company has received approval from the Register of Business Enterprises in Norway to prepare the financial statements in English.

All amounts are in NOK unless otherwise stated.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

Foreign currency

All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to use estimates and assumptions, which affect the value of the assets and liabilities, and disclosure notes. Such estimates and assumptions may have significant impact on the reported revenues and costs for a specific reporting period. The actual amounts may deviate from the estimates.

Shares in subsidiaries and associates

Subsidiaries and investments in associates are carried at cost. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted accounting principles. Received dividends and group contributions are recognised as other financial income. The same applies for investments in associates.

Revenue

Revenue is recognised when it is earned, i.e. when both the risk and control have been mainly transferred to the customer or when the claim to remuneration arises. This will normally be the case when the goods are delivered to the customer or when the service is performed, as the work is being done. The revenue is recognised with the value of the remuneration at the time of transaction.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Cash pool

The Company is part of the Group cash pool arrangement with Sparebanken 1 SR Bank, for which COSL Norwegian AS is the main account holder. Balances due from and due to the cash pool arrangement are presented as balances due from or due to

**Income taxes**

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Deferred tax assets are not recognized to the extent where future recoverability is uncertain.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less. Group cashpool accounts are presented as intercompany in the cash flow statement.



Note 2 Related party transactions and balances

Related party transactions, profit and loss

In the normal course of business, the Company enters into several types of transactions with related parties. All transactions are performed at an arms' length principle. The most significant transactions with related parties are specified as follows:

Transaction type	Note	2023	2022
Intercompany interest expense	(1)	(308 829 190)	(71 310 668)
Reimbursable income	(2)	201 444 710	154 935 866
Group contribution income with tax effect	(3)	-	9 324 260

(1): Intercompany interest income/(expense) comprises interest related to the group cashpool arrangement and loans with group companies.

(2): Cost of management, back-office and other indirect overhead costs are incurred by COSL Drilling Europe AS and allocated to group companies in Norway on a pro rata basis including a mark-up (mainly to COSL Offshore Management AS).

(3): Income from subsidiaries and associated companies relate to group contribution (with tax effect) received from related group companies, this was related to COSL Offshore Crew AS in 2022.

Note 3 Payroll costs, number of employees, benefits, loans to employees etc.

Payroll costs	2023	2022
Wages and salaries	108 387 769	63 240 030
Pension costs	3 835 150	2 919 109
Other personnel costs	18 110 071	21 399 783
Total	130 332 990	87 558 921

Average number of employees during the year 50 41

Pensions

The company's pension scheme meets the requirements under Norwegian laws to provide an occupational pension scheme. The pension scheme is classified as a defined contribution scheme and is arranged through an agreement with an external pension insurance company.

Remuneration to Board of Directors and CEO

The board members receive normal salary in the company for their positions, they are not compensated with a board fee.

The company did not provide any loans or securities to the Board of Directors or members of Management in 2023 or in 2022. The company has a contractual obligation to pay 6 months' salary to the top management in the case of employment termination.

Auditor

Remuneration to Ernst and Young AS and their associates is as follows:

	2023	2022
Statutory audit	1 892 800	2 668 372
Total costs for Auditor	1 892 800	2 668 372



Note 4 Fixed assets

	Machinery and equipment	Total
Net cost at 31 December 2022	1 532 367	1 532 367
Additions, purchased	132 259	132 259
Disposals	-	-
Cost at 31 Desember 2023	1 664 626	1 664 626
Depreciation	508 430	508 430
Accumulated depreciation on disposed assets	-	-
Accumulated depreciation 31 December 2023	508 430	508 430
Balance at 31 December 2022	1 156 196	1 156 196
Economic life	3-8 year	
Depreciation method	Linear	

COSL Drilling Europe AS has tangible fixed assets in the form of office equipment, art, hardware, software and warehouse equipment (Mongstad).

Note 5 Operating, general and administrative expenses

Operating, general and administrative expenses	2023	2022
Office, warehouse and equipment costs	20 715 638	29 605 307
Travel expenses	225 758	43 795
Consultancy and legal fees	19 418 900	16 964 602
IT costs	18 668 927	12 866 914
Total operating, general and administrative expenses	59 029 223	59 480 618

Note 6 Income from Subsidiaries and associated Companies

Transaction type	Company	2023	2022
Group contribution income with tax effect	COSL Offshore Crew AS	-	9 324 260
Total Group contribution		-	9 324 260

Note 7 Interest expense Group companies

Transaction type	2023	2022
Interest expense related to cash pool	(46 140 765)	(21 769 295)
Interest expense related to loan from COSL Norwegian AS	(262 688 426)	(49 541 373)
Total Interest expenses	(308 829 190)	(71 310 668)

Note 8 Other financial income and expenses

Other financial expenses	2023	2022
Realized and unrealized exchange losses	82 128 913	366 408 934
Bank charges	55 730	48 742
Other financial expenses	100 898	634 297
Net other financial expenses	82 285 542	367 091 974



Note 9 Income tax expense

Payable tax	2023	2022
Profit/(loss) before tax	(396 950 736)	(151 754 964)
Permanent differences -offset of interest	308 976 554	71 333 525
Group contribution/dividend not taxable	-	-
*Taxable income from subsidiaries	-	-
Change in temporary differences	(625 916)	(1 121 286)
Impairment of subsidiary	17 410 071	183 508 476
Reversal of impairment	-	(453 242 360)
Change in tax loss carry forward	71 190 026	349 800 117
Changed interest limitation after Statutory filing	-	1 476 492
*Group contribution received/(paid)	-	-
Taxable income / (loss)	-	-
Payable tax on profit (22%)		
Temporary differences		
	2023	2022
Fixed assets	(1 926 287)	(2 552 203)
Interest limitation rule carry forward	(276 075 851)	(276 075 851)
Tax loss carry forward	(489 932 228)	(418 742 202)
Total temporary differences	(767 934 366)	(697 370 256)
Calculated net deferred tax asset / (liability) (22%)	168 945 561	153 421 456
Total deferred tax asset / (liability) recognized (22%)	168 945 561	153 421 456
Deferred tax		
Deferred tax - ending balance	-	-
Deferred tax - opening balance	-	-
Total deferred tax (expense) / income	-	-
Total tax (expense) / income		
- Tax effect of group contribution	-	-
Deferred tax	-	-
Total tax (expense) / income	-	-

Deferred tax assets are not recognized to the extent where future recoverability is uncertain.



Note 10 Investments in subsidiaries and associated companies

Company	Date of acquisition	Registered office	Voting share	Ownership share
COSL Pioneer Pte Ltd	2008	Singapore	100 %	100 %
COSL Promoter Pte Ltd	2008	Singapore	100 %	100 %
COSL Innovator Pte Ltd	2008	Singapore	100 %	100 %
COSL Offshore Crew AS	2008	Norway	100 %	100 %
COSL Offshore Management AS	2008	Norway	100 %	100 %

Company	Net bookvalue 31.12.2023	Net bookvalue 31.12.2022	Equity latest financial statements (1)	Profit/(loss) latest financial statements (1)
COSL Pioneer Pte Ltd	1 453 933 546	1 453 933 546	USD 144 677 418	(USD 13 933 377)
COSL Promoter Pte Ltd	1 520 386 982	1 537 697 053	USD 149 592 855	(USD 11 048 035)
COSL Innovator Pte Ltd	869 839 656	869 839 656	USD 87 221 257	(USD 56 700)
COSL Offshore Crew AS	-	100 000	(5 489 464)	(9 051 714)
COSL Offshore Management AS	491 768 500	491 768 500	1 893 293 589	78 585 883
Total investment in subsidiary companies	4 335 928 684	4 353 338 755		

Company	Reversal of Impairment NOK 31.12.2023	Impairment NOK 31.12.2023	Impairment / Reversal NOK 31.12.2022
COSL Pioneer Pte Ltd	-	-	-
COSL Promoter Pte Ltd	-	(17 310 071)	-
COSL Innovator Pte Ltd	-	-	(183 508 476)
COSL Offshore Crew AS	-	(100 000)	-
COSL Offshore Management AS	-	-	453 242 360
Total investment in subsidiary companies	-	(17 410 071)	269 733 884

COSL Pioneer Pte Ltd, COSL Promoter Pte Ltd and COSL Innovator Pte Ltd have USD as functional currency.
 COSL Pioneer Pte Ltd and COSL Innovator Pte Ltd show favorable exchange when it comes to measure the balance value, however the subsidiaries shows losses and therefore the company has chosen not to reverse prior years impairments.
 COSL Promoter Pte Ltd has significant loss in 2023 and the impairment indicators deemed a necessary impairment.
 COSL Offshore Crew AS shows significant loss in 2023 and the impairment indicators deemed a necessary impairment.

Note 11 Intercompany receivables

Intercompany receivables consist of:

Counterpart	Relationship to the counterpart	2023	2022
COSL Promotor Pte Ltd	Subsidiary	-	995 828
COSL Pioneer Pte Ltd	Subsidiary	-	491 852
COSL Offshore Management AS	Subsidiary	355 665	29 872 928
COSL Offshore Crew AS	Subsidiary	-	9 324 260
China Oilfield Services Ltd	Other group company	-	22 419
Other intercompany	Other group company	-	5 932
Total		355 665	40 713 218



Note 12 Cash and cash equivalents

	2023	2022
Employee withheld taxes (restricted bank account)	9 433 179	6 537 578
Restricted cash for pensions	4 580 760	4 419 394
Other cash and cash equivalents	131 348	132 983
Total	14 145 287	11 089 955

Note 13 Equity

	Share capital	Other paid-in capital	Retained earnings	Total shareholders equity
Equity at 1 January 2023	12 560 612	55 899 742	(1 544 115 451)	(1 475 655 097)
This year's change in equity:				
Profit/(loss) of the year	-	-	(396 950 736)	(396 950 736)
Received/(given) group contribution net of tax	-	-	-	-
Equity at 31 December 2023	12 560 612	55 899 742	(1 941 066 187)	(1 872 605 833)

The share capital in the company at 31 December 2023 consists of the following classes:

	Number	Nominal amount	Carrying value
Share capital by foundation	50 242 448	0,25	12 560 612
Total	50 242 448		12 560 612

All shares give equal owner benefits and voting rights in the company.

Ownership structure

Largest shareholders as of 31 December 2023:

	Number of Shares	Number of shares Total	Ownership share	Voting share
<i>COSL Norwegian AS</i>	50 242 448	50 242 448	100 %	100 %
Total number of shares	50 242 448	50 242 448	100 %	100 %

The company's accounts are included in the consolidated financial statement of COSL Norwegian AS, with office at Vestre Svanholmen 4, 4313 Sandnes.

