



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 918 357 688
Organisasjonsform: Aksjeselskap
Foretaksnavn: KCA DEUTAG DRILLING NORGE AS
Forretningsadresse: Espehaugen 37
5258 BLOMSTERDALEN

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Anders Langeland
Dato for fastsettelse av årsregnskapet: 10.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 14.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	1,13,1 4	1 631 218 000	1 461 377 000
Annen driftsinntekt	1,13,1 4	0	64 000
Sum inntekter		1 631 218 000	1 461 441 000
Kostnader			
Lønnskostnad	11	796 765 000	677 138 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	2	19 358 000	16 806 000
Avskrivning leasede eiendeler	3	20 797 000	20 008 000
Annen driftskostnad	13,15	672 958 000	644 694 000
Sum kostnader		1 509 878 000	1 358 646 000
Driftsresultat		121 340 000	102 795 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	13	0	0
Annen finansinntekt	6	955 000	20 299 000
Sum finansinntekter		955 000	20 299 000
Annen finanskostnad	6	11 339 000	10 525 000
Sum finanskostnader		11 339 000	10 525 000
Netto finans		-10 384 000	9 774 000
Ordinært resultat før skattekostnad		110 956 000	112 569 000
Skattekostnad på ordinært resultat	10	24 414 000	20 711 000
Ordinært resultat etter skattekostnad		86 542 000	91 858 000
Årsresultat		86 542 000	91 858 000
Overføringer og disponeringer			
Avgitt konsernbidrag		-87 536 000	-65 284 000
Overføringer til/fra annen egenkapital		-993 000	26 550 000



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer		86 543 000	91 834 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	16 725 000	16 449 000
Leasing eiendeler	3	98 294 000	102 033 000
Sum immaterielle eiendeler		115 019 000	118 482 000
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	2	59 395 000	73 607 000
Sum varige driftsmidler		59 395 000	73 607 000
Finansielle anleggsmidler			
Investering i datterselskap	4	2 273 000	2 273 000
Investeringer i aksjer og andeler		20 000	20 000
Sum finansielle anleggsmidler		2 293 000	2 293 000
Sum anleggsmidler		176 707 000	194 382 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	5	231 174 000	283 369 000
Andre fordringer		35 657 000	53 761 000
Konsernfordringer	7	365 669 000	323 601 000
Sum fordringer		632 500 000	660 731 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	12	5 384 000	3 440 000
Sum bankinnskudd, kontanter og lignende		5 384 000	3 440 000
Sum omløpsmidler		637 884 000	664 171 000
SUM EIENDELER		814 591 000	858 553 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	8	100 000 000	100 000 000
Overkurs	8	134 461 000	134 461 000
Annen innskutt egenkapital	8	15 200 000	15 200 000
Sum innskutt egenkapital		249 661 000	249 661 000
Opptjent egenkapital			
Annen egenkapital	8	27 137 000	58 130 000
Sum opptjent egenkapital		27 137 000	58 130 000
Sum egenkapital		276 798 000	307 791 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Leasing gjeld	3	79 183 000	81 815 000
Sum annen langsiktig gjeld		79 183 000	81 815 000
Sum langsiktig gjeld		79 183 000	81 815 000
Kortsiktig gjeld			
Leverandørgjeld		39 734 000	135 059 000
Skyldige offentlige avgifter		58 540 000	51 442 000
Kortsiktig konserngjeld	7	161 421 000	95 810 000
Annen kortsiktig gjeld	16	173 472 000	163 020 000
Leasing gjeld	3	25 442 000	23 616 000
Sum kortsiktig gjeld		458 609 000	468 947 000
Sum gjeld		537 792 000	550 762 000
SUM EGENKAPITAL OG GJELD		814 590 000	858 553 000

