



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 916 969 767
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: COSL PROMOTER PTE LTD
Forretningsadresse: Vestre Svanholmen 4
4313 SANDNES

Regnskapsår

Årsregnskapets periode: 01.01.2016 - 31.12.2016

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Li Baozhong
Dato for fastsettelse av årsregnskapet: 28.07.2017

Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert
År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

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, 07.09.2020



Resultatregnskap

Beløp i: USD	Note	2016	2015
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5,13	62 013 000	73 000 000
Sum inntekter		62 013 000	73 000 000
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	9	19 366 000	19 322 000
Annen driftskostnad		10 000	5 000
Sum kostnader		19 376 000	19 327 000
Driftsresultat		42 637 000	53 673 000
Rentekostnad til foretak i samme konsern	5,15	6 997 000	7 716 000
Sum finanskostnader		6 997 000	7 716 000
Netto finans		-6 997 000	-7 716 000
Ordinært resultat før skattekostnad		35 640 000	45 957 000
Ordinært resultat etter skattekostnad		35 640 000	45 957 000
Årsresultat		35 640 000	45 957 000
Overføringer og disponeringer			
Utbytte	17	35 000 000	45 900 000
Overføringer til/fra annen egenkapital		640 000	57 000
Sum overføringer og disponeringer		35 640 000	45 957 000



Balanse

Beløp i: USD	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	9	488 498 000	496 722 000
Sum varige driftsmidler		488 498 000	496 722 000
Sum anleggsmidler		488 498 000	496 722 000
Omløpsmidler			
Varer			
Fordringer			
Konsernfordringer	8	84 323 000	65 525 000
Sum fordringer		84 323 000	65 525 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	7	3 614 000	12 510 000
Sum bankinnskudd, kontanter og lignende		3 614 000	12 510 000
Sum omløpsmidler		87 937 000	78 035 000
SUM EIENDELER		576 435 000	574 757 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	12	264 149 000	264 149 000
Sum innskutt egenkapital		264 149 000	264 149 000
Opptjent egenkapital			
Annen egenkapital		72 674 000	72 034 000
Sum opptjent egenkapital		72 674 000	72 034 000



Balanse

Beløp i: USD	Note	2016	2015
Sum egenkapital		336 823 000	336 183 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	10	14 773 000	2 835 000
Utbytte	17	35 000 000	45 900 000
Kortsiktig konserngjeld	11	189 839 000	189 839 000
Sum kortsiktig gjeld		239 612 000	238 574 000
Sum gjeld		239 612 000	238 574 000
SUM EGENKAPITAL OG GJELD		576 435 000	574 757 000



COSL PROMOTER PTE. LTD.
(Registration No. 200618420M)

**DIRECTORS' STATEMENT AND
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2016



COSL PROMOTER PTE. LTD.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

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COSL PROMOTER PTE. LTD.

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of the Company for the financial year ended December 31, 2016.

In the opinion of the directors, the accompanying financial statements of the Company as set out on pages 6 to 28 are drawn up so as to give a true and fair view of the financial position of the Company as at December 31, 2016 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement, with the continued financial support from the intermediate holding company, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Jens Jorgen Arnesen	
Jin Qingyong	(Appointed on January 22, 2016)
Wang Jianjun	(Appointed on July 28, 2016)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act.



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COSL PROMOTER PTE. LTD.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) *Option to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company was granted.

(b) *Option exercised*

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company under option.

5 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Jin Qingyong

Jens Jørgen Arnesen

Date: **28 JUL 2017**



Deloitte.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

COSL PROMOTER PTE. LTD.

Report on the Financial Statements

Opinion

We have audited the financial statements of COSL Promoter Pte. Ltd. (the "Company"), which comprise the statement of financial position as at December 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 28.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at December 31, 2016 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conduct our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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 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, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

COSL PROMOTER PTE. LTD.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 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.

The directors' responsibilities include overseeing the Company's financial reporting process.

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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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.



Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

COSL PROMOTER PTE. LTD.

- (e) 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 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Public Accountants and
Chartered Accountants
Singapore

July 28, 2017



COSL PROMOTER PTE. LTD.

STATEMENT OF FINANCIAL POSITION December 31, 2016

	Note	2016 US\$'000	2015 US\$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	3,614	12,510
Trade and other receivables	8	84,323	65,525
Total current assets		<u>87,937</u>	<u>78,035</u>
Non-current asset			
Plant and equipment	9	<u>488,498</u>	<u>496,722</u>
Total assets		<u>576,435</u>	<u>574,757</u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	14,773	7,835
Loan from intermediate holding company	11	189,839	189,839
Dividends payable	17	35,000	45,900
Total current liabilities		<u>239,612</u>	<u>238,574</u>
Capital and reserves			
Share capital	12	264,149	264,149
Retained earnings		72,674	72,034
Total equity		<u>336,823</u>	<u>336,183</u>
Total liabilities and equity		<u>576,435</u>	<u>574,757</u>

See accompanying notes to financial statements.