Note 14 Loans from Group Companies

Counterpart / description	Relationship to the counterpart	Interest rate	2023	2022
COSL Norwegian AS	Parent company	5,05 %	(5 082 897 515)	(4 756 188 146)
Total			(5 082 897 515)	(4 756 188 146)

Maturity

Later than 1 year but not later than 4 years

After 5 years	(5 082 897 515)	(4 756 188 146)
Total	(5 082 897 515)	(4 756 188 146)

COSL Drilling Europe AS has an unsecured loan towards parent company COSL Norwegian AS. The total amount of the loan facility is 1.3 billion US dollars. The purpose of the loan is to finance the ongoing working capital requirements. Subject to the terms of the loan agreement, advances may be drawn by the borrower at any time until the termination date. Interest is accrued yearly upon the aggregate principal amount of outstanding advances.



Note 15 Intercompany payables

Intercompany payables consist of:

Counterpart	Relationship to the counterpart	2023	2022
COSL Norwegian AS, included cash pool	Parent company	1 089 641 593	1 088 575 536
Total		1 089 641 593	1 088 575 536

Group cashpool balance:

The Company is part of a cashpool arrangement with the intermediate holding company COSL Norwegian AS as main account holder. Interest based on floating bank deposit rates are earned or paid based on the Company's cashpool balance. A net deposit/withdrawn on the group cashpool is presented respectively as part of current assets/current liabilities.

Note 16 Going Concern

The equity of the Company is lost with an amount of NOK 1 872.6 million per end of 2023. This is mainly due to impairment of the subsidiaries. The Company is financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by COSL to additional equity. Per 31 December 2023, the Group's equity including COSL Shareholder loans amounts to NOK 3 210.3 million, which implies an adjusted equity ratio of 73.5%. This has been assessed by the Board as sufficient to continue business operations.

China Oilfield Services Ltd (COSL) has guaranteed to provide financial support to COSL Norwegian AS and its subsidiaries. COSL will provide continuing financial support to the COSL Norwegian Group companies if required to enable them to operate as a going concern and to meet their obligations, for at least 12 months from the date of directors' report, and that such financial support include to provide necessary funding to the companies as well as not calling for payments of the amounts that the Companies owe to COSL. This has been formalized through a signed supporting letter.

The Company furthermore had a positive bank balance per 31 December 2023 of NOK 14.1 million.

On the basis of the above, the Company's ability to continue to carry out its objectives and commitments in the foreseeable future is supported and the financial statements have been prepared under the assumption of the Company's ability to continue as a going concern.



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helletand	17.12.2009	05.01.2010
Telefon	Deres referanse	Vår referanse
22078139	Marianne Åsheim	2009/999914

ERNST & YOUNG AS
Vassbotnen 11 Forus
4313 Sandnes

Søknad om tillatelse til å utarbeide årregnskap og årsberetning på engelsk språk for COSL Norwegian AS inklusive datterselskaper

Det vises til Deres brev av 17. desember 2009. De søker på vegne av COSL Norwegian AS inklusive datterselskaper om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk.

Søknaden gjelder for følgende selskaper;

COSL Norwegian AS	992 831 510
COSL Drilling Europe AS	987 861 894
COSL Oil & Gas AS	947 362 089
COSL Rigmar AS	884 358 582
COSL Sea Beds AS	960 254 635
COSL Sea Beds II AS	985 876 185
COSL Drilling Semi AS	988 288 330
COSL Offshore Management AS	991 006 494
Wilrig AS	989 850 105
COSL Rig Holding AS	990 405 034
COSL Rig Ltd	991 594 019
COSL Power AS	987 861 916
COSL Power Ltd	991 594 027
COSL Craft AS	987 862 932
COSL Craft Ltd	991 594 035
COSL Strike Ltd	991 594 043
Premium Drilling AS	988 294 187

COSL Norwegian AS er morselskap til det norske underkonsernet. Selskapet er et heleid datterselskap av China Oilfield Services Limited ("COSL"), som er hjemmehørende i Kina og er registrert på hovedlisten på børsen i Shanghai (SSE) og på børsen i Hong Kong (HKSE). Selskapene er i det vesentlige finansiert av morselskapet i Kina. I søknaden er det nevnt at arbeidsspråket i selskapet er engelsk da flere av styremedlemmene og flere av de ansatte i selskapet er kinesiske eller innleide utenlandske konsulenter. I hovedsak skjer all internrapportering, inkludert månedlig rapportering til morselskapet i Kina, på engelsk.

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Fredrik Selmers vei 4	800 80 000
0134 Oslo	Org. nr: 974761076	Telefaks
skattedirektoratet@skatteetaten.no		22 17 08 60



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som sentrale verktøy i sin kontrollvirksomhet.

Det er etter Skattedirektoratets vurdering derfor avgjørende at spørsmål om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, ikke på vesentlige områder fraviker fra hensynet til brukere av regnskapsinformasjon. Søkeren må som et utgangspunkt for vurderingen ha en særlig interesse for kun å utarbeide årsregnskap og/eller årsberetning på et annet språk enn norsk.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapet er et heleid datterselskap av China Oilfield Services Limited ("COSL"), som er hjemmehørende i Kina og er registrert på hovedlisten på børsen i Shanghai (SSE) og på børsen i Hong Kong (HKSE). Selskapene er i det vesentlige finansiert av morselskapet i Kina. Arbeidsspråket i selskapet er engelsk da flere av styremedlemmene og flere av de ansatte i selskapet er kinesiske eller innleide utenlandske konsulenter. I hovedsak skjer all internrapportering, inkludert månedlig rapportering til morselskapet i Kina, på engelsk. Skattedirektoratet legger derfor til grunn at det i dette tilfellet ikke syntes å være brukere av selskapenes regnskapsinformasjon som har en særlig interesse i å få dette på norsk språk.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.


Dispensasjonen er gitt under den forutsetning at de ovennevnte opplysninger som vedtaket baserer seg på ikke endres vesentlig.

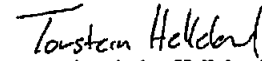


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Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Jan Hoelstad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Torstein Helleland
Torstein Kinden Helleland





COSL

000-O-000

COSL Norwegian AS

**Financial statements for the parent company
and consolidated financial statements for the group
2023**

000-O-000



COSL Norwegian Group

BOARD OF DIRECTORS' REPORT 2023



COSL NORWEGIAN AS BOARD OF DIRECTORS REPORT 2023

Introduction

COSL Norwegian AS was founded 23. June 2008. The company is the parent company in COSL Norwegian Group. The subsidiaries offer services connected to oilfields, as well as other related activity, such as participation and acquisition of other companies. The company's head office is located at Forus, Sandnes. The company also has offices in Singapore, Aberdeen and Mongstad through its subsidiaries. COSL Norwegian AS is a fully owned subsidiary of COSL Singapore Limited, and it is ultimately owned by China Oilfield Services Limited (COSL).

The COSL Norwegian group owned three Semi submersibles drilling rigs by end of 2023. At the date of the signing of this report all three semi submersibles drilling rigs are in operation.

Going concern

The board confirms that the financial statements are prepared in accordance with the Accounting Act § 3-3a. The financial statements have been prepared under the assumption of the company being a going concern.

The Group's equity as of 31 December 2023 has been lost and amounts to USD 753.7 million (2022: USD 669.3 million loss). The main changes are operational loss and interest cost. The equity of the Company is lost with an amount of USD 667.8 million (2022: USD 533.3 million loss).

In 2023, the market has been becoming tight, day rate in North Sea has increased, this will help COSL Norwegian AS to rebuild its equity. The Board believe that the market will improve over the next years.

The Group/Company is mainly financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by China Oilfield Services Ltd (COSL) to additional equity. COSL has guaranteed to provide financial support to COSL Norwegian AS and its subsidiaries. COSL will provide continuing financial support to the COSL Norwegian Group companies if required to enable them to operate as a going concern and to meet their obligations, for at least 12 months from the date of directors' report, and that such financial support include to provide necessary funding to the companies as well as not calling for payments of the amounts that the Companies owe to COSL. This has been formalized through a signed supporting letter for 2024.

Per 31 December 2023, the Group's equity including COSL Shareholder loans amounts to USD 827.1 million, which implies an adjusted equity ratio of 78.0%. This has been assessed by the Board as sufficient to continue business operations of the Group and the Company.



The Group furthermore had a positive bank balance per 31 December 2023 of USD 14,7 million.

Statement of Profit and Loss and Other Comprehensive Income

Consolidated accounts:

In 2023, total revenues amount to USD 197.8 million and relate to the operation of three semi-submersible drilling units. The total revenue for 2022 was USD 89.7 million. Operating profit before depreciation and amortization (EBITDA) was USD 45.2 million compared to an operating loss of USD 21.3 million in 2022. The operating loss after depreciation and amortization (EBIT) was USD 7.5 million compared with USD 75.8 million loss for the same period last year.

Net financial costs were USD 76.4 million in 2023 compared to USD 26.8 million in 2022. The increase is mainly due to increased interest rate. Loss before tax was USD 83.9 million, compared to 2022 it was USD 102.6 million. In 2023, total comprehensive loss was USD 84.4 million compared to a loss of USD 102.6 million in 2022.

Parent company accounts:

Operating loss in 2023 was USD 22.2 thousand, compared to a loss of USD 15.8 thousand in 2022. Financial items amounted to a loss of USD 134.5 million in 2023 compared to a loss of USD 108.6 million in 2022. A Group contribution income of USD 2.6 million has been recognized in 2023 (2022: USD 11.4 million). Impairment for the subsidiary COSL Drilling Europe AS and COSL Craft Ltd of totally USD 94.9 million. Loss before tax for 2023 was USD 134.5 million, compared to a loss of USD 108.6 million in 2022. Tax expenses were zero in 2023 and 2022 due to tax loss carry-forward for which no deferred tax assets have been recognized.

Statement of Financial Position

Consolidated accounts:

As of December 31, 2023, total assets were USD 1,061.8 million compared to USD 1,083.9 million at the end of 2022. Total investments in rig construction and upgrades for 2023 were USD 59.1 million compared to USD 62.2 million in 2022. The investments have been financed mainly from cash flows from operations and increased of intercompany/related party loans.

The Board believes the group is well positioned to meet its future commitments through internal funds, cash flow and debt financing. However, the lost equity situation is closely monitored and measures to restore the equity are being evaluated, including a conversion of debt to equity, if needed.