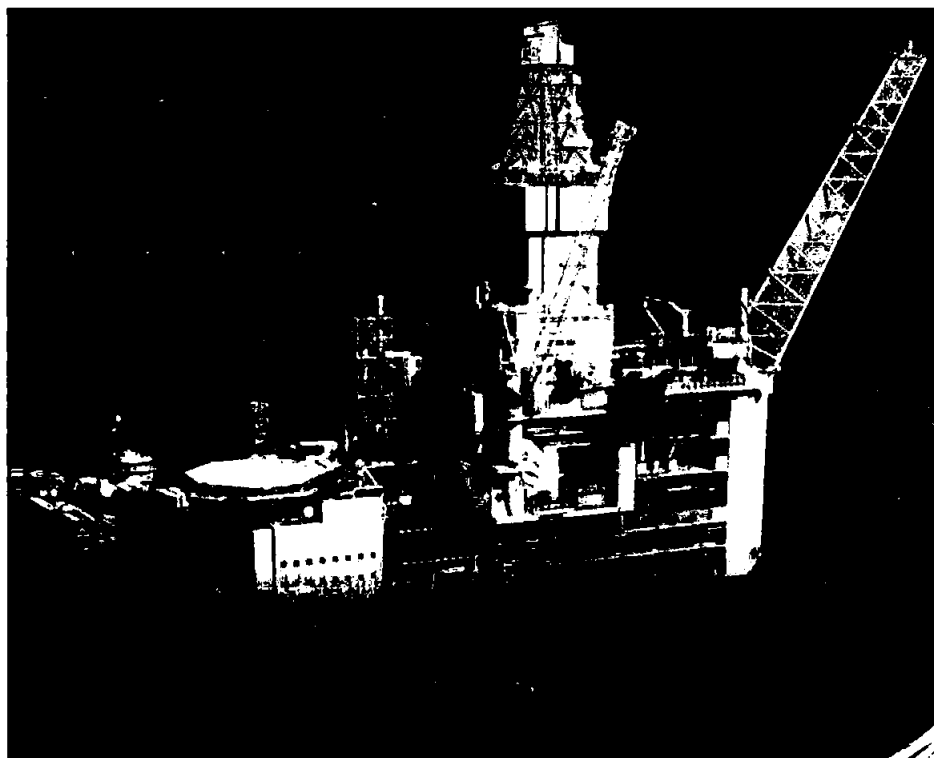


KCA Deutag Drilling Norge AS

Audited annual report and financial statements for the year ended

31 December 2020

Registered Number Norway 918357688





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Board of Directors and other officers

Board of directors

Ole Fredrik Maier (Chairman, appointed 17.06.20)
Rune Lorentzen (Chairman, resigned 17.06.20)
Lynne Clow (resigned 05.02.20)
G. N. Paver (resigned 05.02.20)
Alisdair Hogg
Bjarne Tresselt (appointed 05.02.20, resigned 06.07.20)
Dawn Penny (appointed 05.02.20)
Tom Einar Aasland (appointed 14.07.20)
Jan Inge Olsen (Employee Representative)
Bjarte Lygre (Employee Representative, appointed 10.05.2021)
Helge Engevik (Employee Representative, appointed 10.05.2021)
Tore Hegerberg (Employee Representative, resigned 10.05.2021)
Johannes Gaassand (Employee Representative, resigned 10.05.2021)

Auditors

PricewaterhouseCoopers AS
Sandviksbodene 2A
5035 Bergen
Norway

Business Address

Espehaugen 37
5258 Blomsterdalen
Norway



Directors' report for the year ended 31 December 2020

Nature of the business

KCA DEUTAG Drilling Norge AS is a service supplier to oil and gas principally operating on the Norwegian continental shelf. The main office is located at Espehaugen, Bergen. Since 2005 KCA DEUTAG Drilling Norge AS has been a 100% owned subsidiary of KCA DEUTAG Holdings Norge AS.

KCA Deutag Drilling Norge AS is organized in five (5) business streams; Fixed Platform Drilling Services, MODU Drilling Services, Sales & Rental Equipment, Well Services and the engineering division RDS (Rig Design Services).

The two main customers of the Company are Equinor and Vår Energi.

2020 has seen continued high activity in connection with the contracts to provide drilling services on fixed platforms on the Norwegian Continental Shelf. Three of four Oseberg platforms were in drilling operation throughout 2020, in addition to Kvitebjørn.

The Ringhorne platform has been in both a project and drilling operation phase during the year.

RDS carries out engineering, modification and upgrade assignments for operators and major oil and gas companies operating on the Norwegian continental shelf. The demand for engineering services has slightly increased during 2020.