COSL PROMOTER PTE. LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended December 31, 2016

	Note	2016 US\$'000	2015 US\$'000
Revenue	5, 13	62,013	73,000
Cost of sales		(19,366)	(19,322)
Gross profit		42,647	53,678
Other operating expenses	15	(145vc)	(30)
Administrative expenses		(10)	(5)
Finance expenses	5	(6,852)	(7,686)
Profit before tax		35,640	45,957
Income tax	14	-	-
Profit for the year, representing total comprehensive income for the year	16	35,640	45,957

See accompanying notes to financial statements.



COSL PROMOTER PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2016

	Share capital	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000
Balance at January 1, 2015	264,149	71,977	336,126
Profit for the year, representing total comprehensive income for the year	-	45,957	45,957
Dividends (Note 17)	-	(45,900)	(45,900)
Balance at December 31, 2015	264,149	72,034	336,183
Profit for the year, representing total comprehensive income for the year		35,640	35,640
Dividends (Note 17)		(35,000)	(35,000)
Balance at December 31, 2016	264,149	72,674	336,823

See accompanying notes to financial statements.



COSL PROMOTER PTE. LTD.

STATEMENT OF CASH FLOWS Year ended December 31, 2016

	2016 US\$'000	2015 US\$'000
Operating activities		
Profit before income tax	35,640	45,957
Adjustments for:		
Interest expense	6,852	7,686
Depreciation of plant and equipment	19,366	19,322
Operating cash flows before movements in working capital	61,858	72,965
Trade and other receivables	(18,798)	13,084
Trade and other payables	6,620	(3,474)
Cash generated from operations	49,680	82,575
Interest paid	(6,852)	(7,686)
Net cash from operating activities	42,828	74,889
Investing activity		
Purchase of plant and equipment (Note A), representing net cash used in investing activity	(5,824)	(1,475)
Financing activity		
Payment of loan from intermediate holding company	-	(71,000)
Dividends Paid (Note 17)	(45,900)	-
Net cash used in financing activities	(45,900)	(71,000)
Net (decrease) increase in cash and cash equivalents	(8,896)	2,414
Cash and cash equivalents at beginning of year	12,510	10,096
Cash and cash equivalents at end of year	3,614	12,510

Note A:

During the financial year, the Company purchased plant and equipment amounting to US\$11,142,000 (2015 : US\$1,931,000) out of which US\$5,318,000 (2015 : US\$456,000) remains unpaid as at the end of the reporting period.

See accompanying notes to financial statements.



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1 GENERAL

The Company (Registration number 200618420M) is incorporated in Singapore with its registered office and principal place of business at 3 Benoi Road, Singapore 629877. The financial statements are expressed in United States dollars.

The principal activities of the Company are ownership and operation of drilling rigs and related activities.

The financial statements of the Company for the year ended December 31, 2016 were authorised for issue by the Board of Directors on July 28, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2016, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of the financial statements, the following FRS, amendments to FRS and improvements to FRS that are relevant to the company have been issued but are not yet effective:

- FRS 109 *Financial Instruments*¹
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*¹
- FRS 116 *Leases*²

¹ Applies to annual periods beginning on or after January 1, 2018, with early application permitted

² Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, amendments to FRS and improvements to FRS in future periods is not expected to have a material impact on the financial statements of the Company in the period of their adoption except for the following:

FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement*, and introduced new requirements for (i) classification and measurement of financial assets and financial liabilities, (ii) general hedge accounting, (iii) impairment requirements for financial assets.

Key requirements for FRS 109:

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. Management will consider whether a lifetime/permanent or 12-month expected credit losses on financial assets and liabilities should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets and liabilities from initial recognition to the date of initial application of FRS 109. Additional disclosures will also be made.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the financial statements of the Company in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt FRS 109.



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management does not expect the adoption of FRS 115 to have a material impact on the financial statements of the Company in the period of their initial adoption. However, additional disclosures for trade receivables and revenue may be required including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimated impact to the financial statements of the Company in the period of initial adoption as management has yet to complete its detailed assessment. Management does not plan to early adopt FRS 115.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provision of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid for received that form an integral part of effective interest rate, transaction, costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Financial assets

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors where the carrying amount is reduced through the use of an allowance account. When a trade debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

Trade and other payables, dividend payable and loan from intermediate holding company are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

PLANT AND EQUIPMENT – All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss. The cost includes the cost of replacing part of the plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation.