There has been no change in the number of shares during 2023. The share capital is USD 285 million unchanged from December 31, 2022. The group's equity ratio is (71.1 %) compared to (61.8 %) in 2022.

Parent company accounts:

As of December 31, 2023, total assets were USD 853.4 million compared to USD 947.5 million at the end of 2022, mainly relating to the shares in subsidiaries and loans to subsidiaries. Equity



is negative and amounts to USD (667.8) million at end of 2023 and amounted to USD (533.3) million as of end of 2022. The long-term interest-bearing debt is to the parent and related companies, and this can be converted to equity if needed to restore equity.

Liquidity and financing

Consolidated accounts:

December 31, 2023, the Group had USD 14.7 million in cash and cash equivalents. At the end of 2022, the same figure was USD 33.4 million. The CNA group has several shareholder and related party loans, in total amounting to USD 1,580 million, the comparison figure for 2022 was USD 1,494 million. See cash flow statement for further information.

Parent company accounts:

December 31, 2023 COSL Norwegian AS had cash of USD 4.7 million, the corresponding figure for 2022 was USD 12.7 million. The Board has evaluated that the Company has sufficient liquidity to meet its' obligations.

Drilling services

The Group owns 3 semi-submersible drilling rigs, which are designed for operation in water depth up to 2 500ft and are suitable for harsh environments.

Contract status – Semi submersibles

The company secured a new long-term contract for COSLProspector with Vår Energi planned to commence approx. 1 August 2024. COSLPioneer operated for Ithaca Energy from March 2023 through the year after completion of the Special Periodic Survey (SPS). COSLPromoter commenced a contract with Equinor in April 2023 which is planned to continue through already declared options through 2024. COSLInnovator continued to operate for CNOOC UK until Dec. 2023 when the SPS commenced.

Market outlook

Oil and gas companies are continuing their focus developing fields that are located in deeper, colder and more remote areas to infield drilling where they can get access to oil at a low investment cost by using existing infrastructure. Both major oil companies and other smaller participants have a similar strategy, and they are focusing on short pay back on their investment and are all focusing on such investment opportunities. We also see in the UK sector that most oil companies are awaiting the outcome of the governmental election this autumn, to see if the existing "windfall" tax will continue or if improved tax incentive schemes will be presented from the new government. As per today, the rig market is planning lower activity for new development/ exploration programs to be executed from 2023 and onwards due to the windfall tax.

Harsh environment forecast

In Norway 13 floaters are working and 2 floaters are stacked as per December 2023. In addition, 6 floaters have left Norway, to perform new contracts in UK, Canada, Australia



and West Africa. In the UK sector 9 semi-submersible drilling units are on charter plus 4 units are stacked/ at yard.

Today the UK market depend on the election/ windfall tax for future exploration/ development drilling programs, and the general market rates needs to improve if this market shall be sustainable in the medium to long term. However, within the P&A market we see a possible increased activity since several Operators may need to commence long term programs from 2025/ 2026. This may have a positive influence on the overall rig fleet/ day rate development.

Fleet Status

As described above, the harsh environment fleet consists of units with a higher specification than the “standard” rig fleet; hence, these units are also attractive in the general standard international market. The fleet consists of both deep-water units and midwater units.

There is currently not enough demand to utilize the whole harsh environment fleet in the harsh environment market alone, which will force contractors to offer the units in the improving global standard market at better day rates.

Organization

The CNA group had 270 employees by end of the year, this is a decrease from 434 employees compared to end of 2022. The reduction is linked to the transfer of the British staff from COSL Offshore Crew AS to COSL UK Ltd, July 2023. COSL UK Ltd is a related party.

The working environment remains good, attracting highly qualified personnel.

The corporate management of the group is an equal opportunity employer and focuses on preventing any discrimination due to gender or race in matters such as pay, promotion and recruitment. When hiring the employees are evaluated based upon skills and objective measurements for the position. No cultural, gender, religious, political or nationality considerations influence the decision. The group has established internal routines to ensure this.

The group aims to be a workplace with no discrimination. Individual adjustments of workplace and responsibility are made for all employees within the safety guidelines provided by Norwegian Authorities.

There are no employees in the parent company, COSL Norwegian AS.

The report with regards to the Transparency Act is at our website www.cosl.no.

Health, Security and Environment

COSL seeks to become one of the preferred suppliers within all its business areas. HSE is one of the fundamental focuses to ensure safe and efficient operations. The business



operates in compliance with national and international rules and regulations, also comprising mandatory plans and procedures to monitor external environment and prevent environmental damage from offshore operations.

Focus areas in 2024

COSLs main focus areas are related to Safe, Efficient and Low-Carbon operations of our MODUs. All supporting activities conducted by the CDE organization, including our key vendors and strategic partners shall be aligned with our efforts to achieve our Goals.

We will continue building on our experiences and update our processes to clearly define a system which is reasonable and valuable for the offshore workers. We are depending on all employees to involve themselves and contribute to build a solid company culture and ensure that COSL maintains our position as one of the preferred suppliers of drilling services.

Our key focus is to manage and operate our units in a Safe and Efficient manner and with true Low Emissions, and our most important tool in achieving this is strict compliance with our Quality, Health, Safety & Environment (QHSE) Policy in everything that we do. We live up to our core values; Honesty, Motivation and Co-operation. Our Company Management System (CMS), which includes our Policies and Procedures is our common system for making us fully aligned in performing safe operations.

COSL Norwegian AS believes that we have established good processes to achieve our goals, and we are aware this requires constant management focus, setting the expectations, providing the necessary training and follow-up.

Company risks

COSL Norwegian AS and its subsidiaries are exposed to market risks, geographical risks, political risks, operational risks, financial risk, and strategic risks. The risk for COSL Norwegian AS is indirectly through ownership of asset companies for the different rigs. The Board and subsidiaries' management manage these risks through ensuring a close supervision of the operation, retaining a close relationship with the external management providers and through continuous reporting and monitoring. Strict safety management system is implemented to ensure a safe and efficient operation and working environment in the rig operations. Major factors in determining market risks are future oil and gas prices.

Financial risk

COSL Norwegian AS is exposed to many different financial market risks arising from the normal business activities. Financial market risk is the possibility that fluctuations in currency exchange rates or interest rates will affect the value of our assets, liabilities, or future cash flows. To reduce and manage these risks, management periodically reviews and assesses its primary financial market risks.

The U.S. Dollar is COSL Norwegian AS's internal management reporting currency and functional currency for reporting to head office in China. The currency exposure related to cash flow and the net result arises mainly from balances nominated in non-USD currencies.



The company's future capex program will be financed with cash flow from operation in subsidiaries, intercompany loans, and shareholder loan from China Oilfield Services Ltd.

Shareholders and equity, parent company

COSL Norwegian AS's only shareholder is COSL Singapore International Ltd which again is a fully owned subsidiary of China Oilfield Services Limited.

Sandnes, 20 June 2024

The Board of Directors of COSL Norwegian AS

Zhou Bingwen
Chairman of the Board

Frank Tollefsen
Member of the Board

Bing Li
Member of the Board

Arild Stakkestad
Member of the Board



Financial Statements

COSL Norwegian AS

Org. Nr.: 992.831.510

2023



COSL Norwegian AS Profit and loss statement

All figures in USD

NOTE	OPERATING REVENUE AND OPERATING EXPENSES	2023	2022
2	Other operating expenses	22 271	15 781
	Total operating expenses	22 271	15 781
	Operating profit/(loss)	(22 271)	(15 781)
	FINANCIAL INCOME AND FINANCIAL EXPENSES		
3	Group contribution from subsidiaries	2 644 220	11 350 320
4	Interest received from group companies	38 428 919	11 417 800
5	Other financial income	(5 692 787)	(27 900 433)
6	Impairment of financial assets	(94 941 710)	(70 580 671)
7	Interest paid to group companies	(74 883 126)	(32 821 622)
8	Other financial expenses	(8 442)	(28 142)
	Financial items, net	(134 452 926)	(108 562 748)
	Profit/(loss) on ordinary activities before taxation	(134 475 197)	(108 578 529)
9	Tax on ordinary income	-	-
	PROFIT/(LOSS) FOR THE FINANCIAL YEAR	(134 475 197)	(108 578 529)
	ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS		
	Transferred (to)/from retained earnings	134 475 197	108 578 529
	Total allocations and equity transfers	134 475 197	108 578 529

COSL Norwegian AS
Balance sheet at 31 December

All figures in USD

NOTE	ASSETS	2023	2022
	Non-current assets		
	Intangible assets		
	Financial non-current assets		
10	Investments in subsidiary companies	210 183 720	305 125 430
11	Loans to group companies	500 112 906	480 098 130
	Other assets	9 698	3 986
	Total non-current assets	710 306 324	785 227 547
	Current assets		
12	Intercompany receivables	138 338 763	149 538 605
	Total receivables	138 338 763	149 538 605
13	Cash and cash equivalents	4 740 735	12 708 448
	Total current assets	143 079 498	162 247 054
	TOTAL ASSETS	853 385 822	947 474 600
	SHAREHOLDERS EQUITY AND LIABILITIES		
	Shareholders equity		
	Paid-in capital		
14	Share capital	285 449 514	285 449 514
14	Share premium account	723 651 248	723 651 248
	Total paid-in capital	1 009 100 761	1 009 100 761
	Retained earnings		
14	Retained earnings	(1 676 885 591)	(1 542 410 394)
	Total retained earnings	(1 676 885 591)	(1 542 410 394)
	Total shareholders equity	(667 784 830)	(533 309 633)
	Liabilities		
	Other non-current liabilities		
15	Loans from group companies	822 212 528	753 914 125
	Total non-current liabilities	822 212 528	753 914 125
	Current liabilities		
15	Current portion of loans from group companies	350 000 000	350 000 000
16	Intercompany liabilities	347 287 920	376 870 108
	Other taxes and withholdings	1 670 203	-
	Total current liabilities	698 958 123	653 470 600
	Total liabilities	1 521 170 651	1 480 784 233
	TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	853 385 821	947 474 600

Sandnes, 20 June 2024


Bingwen Zhou
Chairman
Frank Tollfosen
Boardmember
Anild Stakkestad
Boardmember
Bing Li
Boardmember



COSL Norwegian AS

Cash flow statement

	2023	2022
CASH FLOW FROM OPERATIONS:		
Profit/(loss) before taxation	(134 475 197)	(108 578 529)
Impairment of fixed and intangible assets	94 941 710	70 580 671
Net interest	34 874 599	21 222 888
Net foreign exchange gains / (losses)	5 692 787	27 900 433
Change in working capital	(18 146 388)	(59 899 320)
Net cash flow from operations	<u>(17 112 490)</u>	<u>(48 773 858)</u>
CASH FLOW FROM INVESTMENT ACTIVITIES:		
CASH FLOW FROM FINANCING ACTIVITIES:		
Change in loans payable to group companies, net interest paid	40 300 000	84 810 000
	<u>(31 155 223)</u>	<u>(27 919 749)</u>
Net cash flow from financing activities	<u>9 144 777</u>	<u>56 890 251</u>
Net change in bank deposits, cash and equivalents	(7 967 713)	8 116 392
Bank deposits, cash and equivalents at 1 January	<u>12 708 448</u>	<u>4 592 056</u>
Bank deposits, cash and equivalents at 31 December	<u>4 740 735</u>	<u>12 708 448</u>



COSL Norwegian AS

Notes to the accounts, year ended 31 December 2023

Note 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

The company has received approval from the Register of Business Enterprises in Norway to prepare the financial statements in English.