Well Services comprises equipment rental and high competence/specialist personnel. This department hires out such equipment to operators and drilling contractors mainly on the Norwegian continental shelf.

Going concern assumption

In accordance with the Accounting Act § 3-3 it is confirmed that the going concern assumption is present and the financial statements are being presented accordingly.

The Group regularly monitors its funding position throughout the year to ensure that it has access to sufficient funds to meet its forecast cash requirements. Forecasts are regularly produced to give management's best estimates of forward liquidity, leverage and forecast covenant compliance as defined in the Group's loan documentation. This is done to identify risks to liquidity and covenant compliance and to enable management to formulate appropriate and timely mitigation strategies.

At the year end the Group has a strong liquidity position and has headroom under its financial covenants which form a part of these facilities. The Directors have reviewed the most recent projections and forecasts as prepared as part of its budgeting and strategic planning process along with assessing severe but plausible downside sensitivity scenarios and their potential impacts on Group profitability and cash generation over the same period. By completing this analysis, these projections indicate that the Group's liquidity and covenant headroom is adequate. Therefore, the directors are confident that the Group has sufficient covenant headroom as well as adequate cash resources to meet all of its liabilities as they fall due over the next 12 months. For these reasons the Directors consider it appropriate to prepare the Group's financial statements on a going concern basis.

The onset of the pandemic and significant reduction in the oil price during the first quarter resulted in the Group reviewing its plans to refinance its debt facilities, the first of which was scheduled to fall due in May 2021. The Group's liquidity and covenant forecasts suggested that it would be very difficult for the Group to continue to comply with its quarterly leverage covenant under its loan documents. As a



result, the Group decided to exercise the grace period available under its lending documents in relation to interest payments due at the start of April 2020. During this grace period, the Group entered into discussions with its lenders with a view to agreeing a restructuring of the Group's balance sheet and on 2 May 2020, the Group entered into a Standstill Agreement with its lenders. This agreement allowed the Group to defer interest payments and scheduled repayments of the Group's debt for three months. During the standstill period, the Group had certain obligations to comply with, including the provision of an updated 5 year business plan and restructuring proposal for consideration by the lenders.

On 31 July 2020, the Group entered into a binding Lock-up Agreement with the majority of its secured creditors in connection with a financial restructuring, which would result in a significant reduction in Group debt from c.\$1.9 billion to \$505 million, principally through the issuance of new five year \$500 million Senior Secured Notes. Post restructuring, the Group's annual interest cost is expected to be c.\$50 million (pre-restructuring net interest payable was c.\$170 million per year) and its leverage ratio is expected to fall to below two times EBITDA (pre-restructuring leverage was over 6 times EBITDA). On 21 December 2020, the Group completed the proposed financial restructuring through an English law scheme of arrangement under the Companies Act 2006 and the debt of c.\$1.9 billion was accordingly reduced on the same day. The Group was acquired by a new holding entity on completion, with additional equity of \$800 million being provided to the Group via a loan which was capitalised prior to the year end.

The Company participates in a notional Cash Pooling arrangement with a number of other Group Companies (ref Note 7). Cash and overdraft balances included within the cash pool are treated as intercompany receivables and payables respectively for the purposes of disclosure in these financial statements.

Senior secured notes (US\$ 500,000k) and guarantee facilities which are available to KCA Deutag Alpha Limited and certain subsidiaries, including the Company, are secured inter alia by a cross guarantee from the Company, by a floating charge over the assets of the Company and by a share pledge over the shares of the Company.

Prospects

The long-term prospects for KCA Deutag Drilling Norge AS are considered to be positive as the contract backlog is secured with contracts with Equinor and Vår Energi AS.

KCA Deutag Drilling Norge AS has a market share based upon 6 out of 29 fixed drilling Platforms on the Norwegian continental shelf. One of the Company's objectives is to obtain additional platform contracts as they are renewed in the market so it can continue as a key player in the platform drilling contractor market in Norway.

Throughout 2021 it is expected that there will be drilling operations on 3 Equinor fixed drilling platforms on the Oseberg field. Oseberg East will change to drilling operation and Oseberg C will change to a non-operational phase at the same time. Both Ringhorne and Kvitebjørn are expected to continue in drilling operation phase throughout the year.