Work in progress/assets under construction include payments made under the construction contracts. Capitalised borrowing cost and other costs are directly attributable to construction of these assets. Assets under construction are not depreciated as they are not available for use. Capitalised value is reclassified from work in progress (drilling rigs under construction) to drilling rigs upon delivery from the yard, which is when the asset is considered available for its intended use and depreciation commences. Cost initially recognised in respect of the drilling rig is allocated and subsequently depreciated separately for each identified component.



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

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Depreciation is computed on a straight-line basis over the respective estimated useful lives, taking into account the estimated residual value. The estimated useful lives of the main components of plant and equipment are as follows:

Drilling rig

Rig general	-	3 years
Hull and structure	-	30 years
Drilling equipment and systems	-	5 to 30 years
Platform equipment	-	3 to 5 years
Equipment for crew	-	3 to 20 years
Machinery main components	-	30 years
Platform common system	-	30 years

The carrying amounts of plant and equipment are reviewed for impairment at least annually or when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The residual value, useful life and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate, to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on recognition of the asset is included in profit or loss in the year the asset is de-recognised.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the Company reviews the carrying amounts of its non-financial 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 Company 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

REVENUE RECOGNITION - Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably, regardless of when the payment is made, on the following bases:

- (a) from day rate contracts is recognised as and when services have been performed;
- (b) from the time charters and bareboat charters accounted for as operating leases under FRS 17 are recognised on the straight-line basis over the rental periods of such charters, as service is performed; and
- (c) reimbursables relate to purchases of supplies, equipment, personnel services and other services provided at the request of our customers, with the related expense recorded as an operating expense. Income is recognised when the goods are delivered or services rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution retirement benefit plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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 cost eligible for capitalisation.

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

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as expense or income in profit or loss.



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the Company are measured and presented in United States dollars, which is the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprises cash at bank and are subject to an insignificant risk of change in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the entity's accounting policies

The management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements (apart from those estimates which are dealt with below).



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Key sources of estimation uncertainty

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

(a) Impairment review of plant and equipment

The Company reviews the plant and equipment for impairment whenever there is an indication that the carrying amount of the drilling rig may not be recoverable. The Company measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. Recoverable amount is the higher of the fair value less cost to sell and value in use, which is the future cash flows that the drilling rig is expected to generate and the expected running cost thereof over its remaining useful life with a cash inflow in the final year equal to the expected residual value of the drilling rigs. The future cash flows is discounted to their present value using a pre-tax discount rate that reflects the time value of money. If the plant and equipment is considered to be impaired, impairment loss is recognised to an amount equal to the excess of the carrying value of the asset over its recoverable amount.

The carrying amounts of the Company's plant and equipment at the end of the reporting period is disclosed in Note 9.

(b) Impairment of trade and other receivables

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delays in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The impairment or allowance amount is subject to management's assessment at the end of each reporting period, hence the impairment or allowance amount is subject to uncertainty. The carrying amount of the Company's trade and other receivables at the end of the reporting period is disclosed in Note 8 to the financial statements.



COSL PROMOTER PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	2016	2015
	US\$'000	US\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	87,937	78,035
Financial liabilities		
Payables at amortised cost	239,612	238,574

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

The Company does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting arrangements.

(c) *Financial risk management policies and objectives*

The management of the Company monitors and manages the financial risks relating to the operations of the Company to ensure appropriate measures are implemented in a timely and effective manner. The Company's overall financial risk management seeks to minimise potential adverse effects of financial performance of the Company. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. These risks include currency risk, interest risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below:

(i) Foreign exchange risk management

The Company is not significantly exposed to the effects of changes in foreign currency exchange rate as most of its financial assets and financial liabilities are denominated in United States dollars. Accordingly, no sensitivity analysis is performed and presented.

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from its interest-bearing loan from its intermediate holding company (Notes 5 and 11).



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Sensitivity analysis for interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 75 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At the end of the reporting period, if interest rates had been 75 basis point higher/lower, The Company's profit before tax would have been US\$1,424,000 (2015: US\$1,424,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate loan from intermediate holding company (Notes 5 and 11).

(iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The maximum exposure to credit risk is the carrying amount of financial assets which are mainly cash and cash equivalents, trade and other receivables.