All amounts are in USD unless otherwise stated.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

Foreign currency

All balance sheet items denominated in foreign currencies are translated into USD at the exchange rate prevailing at the balance sheet date. Currency forward contracts are valued in the balance sheet at fair value on the balance sheet date.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to use estimates and assumptions, which affect the value of the assets and liabilities, and disclosure notes. Such estimates and assumptions may have significant impact on the reported revenues and costs for a specific reporting period. The actual amounts may deviate from the estimates.

Related party transactions

In the normal course of business, the Company enters into several types of transactions with related parties. All transactions are performed at an arms' length principle.

Cost of sales and other expenses

In principle, cost and other expenses are recognised in the same period as the revenue to which they relate.

Income taxes

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity. Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less. Group cashpool accounts are presented as part of cash and cash equivalents in the cash flow statement.



Note 2 Number of employees, Remuneration to Directors, Auditor's remuneration etc.

Employees

The Company did not have a Managing Director or employees during 2023 (2022: 0).

Board of Directors and Management remuneration

No remuneration is paid or expensed and no loans or guarantees are provided to the Board of Directors or Management

Auditor's remuneration

Remuneration to the Company's auditor (Ernst and Young AS) is invoiced to group company COSL Drilling Europe AS and no remuneration is paid or expensed by the Company (2022: 0).

Note 3 Income from Subsidiaries

Transaction type	Company	2023	2022
Group contribution income with tax effect	COSL Craft Ltd	2 644 220	11 350 320
Total Group contribution		2 644 220	11 350 320

COSL Craft Ltd does not have a bank accounts so the Group contribution is reducing the Intercompany liability

Group contribution received in 2023 was USD 2 644 220 (NOK 26 874 531) and USD 11 350 320 (NOK 112 444 212) in 2022 from COSL Craft Ltd.

Note 4 Interest received

Transaction type	2023	2022
Interest received from Group Cash Pool arrangement	14 137 430	6 356 544
Interest received from COSL Drilling Europe AS	24 279 028	5 043 800
Interest received from Bank of Communication	12 461	17 456
Total interest received	38 428 919	11 417 800

Note 5 Other financial income

Other financial income	2023	2022
Net agio gain	(5 692 787)	(27 900 433)
Net other financial income	(5 692 787)	(27 900 433)

Note 6 Impairment of financial assets

Impairments have been recognised in 2023 for subsidiaries where the carrying value of the investment in subsidiary exceeded the estimated fair value of equity of the subsidiary per 31.12.2023. The exchange have been favorable for the measurement of several subsidiaries in the balance, but this is recognized as a temporarily effect and therefore the company has chosen not to reverse prior years impairments.

Company	2023	2022
COSL Drilling Europe AS	(82 919 667)	(70 066 577)
COSL Rig Ltd	-	(514 094)
COSL Craft Ltd	(12 022 043)	-
Impairment recognized	(94 941 710)	(70 580 670)

Note 7 Interest paid

Transaction type	2023	2022
Interest paid for long and short term loans to CNOOC and COSL	74 883 126	32 821 622
Total interest paid	74 883 126	32 821 622

For more details reference to note 15

Note 8 Other financial expenses

Other financial expenses	2023	2022
Interest on overdue payments	593	19 146
Bank charges	7 849	8 996
Net other financial expenses	8 442	28 142



Note 9 Income tax expense

Payable tax	2023	2022
Profit/(loss) before tax	(134 475 197)	(108 578 529)
Permanent differences	131 395 917	91 984 493
Taxable NOKUS income	189 488,63	-
Currency translation effect on carry-forward loss due to interest limitation	2 986 755	14 302 863
Currency translation effect on carry-forward loss	4 225 965	6 062 061
Currency translation effect on valuation allowance	(7 212 720)	(20 364 924)
Change in temporary differences	(2 889 838)	(3 612 298)
(Utilize)/increase in Tax loss carry forward	5 779 629	20 206 335
Taxable income / (loss)	-	-
Payable tax on profit (22%)	-	-
Temporary differences	2023	2022
Fixed assets	(14 084 106)	(14 449 192)
Tax loss carry forward due to interest limitations rules	(115 221 532)	(118 208 287)
Tax loss carry forward	(876 014 784)	(874 461 119)
*Tax loss carry forward due to merger	-	0
Total temporary differences	(1 005 320 421)	(1 007 118 598)
Calculated net deferred tax asset / (liability) (22%)	221 170 493	221 566 092
Valuation allowance	(221 170 493)	(221 566 092)
Total deferred tax asset / (liability) recognized (22%)	-	-
Total tax (expense) / income		
Payable tax	-	-
Deferred tax	-	-
Total tax (expense) / income	-	-

Deferred tax assets are not recognized to the extent where future recoverability is uncertain.
*The tax loss from the merged company COSL Oil and Gas AS missed in the disclosure in 2021.

Note 10 Investments in subsidiaries

Company	Date of acquisition	Registered office	Voting share	Ownership share
COSL Drilling Europe AS	2008	Norway	100 %	100 %
COSL Rig Ltd	2007	Bermuda	100 %	100 %
COSL Superior Ltd	2007	Bermuda	100 %	100 %
COSL Craft Ltd	2007	Bermuda	100 %	100 %
COSL Seeker Ltd	2007	Bermuda	100 %	100 %
COSL Confidence Pte Ltd	2007	Singapore	100 %	100 %
COSL Drilling Singapore Pte Ltd	2007	Singapore	100 %	100 %
COSL Strike Pte Ltd	2007	Singapore	100 %	100 %

Figures in USD	Impairment recognized in 2023	Net bookvalue 31.12.2023	Net bookvalue 31.12.2022
Company			
COSL Drilling Europe AS (**)	(82 919 667)	37 041 172	119 960 839
COSL Rig Ltd (**)	-	5 538 564	5 538 564
COSL Superior Ltd	-	34 016 251	34 016 251
COSL Craft Ltd (**)	-12 022 042,65	79 378 008	91 400 051
COSL Seeker Ltd (*)	-	-	-
COSL Drilling Singapore Pte Ltd (*)	-	30 350 692	30 350 692
COSL Strike Pte Ltd (*)	-	1 343 082	1 343 082
COSL Confidence Pte Ltd (*)	-	22 515 950	22 515 950
Total investment in subsidiary companies	(94 941 710)	210 183 720	305 125 430

* The equity and the profit/(loss) is derived from the Group's internal financial reporting, as statutory accounts for 2022 were not yet available.
** These subsidiaries are intermediate holding companies, having investments in several other subsidiaries in the Group. The presented equity and result relates to the directly owned subsidiary only, as no consolidated accounts are prepared for intermediate holding entities.



Note 11 Loans to Group Companies

Loans receivable from group companies consist of:

Counterpart	Relationship to the counterpart	Interest rate	2023	2022
COSL Drilling Europe AS	Subsidiary	5,05 %	500 112 906	480 098 130
Total			500 112 906	480 098 130
Maturity				
After 5 years			500 112 906	480 098 130
Total			500 112 906	480 098 130

COSL Norwegian AS has an unsecured loan to subsidiary COSL Drilling Europe AS. The total amount of the loan facility is 1.3 billion US dollars. Subject to the terms of the loan agreement, advances may be drawn by the borrower at any time until the termination date. Interest is accrued yearly upon the aggregate principal amount of outstanding advances.

Note 12 Intercompany receivables

Counterpart	Relationship to the counterpart	2023	2022
COSL Rig Ltd	Subsidiary	33 145	33 145
Group Cash pool	Subsidiaries	138 305 617	149 505 461
Total		138 338 763	149 538 606

Note 13 Cash, banks and group cash pool

The Company is the main account holder for the group cash pool arrangement with Sparebanken 1 SR Bank. The group cash pool is a multiple currency arrangement with accounts denominated in Norwegian Kroner, British Pound, US Dollar and Euro. There is no line of credit or overdraft facility for the group cash pool as a total, but there are no overdraft limits for individual companies within the group cash pool.

Group cash pool balances are specified as follows:	2023	2022
Group cash pool balance/(overdraft) due to COSL Norwegian AS	(47 930 642)	(65 113 510)
Group cash pool balances due to subsidiaries	190 966 422	218 439 310
Group cash pool balances due from subsidiaries (overdrafts)	(138 305 617)	(149 505 461)
Total net group cash pool balance per 31 December	4 730 163	3 820 340

Other bank balance not included in the cash pool:

Bank of Communication	10 572	8 888 109
Cash and cash equivalents	4 740 735	12 708 448

The Company's bank balances are denominated in US Dollar.

COSL Norwegian AS is the main account holder. Interest based on floating bank deposit rates are earned or paid based on the Company's cashpool balance. A net deposit/withdrawn on the group cashpool is presented respectively as part of current assets/current liabilities.

Note 14 Share capital and shareholder information

Equity at 31 December 2022	285 449 514	723 651 248	(1 542 410 394)	(533 309 633)
<i>This year's change in equity:</i>				
Profit/(loss) of the year	-	-	(134 475 197)	(134 475 197)
Equity at 31 December 2023	285 449 514	723 651 248	(1 676 885 591)	(667 784 830)

The share capital in the company at 31 December 2023 consists of the following classes:

Ownership structure	Number of shares		Ownership share	Voting share
	Shares	Total		
COSL Singapore International Pte. Ltd.	1 541 228 656	1 541 228 656	1	1
Total number of shares	1 541 228 656	1 541 228 656	1	1

All shares give equal owner benefits and voting rights in the company.