The general market, however, does represent a challenge in 2021, which is a continuation of the trend that started in 2014 and has continued since. The significant reduction in oil price, and the COVID-19 pandemic situation, have both deteriorated the situation. Market opportunities continue to be at a premium and this will be a challenge going forward.



Our long-term strategy is to continue to be a leading platform drilling and engineering company on the Norwegian continental shelf and to increase activity within the company's RDS and Well Services divisions.

As in prior years, oil companies are continuing to focus on maintaining a high and predictable production level with further increased exploration, which generates a high demand for drilling services, and upgrade projects and maintenance projects. This is expected to have a positive impact on demand for services that KCA Deutag Drilling Norge AS offers. However, as the oil companies have become more focused on efforts to reduce costs, several modifications and upgrade projects have been delayed which has provided fewer engineering and modification opportunities in the short-term. Nevertheless, on a long-term perspective, KCA Deutag Drilling Norge AS, believe the engineering and modifications market will recover and increase going forward.

Working Environment and personnel

KCA DEUTAG Drilling Norge AS had an average of 660 employees in 2020 of which 529 were working offshore. Of the total number of offshore employees, 1.3% were women. The number of employees onshore was 132, of which 30% were women. The company had 2 part-time jobs, held by one woman and one man.

During 2020 the company had an average of 2.4% employee turnover excluding retirement. 57 persons were recruited, out of which 5 were women.

Average employee attendance in 2020 93.7%.

The working relationship between employees, trade unions, management and board of directors continues to be positive.

Gender equality and discrimination

The committee of equal opportunities was changed in 2012 and the committee is now of an advisory capacity.

The company will provide employees with equal opportunities regardless of race, sexual orientation, age, culture, nationality, faith, illness, disability and gender. Women and men are given equal opportunities in education, employment, cultural and academic development.

The agreement has a background in the current Law on Gender Equality, Work Act and the Basic Agreement between LO and NHO.

Health, Security and Environment (HSE)

The company's core values for health, safety, security and environment stewardship are based on superior objectives in order to secure efficient and faultless operations. Among these objectives, given priority is prevention of sickness absence and there are methods and efforts applied which include employees health risk assessments and monitoring, mapping of job satisfaction and working environmental factors, both in the organisation offshore and onshore.

The importance of interaction between people, technology, organisation and environment has resulted in increased focus on dependence on personnel, technology and organisation. As part of this, among other things, focused on coaching of leaders in the onshore and offshore organisation for training and development of accountability, responsibility and active follow-up by noticeable leadership.



For some installations, improvements in design, functionality and user-friendliness of technical equipment for drilling operations and belonging support systems have been carried out and verified in collaboration with the individual operating company. Great importance is attached to user involvement and experience from previous operations for this type of assignments.

In 2020 the sickness absence was 6.3%. Efforts are systematically made for improvements in order to reach the current objective of 5%. The importance of this, both for the individual employee and in regard to a positive financial impact for the company and the society for the rest, is regarded as a high priority. The company has introduced a new healthcare insurance programme for all employees, and health-care initiatives are addressed.

HSSE control systems are particularly directed towards methods and systems for proactive reporting of events and situations from operation, in order to verify accordance and adequacy for joint application of preferred registrations. This has been carried out and adapted without problems. The company has further developed its own-designed network gateway which, apart from attending to operational reporting and statistic registrations, also has been taken into use for distribution of HSSE messages and bulletins to all operations about undesired events, received from other organisations and manufacturers of critical drilling equipment and systems.

In 2020 the company had one injury resulting in absence and injury frequency of Total Recordable Injuries Rate (TRIR) 0.83, which is calculated on number of Lost Time Incidents (LTI), Restricted Workday Cases (RWC) and Medical Treatment Cases (MTC) absence injuries per two hundred thousand working hours. The company works actively, through several ongoing measures, to reach the company's "zero injury" goal.

Environmental reporting

During the year, there were three minor losses with minimal impact on the external environment. The company also focuses on the substitution of chemicals and have implemented monitoring programmes for health and environmental stewardship.