At the end of the reporting period, 100% (2015: 100%) of the Company's trade receivables was due from a related company.

In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, the management believes that no allowance for doubtful debts is required.

Cash and cash equivalents are held with creditworthy financial instruments.

Details of the cash and cash equivalents, trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

(iv) Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2016, the Company's total current liabilities exceed total current assets by US\$151,675,000 (2015: US\$160,539,000). The Company is dependent on its intermediate holding company to provide continuing financial support to enable the Company to operate as a going concern and to discharge its obligations as and when they fall due. Management is satisfied that the financial support will be available when required.

Liquidity and interest risk analyses

Non-derivative financial assets

All non-derivative financial assets of the Company are repayable on demand or due within one year from the end of reporting period, and are non-interest bearing except for cash at bank where the interest earned is minimal.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Adjustment	Total
	%	US\$'000	US\$'000	US\$'000
<u>2016</u>				
Non-interest bearing		49,773	-	49,773
Variable interest rate	3.61	196,691	(6,852)	189,839
Total		246,464	(6,852)	239,612
<u>2015</u>				
Non-interest bearing		48,735	-	48,735
Variable interest rate	3.39	197,525	(7,686)	189,839
Total		246,260	(7,686)	238,574



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS December 31, 2016

(v) Fair value of financial assets and financial liabilities

The management considers that the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair value of loan from intermediate holding company is disclosed in Note 11 to the financial statements.

(d) Capital risk management policies and objectives

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of equity attributable to owner of the Company, comprising issued capital and retained earnings.

The management reviews the capital structure on an on-going basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through the payment of dividends, new share issues, obtain new borrowings or sell assets to reduce borrowings.

The Company's overall strategy remains unchanged from prior year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company's immediate holding company is COSL Drilling Europe AS, a company incorporated in Norway. Its intermediate and ultimate holding company are China Oilfield Services Limited and China National Offshore Oil Corporation respectively, both companies incorporated in the People's Republic of China. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements and terms thereof are arranged and agreed between members of the group. The intercompany balances are unsecured, interest-free, repayable on demand and expected to be settled in cash unless stated otherwise.

Significant related companies' transactions:

	2016	2015
	US\$'000	US\$'000
Revenue (Note 13)	62,013	73,000
Interest expense	(6,852)	(7,686)
Management fee expense	(10)	(4)



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The balances with related parties are unsecured, interest-free, repayable on demand and expected to be settled in cash unless stated otherwise.

Compensation of directors and key management personnel

Certain directors and key management personnel received remuneration from related companies in their capacities as directors and/or executive of those related companies.

7 CASH AND CASH EQUIVALENTS

	<u>2016</u>	<u>2015</u>
	US\$'000	US\$'000
Cash at bank	3,614	12,510

8 TRADE AND OTHER RECEIVABLES

	<u>2016</u>	<u>2015</u>
	US\$'000	US\$'000
Related company (trade) (Note 5)	84,323	65,525

The average credit period is 30 days (2015: 30 days). No interest is charged on overdue trade receivables.



COSL PROMOTER PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

The table below is an analysis of trade receivables as at December 31:

	2016 US\$'000	2015 US\$'000
Not past due and not impaired	6,200	6,495
Past due and not impaired ⁽ⁱ⁾	78,123	59,030
	<u>84,323</u>	<u>65,525</u>

⁽ⁱ⁾ Aging of receivables that are past due but not impaired:

	2016 US\$'000	2015 US\$'000
Less than 6 months	30,400	22,830
6 months – 1 year	47,723	36,200
	<u>78,123</u>	<u>59,030</u>

The Company determines that the trade receivables that are neither past due nor impaired to be of good credit quality.

Included in the Company's receivables balance are debtors with a carrying amount of US\$ 78,123,000 (2015 : US\$59,030,000) which are past due at the end of the reporting period for which the Company has not provided for allowance for doubtful debts as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances.

9 PLANT AND EQUIPMENT

	Drilling rig US\$'000	Construction- in-progress US\$'000	Total US\$'000
Cost:			
At January 1, 2015	542,040	4,357	546,397
Transfers	2,562	(2,562)	-
Additions	1,931	-	1,931
At December 31, 2015	<u>546,533</u>	<u>1,795</u>	<u>548,328</u>
Additions	2,874	8,268	11,142
Disposals	(738)	-	(738)
At December 31, 2016	<u>548,669</u>	<u>10,063</u>	<u>558,732</u>
Accumulated depreciation:			
At January 1, 2015	32,284	-	32,284
Depreciation charge for the year	19,322	-	19,322
At December 31, 2015	<u>51,606</u>	<u>-</u>	<u>51,606</u>
Depreciation charge for the year	19,366	-	19,366
Disposals	(738)	-	(738)
At December 31, 2016	<u>70,234</u>	<u>-</u>	<u>70,234</u>
Carrying amount:			
At December 31, 2016	<u>478,435</u>	<u>10,063</u>	<u>488,498</u>
At December 31, 2015	<u>494,927</u>	<u>1,795</u>	<u>496,722</u>



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Construction in progress

Construction in progress relates to remaining modification projects in progress and rig equipment acquired for overhaul.