Note 15 Loan from Group Companies

Loans from group companies

in USD

Non-current

	Rate	2023	2022
Long-term COSL shareholder's loan no 1. (May 2009)	5,05 %	78 083 704	74 927 592
Long-term COSL shareholder's loan no 2. (May 2009)	5,05 %	102 338 280	25 794 605
Long-term COSL shareholder's loan no 1. (May 2017)	5,05 %	85 520 519	81 424 408
Long-term COSL shareholder's loan no 1. (May 2022)	5,05 %	93 740 498	89 700 000
Long-term COSL shareholder's loan no 2. (August 2022)	4,95 %	247 107 249	266 900 492

Loan from CNOOC	SOFR plus 0,4%	132 371 250	132 295 186
Loan from OOGC	SOFR plus 0,4%	83 051 027	82 871 842
Total non-current portion of interest-bearing debt		822 212 528	753 914 125

Current

	Rate	2023	2022
Short term loan from OOGC	Libor + 0,5%	350 000 000	350 000 000
Total current portion of interest-bearing debt		350 000 000	350 000 000

Maturity non-current borrowings

Later than one year and not later than four years		822 212 528	753 914 125
Total non-current borrowings		822 212 528	753 914 125

*All loans are presented including interest in 2023.

COSL Shareholder's loan no. 1 and 2

This is an unsecured loan with China Oilfield Services Limited. The loan interest is based on a fixed rates in 2023 and in 2022. The loan is repaid based on COSL Norwegian AS cash flow from time to time. The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender. The original loan the Company and COSL has committed to extend the repayment of the loan until 31th December 2023. For the agreement which were made in May and August 2022, The maturity dates are May 2025 and in August 2027, and they are therefore presented as non-current liability.

Loan from CNOOC

In August 2022, the company entered into a loan facility agreement (unsecured) with CNOOC Group, for up to USD 132 million ("CNOOC"). The loan interest is based on SOFR(1M) + 0.4%. The maturity date is in August 2027.

Loan from OOGC

In August 2022, the company entered into a loan facility agreement (unsecured) with OOGC, a subsidiary of CNOOC, for up to USD 82 million ("OOGC"). The loan interest is floating based on SOFR(1M) + 0.4%. The maturity date is set to August 2027.

Short term loan from OOGC

In July 2016, the company entered into a loan facility agreement (unsecured) with OOGC, one of the CNOOC subsidiaries, for up to USD 350 million ("OOGC loan"). The loan interest is based on SOFR plus 0,5%. The loan can be extended based on the negotiation between the company and OOGC.

Covenants

There are no covenants relating to the loans outstanding as of December 31, 2023.



Note 16 Intercompany liabilities

Intercompany payables consist of:

Counterpart	Relationship to the counterpart	2023	2022
COSL Pioneer Pte Ltd	Subsidiary	14 354	-
COSL Promoter Pte Ltd	Subsidiary	8 068	-
COSL Craft Ltd	Subsidiary	82 899 568	85 031 290
COSL Drilling Pan Pacific Labon Ltd	Related party	73 399 508	73 399 508
Group Cash Pool		190 966 422	218 439 310
Total		347 287 920	376 870 108

Note 17 Going Concern

The Company's equity as of 31 December 2023 has been lost and amounts to USD 667.8 million (negative) (2022: USD 533.3 million negative).

The market has been becoming tight, day rate in North Sea is increased significantly, this will help COSL Norwegian AS to build its equity. The Board believe that the market will improve over the next years.

The Group/Company is mainly financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by China Oilfield Services Ltd (COSL) to additional equity. COSL has guaranteed to provide financial support to COSL Norwegian AS and its subsidiaries. COSL will provide continuing financial support to the COSL Norwegian Group companies if required to enable them to operate as a going concern and to meet their obligations, for at least 12 months from the date of directors' report, and that such financial support include to provide necessary funding to the companies as well as not calling for payments of the amounts that the Companies owe to COSL.

On the basis of the above, the Company's ability to continue to carry out its objectives and commitments in the foreseeable future is supported and the financial statements have been prepared under the assumption of the Company's ability to continue as a going concern.



COSL Norwegian AS

Consolidated Statement of Profit and Loss and Other Comprehensive Income

in USD thousands	Notes	2023	2022
Contract revenue	3	197 825	89 684
Reimbursables	3	-	-
Other	3	-	-
Operating revenues		197 825	89 684
Rig operating expenses	4, 5	140 630	103 814
General and administrative expenses	4, 5, 6	12 014	7 182
Depreciation & Amortization	9, 10	52 688	54 455
Impairment		-	-
Operating expenses		205 333	165 450
Operating profit / (loss)		(7 507)	(75 767)
Interest expense (net)	7	(77 767)	(30 226)
Net foreign exchange gains / (losses)		1 422	3 467
Other financial items		(83)	(72)
Net financial items		(76 428)	(26 832)
Profit / (loss) before taxes		(83 936)	(102 599)
Income tax benefit / (expense)	8	(473)	7
Net profit / (loss) for the year		(84 408)	(102 591)
Other Comprehensive Income / (Loss) - net of tax		-	-
Total Comprehensive Income / (Loss)		(84 408)	(102 591)
Total Comprehensive Income / (Loss) attributable to:			
Owners of the company		(84 408)	(102 591)



COSL Norwegian AS Consolidated Statement of Financial Position

In USD thousands	Notes	31.12.2023	31.12.2022
Assets			
Non-current assets			
Rigs and equipment	9, 10	796 094	787 751
Deferred mobilization expense	11	7 398	-
Right of use assets	12	1 589	698
Total non-current assets		805 081	788 448
Current assets			
Trade receivables	13,14	33 442	22 417
Other receivables and prepayments	13,14	182 112	215 735
Inventory	15	26 515	23 945
Cash and cash equivalents	16	14 692	33 379
Total current assets		256 761	295 476
Total assets		1 061 842	1 083 924
Equity and liabilities			
Equity			
Issued capital	17, 18	285 450	285 450
Share premium	18	713 570	713 570
Retained earnings		(1 752 764)	(1 668 356)
Total Equity		(753 744)	(669 336)
Non-current liabilities			
Deferred tax liability		89	-
Long-term shareholder's loans (interest bearing)	19, 20	1 230 837	1 144 043
Non current liability		-	1 337
Deferred revenue	21	4 500	-
Lease Liability		870	185
Total non-current liabilities		1 236 296	1 145 565
Current liabilities			
Accounts payable		50 740	38 827
Short term loan (interest bearing)	19	350 000	350 000
Current portion of lease liability		513	710
Other short term debt	22	177 556	218 038
Income taxes payable		481	119
Total current liabilities		579 291	607 695
Total equity and liabilities		1 061 842	1 083 924

Sandnes, 20 June 2024

Bingwen Zhou
Chairman of the Board

Frank Tollefsen
Board member

Bing Li
Board member
Arild Stakkestad
Board member



COSL Norwegian AS Consolidated Statement of Cash Flows

in USD thousands	Notes	2023	2022
Profit / (loss) before income tax		(83 936)	(102 599)
<i>Adjustments for:</i>			
Depreciation & Amortization	9	51 802	53 203
Decrease / (increase) in trade and other receivables		22 597	38 746
Decrease / (increase) in inventory		(2 570)	(47)
Decrease / (increase) in other long-term receivables		(7 605)	353
Increase / (decrease) in trade and other payables		(28 570)	8 839
Increase / (decrease) in other long-term debt (deferred revenue)		3 163	(62 155)
Interest expenses *		77 767	30 226
Income taxes paid		(22)	(21)
Net cash flow from (used in) operating activities		32 626	(33 456)
Net (addition)/disposal of rigs and equipment	9	(60 144)	(62 209)
Net cash flows from (used in) investing activities		(60 144)	(62 209)
Payment for interest *		(31 469)	(8 985)
Increase of interest-bearing debt *	19	40 300	120 810
Net cash flows from (used in) financing activities		8 831	111 825
Net change in cash and cash equivalents		(18 687)	16 159
Cash and cash equivalents at beginning of the period		33 379	17 220
Cash and cash equivalents at end of the period	16	14 692	33 379

*The presentation of the interest and interest bearing debt have been changed for 2022 retrospective to be comparable with the presentation for the 2023 figures. This is to identify the paid interest vs the accrued interest.



COSL Norwegian AS
Consolidated Statement of Changes in Equity

in USD thousands	Issued capital	Share premium	Retained earnings	Other comprehensive income	Total
Equity at December 31, 2021	285 450	713 570	(1 565 764)	-	(566 744)
Net profit	-	-	(102 591)	-	(102 591)
Equity at December 31, 2022	285 450	713 570	(1 668 356)	-	(669 336)
Net profit	-	-	(84 408)	-	(84 408)
Equity at December 31, 2023	285 450	713 570	(1 752 764)	-	(753 744)



COSL Norwegian AS

Subsidiaries included in the group accounts

Subsidiaries	Registered office	Ownership interest	Voting share	Included in financials statements from
COSL Superior Ltd	Bermuda	100 %	100 %	2008
COSL Force Ltd	Bermuda	100 %	100 %	2008
COSL Craft Ltd	Bermuda	100 %	100 %	2008
COSL Seeker Ltd	Bermuda	100 %	100 %	2008
COSL Boss Ltd	Bermuda	100 %	100 %	2008
COSL Rig Ltd	Bermuda	100 %	100 %	2008
COSL Confidence Pte Ltd	Singapore	100 %	100 %	2008
COSL Drilling Europe AS	Norway	100 %	100 %	2008
COSL Drilling Singapore Pte Ltd	Singapore	100 %	100 %	2008
COSL Strike Pte Ltd	Singapore	100 %	100 %	2008
COSL Pioneer Pte Ltd	Singapore	100 %	100 %	2008
COSL Promoter Pte Ltd	Singapore	100 %	100 %	2008
COSL Innovator Pte Ltd	Singapore	100 %	100 %	2008
COSL Offshore Crew AS	Norway	100 %	100 %	2008
COSL Offshore Management AS	Norway	100 %	100 %	2008



COSL Norwegian AS

Note 1 - Corporate information

COSL Norwegian AS is a public limited liability company incorporated and domiciled in Norway. The address of the main office is Vestre Svanholmen 4, 4013 Sandnes, Norway.

The principal activity of COSL Norwegian AS and its subsidiaries is the investment in and operation of semi submersible drilling rigs and accommodation rigs.

Note 2 - Summary of significant accounting policies

2.1 - Basis of preparation

The consolidated financial statements of COSL Norwegian AS and its subsidiaries (the "Group") are prepared in accordance with simplified International Financial Reporting Standards (IFRS) as defined by the Norwegian Accounting Act §3-9. From this follows that principles for measurement and recognition are according to IFRS, while the income statement, balance sheet and cash flow statements including notes are presented in accordance to the Norwegian Accounting Act's remaining sections, unless there are specific references to IFRS and its framework. In these instances, the IFRS framework is applied.

The consolidated financial statements are prepared on a historical cost basis, except for investments bought for market purposes or available-for-sale which have been measured at fair value. The Group financial statements are presented in USD. This is also the functional currency of the parent company.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.2 - Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2.3 - Critical accounting estimates and judgements

Estimates

The preparation of financial statements in accordance with IFRS requires management to exercise judgement and to make estimates and assumptions that affect the application of policies, reported amounts of revenue, expenses, assets and liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.



Onerous contract

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Rig assets

Depreciation is based on of the useful lives of the rigs and their residual values. Estimates may change due to changes in scrap value, technological development, competition and environmental and legal requirements. Management reviews the future useful lives of each component and the residual values of the rigs annually, taking into consideration the above mentioned factors. Any changes in estimated useful lives and/or residual values impact the depreciation of the vessels prospectively. See section 2.9 Property, plant and equipment.

Consideration is given annually to determine whether there is any indication or impairment of the carrying amount of the Group's rig assets. If any indication exists, a rig's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, management must estimate future cash flows from the rigs based on an appropriate discount rate. This calculation will be based on management's estimate of future use, revenue generating capacity of the assets and assumptions of future market conditions.

2.4 - Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control over rendered services to the customer. Sometimes, the Group receives short-term advances from customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The revenue is primarily derived from drilling contracts with customers. The core promise in the contracts with the customers is to be available to provide drilling services over the operation period of a contract. Drilling services primarily comprise of providing the mobile offshore drilling unit, crews, related equipment and services necessary to operate the rig. The contract rates include both a lease component and a service component. Services are provided as a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. Therefore, the Group follow the series guidance in IFRS 15 and treat the series of distinct services as a single performance obligation. Revenue is based on the transactions price in the contracts with the customers. The main part of the transaction price is dayrates, which range from a full operating dayrate to lower or zero rates for periods when drilling operations are interrupted. Payment of the dayrate based transaction price is usually due on a monthly basis. Some contracts entitle the Group to receive compensation for mobilisation and demobilisation, contract preparation, customer-requested goods and services or capital upgrades. The compensations are either as fixed lump-sums or based on variable dayrates. Lump-sums are usually paid up-front or when certain milestones are met. The payment terms do not contain any significant financing components.



Revenue from drilling contracts is generally recognised in the period from commencing a contract and until completion of the drilling programme ("the drilling operation period"). No revenue is recognised in the mobilisation and demobilisation period.

2.5 – Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 - Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised 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 recognised on a straight-line basis over the lease term.

The Group as lessee

For contracts that constitutes, or contains a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. If an observable stand-alone price is not readily available, the Group estimates this price by maximising the use of observable information.

Recognition of leases and exemptions

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.



2.7 - Foreign currency

The financial statements for the group are presented in US Dollar ("USD") which is the functional currency for the group. The functional currency of COSL Norwegian AS is the Norwegian Kroner ("NOK"). The functional currency for COSL Norwegian's subsidiaries is either NOK or USD. When translating financial statements for foreign entities from local currency into USD, assets and liabilities are translated using year-end exchange rates, and results are translated using the average exchange rates for the reporting period.

Transactions in foreign currencies are recorded at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates in effect at the dates of the initial transactions.

2.8 - Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.9 - Property, plant and equipment

Rigs and equipment are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition. In situations where it can be clearly demonstrated that expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the asset.

Depreciation is calculated using the straight-line method for each asset, after taking into account the estimated residual value, over its expected useful life. Components of fixed assets with different economic useful lives are depreciated over their respective useful lives. The expected useful lives of the assets are as follows:

Rigs 30 years

Equipment and components of rigs 5-10 years

Office equipment, cars etc. 3-10 years

Certain elements, such as costs recognized in connection with major classification/SPS, have shorter useful lives and are depreciated over shorter periods.

5 yearly spesial survey expenses are regarded as a separate part of the rig value and are classified as depreciation over 5 years.

Newbuilding contracts include payments made under the contracts, capitalized interest and other costs directly associated with the newbuilding program. Capitalized value is reclassified from rigs under construction to rigs upon delivery from the yard, which is when the asset is considered available for its intended use and depreciation commences.

The residual values and useful lives of the assets are reviewed and adjusted if appropriate at each balance sheet date.



2.10 - Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where 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 group 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 post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 - Inventory

Inventories consist of spare parts, materials and supplies held for consumption and are stated at the lower of cost or net realizable value.

2.12 - Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized through profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.



2.13 - Financial assets

The Group's financial assets are trade receivables and cash and cash equivalents.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Groups financial assets at amortised cost includes trade receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

2.14 - Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. A provision for bad debt is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

2.15 - Cash, cash equivalents and cash flow statement

Cash represents cash on hand and deposits with banks that are repayable on demand.

Cash equivalents represent short-term, highly-liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

The cash flow statement is prepared using the indirect method.

2.16 - Long-term interest-bearing debt

All borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

First year installments of long-term debt are classified as current liabilities.



2.17 - Taxes

Income tax payable for the current and prior periods is measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the profit and loss statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 - Segment information

Segment information is prepared in conformity with the accounting policies adopted for the Group's consolidated financial statement. There have not been any significant transactions between the segments.



COSL Norwegian AS

Note 3. Segment information

The Group's risks and rates of return are affected predominantly by the differences in rig business segments. The business segments are therefore the primary segment reporting format. The type of income related to the rig is therefore specified.

Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the rigs provided, with each segment representing a strategic business unit that offers different rigs.

The segment for semi-submersible drilling rigs comprises of three rigs. In 2023 one rig operated in Norway, and two rigs operated in the in UK. There are no transactions between the segments.

Segment information 2023

in USD thousands	Semi submersible drilling rigs	Total
Contract revenue	136 473	136 473
Contract revenue to related party	61 352	61 352
Total revenues	197 825	197 825

Contract revenue is mainly related to the revenue from Equinor ASA of USD 88 854 Thousand and USD 47 370 Thousand from Ithaca Energy Ltd.

Contract revenue to related party is mainly related to the operation of COSL Innovator for CNOOC International Ltd.

Segment information 2022

in USD thousands	Semi submersible drilling rigs	Total
Contract revenue	63 210	63 210
Contract revenue to related party	26 474	26 474
Total revenues	89 684	89 684

Contract revenue is mainly related to the revenue from OKEA ASA of USD 10 508 Thousand, Repsol Sinopec Ltd of USD 9 295 Thousand and USD 43 348 Thousand from Ithaca Energy Ltd.

Contract revenue to related party is mainly related to the operation of COSL Innovator for CNOOC International Ltd.



COSL Norwegian AS Note 4. Operating expenses

in USD thousands

		2023	2022
Rig operating expenses			
Crew expenses	Note 5	57 689	47 790
Repair and maintenance		78 981	51 641
Insurance		3 960	4 382
Total rig operating expenses		140 630	103 814

		2023	2022
General & administrative expenses			
Employee benefits expense	Note 5	7 075	4 933
Provision for obsolete stock	Note 15	1 792	1
Other administrative expenses		3 147	2 248
Total general & administrative expenses		12 014	7 182

Other administrative expenses includes business tax and surcharges and administration fees.

Fees to the auditors are included in general and administrative expenses and are shown below:

in USD thousands, excluding VAT	2023	2022
Audit fees	234	430
Total auditor's remuneration	234	430



COSL Norwegian AS Note 5. Employee benefit expense

in USD thousands		2023	2022
Salaries and bonus		55 391	49 221
Social security tax		4 185	5 926
Pension costs	Note 6	2 966	2 941
Other		2 222	(5 365)
Total employee benefit expense		64 764	52 723

Number of full-time equivalent positions at December 31 270 434

The reduction is linked to the transfer of the British staff from COSL Offshore Crew AS to COSL UK Ltd, July 2023. COSL UK Ltd is a related party.

		2023	2022
Included in Crew expenses	Note 4	57 689	47 790
Included in General and administrative expenses	Note 4	7 075	4 933
Total employee benefit expense		64 764	52 723

Remuneration to Board of Directors

No remuneration was paid to the board members in 2023 and 2022. The board members did not receive shares or options for shares in 2023 or 2022.

All board members are employed by other COSL companies (Ultimate parent company).



COSL Norwegian AS

Note 6. Pensions

The Group has various pensions plans for its employees.

Subsidiaries COSL Drilling Europe AS and COSL Offshore Management AS have defined contribution pension plan which meet the requirements under Norwegian laws to provide an occupational pension scheme.

Subsidiary COSL Offshore Crew AS operates according to UK regulation regarding pension plan for its UK employees. The Company makes contributions for pension premiums with 6.0% of annual salary. All employees must contribute with a minimum on 2 %. The pension plan is covered and administrated through an insurance company.

Total contributions to the contribution pension plans were USD 2.644 thousand in 2023 (2022: USD 2.657 thousand).

COSL Drilling Europe AS and COSL Offshore Management AS have AFP pension arrangement, the cost for 2023 was USD 322 thousand, for 2022 it was USD 284 thousand.

The Group may at any time make alterations to the terms and conditions of the pension scheme and undertake that they will inform the employees of any such changes. The benefits accruing under the scheme are funded obligations.

All pension schemes are calculated and accounted for in accordance with the IFRS (IAS 19R).