Capitalisation of borrowing costs

The Company's plant and equipment includes borrowing costs incurred in connection with the construction of a semi-submersible drilling rig.

10 TRADE AND OTHER PAYABLES

	2016	2015
	US\$'000	US\$'000
Trade payables	5	237
Related companies (non-trade) (Note 5)	8,994	2,142
Accrued capital expenditure	5,774	456
	<u>14,773</u>	<u>2,835</u>

The average credit period is 30 days (2015: 30 days). No interest is charged on overdue balances.

11 LOAN FROM INTERMEDIATE HOLDING COMPANY

The loan from intermediate holding company was unsecured, repayable on demand and bears an effective interest of 3.61% (2015: 3.39%) per annum, based on 3.00% above LIBOR.

Management estimates that the fair value of the loans approximate their carrying value as the borrowing bore interest at floating rates.

12 SHARE CAPITAL

	2016	2015	2016	2015
	Number of ordinary shares	US\$'000	US\$'000	US\$'000
	'000			
Issued and paid up:				
At beginning and end of year	<u>264,149</u>	<u>264,149</u>	<u>264,149</u>	<u>264,149</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.



COSL PROMOTER PTE. LTD.

NOTES TO FINANCIAL STATEMENTS December 31, 2016

13 REVENUE

This represents the invoiced value of bareboat lease income (Note 5).

14 INCOME TAX

Domestic income tax in Singapore is calculated at 17% (2015: 17%) of the estimated assessable profit for the year.

The income tax for the year can be reconciled to the accounting profit as follows:

	2016 US\$'000	2015 US\$'000
Profit before tax	35,640	45,957
Income tax expense at statutory rate of 17% (2015: 17%)	6,059	7,813
Effect of tax exempt income	(6,059)	(7,813)
	-	-

15 OTHER OPERATING EXPENSE

	2016 US\$'000	2015 US\$'000
Net foreign exchange loss	143	30

16 PROFIT FOR THE YEAR

The Company did not have any employees and accordingly no employee benefits expense (including directors' remuneration) was incurred as the administrative support is provided by a related company and there is no recharge from the related company during the year.

17 DIVIDENDS

On December 31, 2016, an interim tax-exempt 1-tier dividend of US\$0.133 per share amounting to US\$35,000,000 was declared to shareholders and remain unpaid as at the end of the reporting period.

On December 31, 2015, an interim tax-exempt 1-tier dividend of US\$0.174 per share amounting to US\$45,900,000 was declared to shareholders and was paid during the financial year.



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	14.08.2017	16.08.2017
Telefon	Deres referanse	Vår referanse
90076012	Randi Skailand	2017/853788

COSL Drilling Europe AS
Postboks 34
4064 STAVANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres e-post av 14. august 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for

- COSL Promoter Pte Ltd, org.nr. 916 969 767
- COSL Innovator Pte Ltd, org.nr. 916 969 546
- COSL Pioneer Pte Ltd, org.nr. 816 970 342

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering ovenstående selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

I søknaden opplyses det om at forholdene i dispensasjonssøknad for øvrige konsernselskaper fra 2009 med saksnummer 2009/999914 fortsatt gjelder, og det henvises dit for informasjon. Søknaden ble invilget, og selskapene det nå søkes dispensasjon for er filialer av utenlandske selskaper i konsernet hjemmehørende i Singapore.

Fra søknad av 17. desember 2009 gjengis:

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.

En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

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

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post:	22 17 08 60
	skatteetaten.no/sendepost	



være på et annet språk.”

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., 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.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er del av et konsern, hvor øvrige konsernselskap allerede har fått innvilget dispensasjon fra språkkravet i regnskapsloven. Videre er det vektlagt at to av styremedlemmene er utenlandske, og selskapenes ultimate morselskap er situert i Kina. Selskapene opererer i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk, og det anses at ingen øvrige brukere av regnskapsinformasjon blir negativt berørt av at årsregnskapet og årsberetningen utarbeides på engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

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