COSL Norwegian AS

Note 7. Interest income and expense

in USD thousands

	<u>2023</u>	<u>2022</u>
Interest income		
Related parties		
Bank interest	263	112
Total interest (Cost)/Income	263	112
Interest expense		
Related parties	(77 650)	(29 794)
Bank interest	(381)	(545)
Total interest expense	(78 030)	(30 338)
Net interest (expense)/income	(77 767)	(30 226)



COSL Norwegian AS

Note 8. Income tax

Reconciliation of total income tax expense during the year to the income tax expense at the statutory income tax rate applicable in Norway:

	2023	2022
Profit / (loss) before tax	(83 936)	(102 599)
Tax at Norway's statutory income tax rate of 22%	18 466	22 572
<i>Adjusted for:</i>		
Effect of different tax rates in other countries (1)	(5 144)	(19 722)
Non-taxable income and expense	(15 051)	(6 204)
Non-taxable currency effects & translation adjustments (3)	5 647	27 648
Change in temporary differences (offset against valuation allowance)	2 194	710
Utilize / (increase) tax loss carry forward	(6 790)	(24 998)
Other	205	2
Income tax benefit / (expense)	-472,6	7
Effective tax rate	-0,6 %	0,0 %

Income tax balance in the balance sheet is specified as follows:

	2023	2022
Current income tax payable	(481)	(119)
Prepaid income tax	0	0
Total income tax receivable / (payable)	(481)	(119)

Deferred income tax at December 31 relates to the following:

	2023	2022
Deferred tax assets:		
Fixed assets	491	1 153
Inventory	393	-
Group interest carried forward	31 511	32 348
Tax losses carried forward in Norway (2)	225 001	231 901
Valuation allowance	(257 395)	(265 402)
Deferred tax assets	-	-

Deferred tax liabilities:

IFRS 16 Leasing (net)	(89)	-
Deferred tax liabilities	(89)	-

Net deferred income tax asset / (liability)

	(89)	-
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Deferred tax cost

	2023	2022
Deferred tax, opening balance	-	(8)
Deferred tax, ending balance	(89)	-
Deferred tax benefit / (expense)	(89)	8



	2023	2022
Current income tax		
Current income tax charge, Norway	(335)	16
Current income tax charge, outside Norway	(49)	1
Deferred income tax		
Relating to origination and reversal of temporary differences	(89)	(8)
Tax effect on OCI	-	(2)
Income tax benefit / (expense)	(473)	7

The income tax rates imposed in the tax jurisdictions in which the Group conducts operations vary, as does the tax base to which the rates are applied. In some cases, tax rates may be applicable to gross revenue, statutory or negotiated deemed profits, or other bases utilized under local tax laws, rather than to net income. In addition, the rigs are frequently moved from one tax jurisdiction to another. As a result, the consolidated effective income tax rate may vary substantially from year to year, depending on the relative components of earnings generated in taxing jurisdictions with different tax rates.

(1) Including income and expenses arising on consolidation entries for which a different tax rate is applicable than the nominal tax rate in Norway of 22%

2) Total tax losses carried forward in Norway amount to USD 1,160 million (NOK 11.8 billion) per 31.12.2023 (2022: USD 1,201 million (NOK 11.9 billion)). The tax losses carried forward are available for an indefinite period to offset against future taxable profits. Deferred tax asset have not been recognized to the extent where future recoverability is uncertain. The tax return of the Company and its subsidiaries are routinely examined by relevant tax authorities, and in the ordinary course of business, certain items in the tax returns are questioned or challenged. The Company believes that adequate tax provisions have been made for open years.

(3) Includes tax effect of differences arising from foreign exchange effects relating to the Norwegian Kroner, which is the basis for taxation of the parent company and some group companies.



COSL Norwegian AS Note 9. Rigs and equipment

2023

In thousand USD	Semi submersible drilling rigs	Construction in Progress	Other	Total
Acquisition cost at January 1, 2023	2 177 209	37 709	41 737	2 256 655
Newbuilding, upgrades and reconstruction	53 667	2 307	4 170	60 144
Disposals	-	-	-	-
Acquisition cost at December 31, 2023	2 230 876	40 017	45 907	2 316 800
Accumulated depreciation at January 1, 2023	1 445 202	-	23 702	1 468 904
Depreciation cost 2023	49 702	-	2 100	51 802
Accumulated depreciation at December 31, 2023	1 494 904	-	25 802	1 520 706
Net carrying value at December 31, 2023	735 972	40 017	20 105	796 094

2022

In thousand USD	Semi submersible drilling rigs	Construction in Progress	Other	Total
Acquisition cost at January 1, 2022	2 141 546	11 273	41 630	2 194 449
Newbuilding, upgrades and reconstruction	36 138	26 436	107	62 681
Disposals	(475)	-	-	-475
Acquisition cost at December 31, 2022	2 177 209	37 709	41 737	2 256 655
Accumulated depreciation at January 1, 2022	1 393 863	-	21 839	1 415 702
Depreciation cost 2022	51 339	-	1 864	53 203
Accumulated depreciation at December 31, 2022	1 445 202	-	23 702	1 468 904
Net carrying value at December 31, 2022	732 007	37 709	18 035	787 751

Impairment of rigs and equipment:

As at 31.12.2023 and at 31.12.2022 management evaluated the need for impairment of the carrying value of rig and equipment assets, concluding that the semi submersible rig did not need to be impaired.

Accumulated impairments per December 31, 2023 amounts to USD 768.200 thousand for the semi submersible drilling rigs.

The depreciation cost does not include the depreciation of lease accounting.



COSL Norwegian AS

Note 10. Impairment testing of rigs & equipment

An impairment trigger assesment of rig & equipment assets ("PP&E") is performed every year, if no indicators are identified during the quarterly assessments as such. For the evaluation of impairment indicators, management concluded each drilling rig to be an identical cash-generating unit ("CGU"). The recoverable amount of the cash-generating unit has been determined based on value-in-use ("VIU") calculations using cash flow projections based on a five-year rolling plan plus financial budget for fiscal year 2024 approved by Board of Directors. The post-tax discount rate applied to the cash flow projections is 9.45%, and the cash flow is calculated till the end of the rigs' useful life.

Based on the impairment assessment per 31.12.2023 and 31.12.2022, management has identified no need for impairment of rig & equipment assets.

The impairment trigger assessment of the cash-generating unit for 31 December 2023 is most sensitive to the following assumptions:

- Discount rate: A post tax discount rate of 9.45% has been applied, which reflect specific risks relating to the cash generating units.
- Investments: Capital expenditures are based on estimated annual amounts required for maintenance to keep all rigs operating continuously and expected dry-dock every 5 year.
- Day rates: For the short term period, day rates are based on contracts currently in place. For the mid- to long term, day rates are based on managements' expectations on future market developments with reference to external rig market development reports.
- Utilization rates: The utilization rates applied varies between 90% till 95% based on historic trends per region and current market situation. Furthermore, for rigs currently without contract a utilization rate of 0% is applied for the period in which the rig is expected not to be able to have secured and commenced on a new contract.
- Operating expense per day: Operating expenses are based on company's historic experience and budgets approved by the Board of Directors.
- Tax rate: An estimated effective tax rate of 22% has been applied for semi drilling rig business.
- Inflation: An inflation rate of 2% is applied to day-rates and operating expenses in the period beyond the five-year rolling plan and financial budget.

The values assigned to key assumptions which includes rig utilization rate, day rate and projected expenses are consistent with external information sources and historical trends.



COSL Norwegian AS

Note 11. Deferred mobilization expense

The deferred expense relates to mobilization cost for the semi submersible rig COSLProspector. This cost relates to personnel cost, catering and fuel for the transit period of the rig from the yard in China to Norway. This cost is accumulated in the balance up to commencement date of the contract, then it is amortized over the contract period. The deferred cost also includes drilling equipment ordered on behalf of client with COSL ownership. This is kept in the balance and is amortized over the remaining contract period.

Deferred expenses that are amortized within one year after balance sheet date are presented as current assets, the remaining is classified as non current asset.

The movements in deferred expenses are specified as follows:

	Deferred expenses
Deferred expenses 31.12.2022	-
Expenses deferred during the year (additions)	8 878
Amortization to profit and loss during the year *	-
Reclass to long term	7 398
Non current deferred expenses 31.12.2023	7 398



COSL Norwegian AS

Note 12. Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). The standard includes a number of optional practical expedients related to recognition and initial application. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from previous accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group has offices and warehouse lease agreements. The warehouse lease ended 01.04.2022, and the company executed a one year options, the agreement has been renegotiated in 2023. The office lease at Vestre Svanholmen ends at 31.12.2024.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies "the short term lease" and "lease of low value assets" recognition exemption for these leases.

2023

Right of use assets Assets	Mongstad	Offices at Forus	Total
Discount Rate	2,40 %	2,40 %	
Opening Balance	188	510	698
Addition/execute options and reduce the price	1 828	-	1 828
Depreciation	-552	-335	-887
Agio	-41	-9	-50
End Balance	1 424	166	1 589

Lease Liability	Mongstad	Offices at Forus	Total
Discount Rate	0,59 %	0,59 %	
Opening Balance	-0	185	185
Addition	1 289	-	1 289
Lease payment	-540	-193	-733
Agio	93	-0	93
Accrued interest	28	8	35
End Balance	870	-0	870

2022

Right of use assets Assets	Mongstad	Offices at Forus	Total
Discount Rate	0,59 %	0,59 %	
Opening Balance	1 090	967	2 057
Addition/execute options and reduce the price	-	-	-
Depreciation	-863	-389	-1 252
Agio	-40	-68	-107
End Balance	188	510	698

Lease Liability	Mongstad	Offices at Forus	Total
Discount Rate	0,59 %	0,59 %	
Opening Balance	614	578	1 192
Addition	-	-	-
Lease payment	-588	-337	-925
Agio	-34	-63	-97
Accrued interest	8	7	15
End Balance	-0	185	185



COSL Norwegian AS

Note 13. Trade receivables, other receivables and prepayments

Trade receivables are specified as follows:

in USD thousands	2023	2022
Trade receivables from third parties	17 143	4 990
Trade receivables from related parties	Note 14 16 299	17 427
Total trade receivables	33 442	22 417

Trade receivables are non-interest bearing and are generally on 30-60 days terms.

Other receivables and prepayments are specified as follows:

in USD thousands	2023	2022
Other receivables from related parties	Note 14 178 427	213 443
Prepayments	740	1 519
Deferred expenses related to COSLProspector mobilisation	1 480	-
Other	1 465	772
Total other receivables and prepayments	182 112	215 735

Other receivables and prepayments are non-interest bearing and are generally on 30-60 days terms.



COSL Norwegian AS
Note 14. Related parties

In the normal course of its business, the Company enters into a number of transactions with related parties.

All transactions with related parties have been made on an arms length basis and are settled on a regular basis. The table below provides the total amount of transactions, which have been entered into with related parties for the relevant financial year. Sales and purchases from related parties relates to services rendered under the above mentioned management agreements.

2023	Sales to related parties	Purchases from related parties	Interest owed to related parties	Amounts owed by related parties	Amounts owed to related parties
in USD thousands					
COSL	61 352	11 527	77 650	194 726	1 739 618
Total related parties	61 352	11 527	77 650	194 726	1 739 618

2022	Sales to related parties	Purchases from related parties	Interest owed to related parties	Amounts owed by related parties	Amounts owed to related parties
in USD thousands					
COSL	25 562	-	30 076	230 870	558 095
Total related parties	25 562	-	30 076	230 870	558 095



COSL Norwegian AS
Note 15. Inventory

in USD thousands	2023	2022
Spare parts	28 307	23 946
Provision for obsolescence	(1 792)	(1)
Total inventory	26 515	23 945

Inventory relates to spare parts and tools held at stock both offshore at rigs and onshore at Mongstad base. The value in the balance sheet is at historical cost less provision for obsolescence.



COSL Norwegian AS
Note 16. Cash and cash equivalents

The Company had Cash and cash equivalents denominated in the following currencies at the end of the period:

in USD thousands	2023	2022
US dollar	19 059	(2 652)
Norwegian kroner	(2 369)	(11 441)
Great British Pound	(1 997)	47 162
Other	-	310
Total	14 692	33 379

Restricted cash and cash equivalents

Restricted bank withheld employee tax	2 301	1 586
Restricted bank account regarding pension	451	446
Total	2 752	2 032



COSL Norwegian AS

Note 17. Shares and shareholders

As of December 31, 2023, COSL Norwegian AS is a wholly-owned subsidiary of COSL Singapore Ltd. Board members and senior management owned no shares as of December 31, 2023.

Note 18. Issued capital

Issued capital

in USD thousands, unless otherwise indicated	Number of shares	Share capital	Paid-in premium
Share issue, June 23 2008 (date of incorporation)	100 000	20	-
Share issue, September 5 2008	1 541 228 656	285 430	713 570
Balance at December 31, 2023	1 541 328 656	285 450	713 570

All issued shares have a par value of NOK 1 and are of equal rights. COSL Norwegian AS is incorporated in Norway and the share capital is denominated in NOK. In the table above, the share capital and paid-in premium is translated to USD at the foreign exchange rate in effect at the time of each share issue.



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Note 19. Interest-bearing debt

in USD thousands	Rate	2023	2022
Non-current			
Long-term COSL shareholder's loan (May 2009)	5,05% (1,04%)	78 084	74 928
Long-term COSL shareholder's loan (May 2009)	5,05% (1,04%)	102 338	25 795
Long-term COSL shareholder's loan (May 2013)	5,05% (1,04%)	408 637	316 729
Long-term COSL shareholder's loan (May 2017)	5,05% (1,04%)	85 521	81 424
Long-term COSL shareholder's loan (May 2022)	5,05% (1,04%)	93 740	130 000
Long-term COSL shareholder's loan (August 2022)	4,95% (1,04%)	247 107	300 000
Loan from CNOOC	SOFR plus 0,4%	132 359	132 295
Loan from OOGC	SOFR plus 0,4%	83 051	82 872
Total non-current portion of interest-bearing debt		1 230 837	1 144 043

*Figures in brackets are for 2022

Current

Loan from OOGC Loan	SOFR plus 0,5%	350 000	350 000
Total current portion of interest-bearing debt		350 000	350 000

Maturity interest bearing debt

Within one year		350 000	350 000
Later than one year and not later than four years		1 230 837	1 144 043
Five years and later		-	-
Total non-current and current borrowings		1 580 837	1 494 043

COSL Shareholder's loan

This is an unsecured loan with China Oilfield Services Limited . The loan interest is based on a fixed rates in 2023 and in 2022. The loan is repaid based on COSL Norwegian AS cash flow from time to time. The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender.

The original loan the Company and COSL has committed to extend the repayment of the loan until May 2025. For the agreement which were made in 2017, the maturity date will be in 2025. For the agreement which were made in May and August 2022, The maturity dates are May 2025 and August 2027, and they are therefore presented as non-current liability.

Loan from OOGC

In August 2022, the company entered into a loan facility agreement (unsecured) with CNOOC Group, for up to USD 132 million ("CNOOC"). The loan interest is based on SOFR(1M) + 0.4%. The maturity date is in August 2027.

Loan from OOGC

In August 2022, the company entered into a loan facility agreement (unsecured) with OOGC, a subsidiary of CNOOC, for up to USD 82 million ("OOGC"). The loan interest is floating based on SOFR(1M) + 0.4%. The maturity date is set to August 2027.

Short term loan from OOGC

In July 2016, the company entered into a loan facility agreement (unsecured) with OOGC, one of the CNOOC subsidiaries, for up to USD 350 million ("OOGC loan"). The loan interest is based on SOFR plus 0,5%. The loan can be extended based on the negotiation between the company and OOGC.

Covenants

There are no covenants relating to the loans outstanding as of December 31, 2023.



COSL Norwegian AS

Note 20. Financial instruments and risk management

Risk Management Overview

The Group is exposed to a number of different financial market risks arising from our normal business activities. Financial market risk is the possibility that fluctuations in currency exchange rates or interest rates will affect the value of our assets, liabilities or future cash flows.

To reduce and manage these risks, management periodically reviews and assesses its primary financial market risks. Once risks are identified, appropriate action is taken to mitigate the specific risk. The primary strategy used to reduce our financial risk is the use of spot exchange with financial institutions, where appropriate. Currency spot are used periodically in order to minimize the Company's various net exposures, as well as minimizing specific exposures. The group only trade with high reputation financial institutions on the currency exchange.

It is the management's policy to enter into the currency spot with only highly rated financial institutions. The currency spot is only used for the purpose of managing risk associated with currencies. The Group does not trade or use instruments with the sole objective of obtaining financial gain on fluctuations in currencies or interest rates.

Currency Risk:

The U.S. Dollar is Group's reporting currency as well as the currency for most of the Group's revenues. The currency exposure related to cash flow and the net result arise mainly from administration and operating expenses, nominated in non-USD currencies, mainly NOK. Most of the company's administration expenses and operating expenses in Norway (excluding depreciation) are incurred in NOK currencies.

Changes in the value of the U.S. Dollar relative to these currencies could expose the Group to currency risk. To minimize the impact of foreign exchange movements on the Group's results, the Group periodically enters into currency spot for USD/NOK to minimize the currency risks associated with certain firm commitments and/or forecasted exposures.

	Increase / decrease USD rate against NOK	Effect on profit before tax
2023	+/-10%	+USD -0.8 mill. / USD 0,7 mill.
2022	+/-10%	+USD 7.8 mill. / USD -6,3 mill.

Interest Rate Risk:

The Group's exposure to the risk of changes in the market interest rates relates primarily to the long term debt obligations with floating interest rates. The risk management objective for interest rate risk is to minimize the variations of cash flows arising from changes in interest rates.

At 31 December 2023, 55,7% of the interest bearing debt was floating (2022: 60,8%). The table below shows the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's profit before tax.

	Increase / decrease in basis point on floating interest debt	Effect on profit before tax
2023	+/- 50 bps	+/- USD 2,83 mill.
2022	+/- 50 bps	+/- USD 2,83 mill.

**Credit Risk:**

The Group trades with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debt is not significant. There is no other significant concentration of credit risk within Norwegian companies in the Group.

Liquidity Risk:

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The tool considers the maturity of its financial assets, projected cash flows from operations and forecasted investments in newbuildings.

The liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group maintains sufficient cash for its daily operation via cash deposit.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

At 31 December 2023	Less than 3 months	3 to 12 months	1 to 3 years	Over 3 years
Interest-bearing loans	-	350 000	-	1 230 837
Other liabilities	177 556	-	-	-
Trade payables	50 740	-	-	-

At 31 December 2022	Less than 3 months	3 to 12 months	1 to 3 years	Over 3 years
Interest-bearing loans	-	350 000	-	1 144 043
Other liabilities	218 038	-	-	-
Trade payables	38 827	-	-	-

Capital Management:

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. The Group monitors its capital structure using an equity ratio, which is total equity divided by total assets. The Group's policy is to keep a reasonable equity ratio, also considering the Group's shareholder's loans.

	2023	2022
Total equity (excl. COSL Shareholder Loans)	-753 744	-669 336
Total equity (incl. COSL Shareholder Loans)	477 093	474 707
Total assets	1 061 842	1 083 924
Equity ratio (excl. SHL)	-71,0 %	-61,8 %
Equity ratio (incl. SHL)	44,9 %	43,8 %



COSL Norwegian AS
Note 21. Other short-term debt

in USD thousands	2023	2022
Deferred revenue	4 500	-
Deferred revenue	4 500	-

The deferred revenue is linked to the mobilization income for the rig COSLProspector starting its voyage from China to Norway to commence the contract for Vår Energy ASA. The deferred revenue is split between short term USD 900 Thousand for the drilling contract relating to 2024 and USD 4,5 Million related to the remaining of the contract is defined as long term (non-current).



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Note 22. Other short-term debt

in USD thousands

	2023	2022
Accrued payroll and related costs	7 075	4 185
Short term liabilities to related party, COSL Drilling Pan-Pacific Ltd	10	41
Short term liabilities to related party, COSL Drilling Pan-Pacific (Labuan) Ltd	158 771	203 497
Onerous contract accrual	5 843	8 130
VAT, wagetax, business tax payable	2 146	1 347
Other payables	3 711	838
Total other short-term debt	177 556	218 038

The majority of the other short-term debt are payable within 0 till 90 days.

Other short term debt is non-interest bearing.



COSL Norwegian AS

Note 23. Going Concern

The Group's equity as of 31 December 2023 has been lost and amounts to USD 753.7 million (2022: USD 669.3 million loss).

The Group/Company is mainly financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by China Oilfield Services Ltd (COSL) to additional equity. COSL has guaranteed to provide financial support to COSL Norwegian AS and its subsidiaries. COSL will provide continuing financial support to the COSL Norwegian Group companies if required to enable them to operate as a going concern and to meet their obligations, for at least 12 months from the date of directors' report, and that such financial support include to provide necessary funding to the companies as well as not calling for payments of the amounts that the Companies owe to COSL. This has been formalized through a signed supporting letter.

Per 31 December 2023, the Group's equity including COSL Shareholder loans amounts to USD 827.1 million, which implies an adjusted equity ratio of 78.0%. This has been assessed by the Board as sufficient to continue business operations of the Group and the Company.

The Group furthermore had a positive bank balance per 31 December 2023 of USD 14,7 million.

On the basis of the above, the Group's ability to continue to carry out its objectives and commitments in the foreseeable future is supported and the financial statements have been prepared under the assumption of the Group's ability to continue as a going concern.



COSL Norwegian AS

Note 24. Subsequent events

COSL Promoter Pte Ltd, the subsidiary of COSL Drilling Europe AS, bought the semi-submersible drilling rig COSLProspector for USD 302 830 000, 26th January 2024. The transaction is between the related companies COSL Prospector Pte Ltd and COSL Promoter Pte Ltd, both Singapore registered entities. COSLProspector is currently undertaking a 10 year periodic survey at CCB, Ågotnes, Norway, the rig will commence a contract with Vår Energi ASA in 2024 for a drilling campaign in the Barents Sea.