In accordance with the principles and objectives for focusing attention on the external environment, only environmentally sound oil is used in all our operations. The company is working continuously to explore further possibilities for improved operational routines in order to reach the superior objective of zero spills to the external environment. The company is reporting all registrations necessary for the company's environmental accounts on a monthly basis. DNV-GL has carried out periodically audit according to the rules and regulations for certificate of accreditation for ISO 14001:2015.

The financial statements

The turnover of NOK 1,631m represents an increase from 2019 to 2020 of NOK 170m. This is mainly due to Kvitebjørn having operations through the whole of 2020, as well as increased Sales & Rentals activities.

The company had satisfactory liquidity throughout the year, and the liquidity reserves have increased from NOK 3.4m at year end 2019 to NOK 5.4m at year end 2020. The liquidity ratio has increased to 1.49 from last year's 1.43.

Cash inflow from operating activities was NOK 24.4m. Cash outflow from investing activities was NOK 5.1m and cash outflow from financing activities was NOK 17.3m.



Financial/market related risk




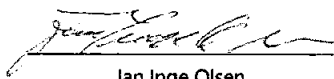
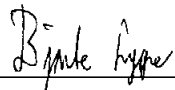

In 2021 the challenges will be to continue to focus on a reliable and profitable operation and to secure new engineering and modification contracts. Risk is also related to starting up and stopping drilling Platforms and the commercial implications of this (personnel utilization), together with utilization ratio for our own Well Services equipment.

KCAD has secured a sustainable long-term Contract Backlog. The pipe pool contract has been extended to November 29th, 2022. No contracts expire in 2021.

The current contract portfolio includes operation for 5 platforms for Equinor and 1 platform for Vår Energi AS. Firm contract period with Equinor is until September 30th, 2022. Firm contract period with Vår Energi AS is until March 8th, 2024.

Other circumstances

The board consists of three persons from KCA DEUTAG Group, three staff representatives and one staff who is part of the Norwegian Management team.

 _____	<u>31 December 2020</u> 10 June 2021  _____	 _____
Alisdair Hogg Member of the board	Ole Fredrik Maier Chairman of the board	Tom Einar Aasland Member of the board
 _____	 _____	_____
Jan Inge Olsen Member of the board	Bjarte Lygre Member of the board	Helge Engevik Member of the board
 _____	_____	_____
Dawn Penny Member of the board	_____	Thorbjørn Anhøj Managing Director



Independent auditors' report to the members of KCA DEUTAG Drilling Norge AS



Income Statement for the year ended 31 December 2020

For the period (NOK 1 000)	Note	Jan 1 - Dec 31 2020	Jan 1 - Dec 31 2019
Revenue			
Sales revenue		1 631 218	1 461 377
Other revenue		0	64
Total revenue	1, 13, 14	1 631 218	1 461 441
Operating expenses			
Salary cost	11	(796 765)	(677 138)
Depreciation	2	(19 358)	(16 806)
Depreciation of leased assets	3	(20 797)	(20 008)
Other operating expenses	13, 15	(672 958)	(644 694)
Operating results before exceptional items		121 339	102 795
Financial income and expenses			
Interest income from group companies	13	0	0
Other financial income	6	955	20 299
Other financial expenses	6	(11 339)	(10 525)
Net financial income		(10 383)	9 774
Profit on operations before taxes		110 956	112 569
Income tax			
Tax on ordinary result (DTA)	10	(24 414)	(20 711)
Tax on foreign business	10	0	(24)
Taxes		(24 414)	(20 735)
Net profit for the year		86 542	91 834
Year-end appropriations			
Group contribution/distribution	8	112 225	83 690
Tax impact group contribution/distribution	8	(24 689)	(18 407)
Other equity	8	(993)	26 550
Total transfers		86 542	91 834

Statement of Comprehensive Income for the year ended 31 December 2020

For the period (NOK 1 000)	Note	Jan 1 - Dec 31 2020	Jan 1 - Dec 31 2019
Net profit for the year		86 542	91 834
Total other comprehensive income for the year		0	0
Total comprehensive income for the year		86 542	91 834



Balance Sheet as at 31 December 2021

(NOK 1 000)	Note	2020	2019
Non-current assets			
<i>Tangible and intangible assets</i>			
Deferred tax asset	10	16 725	16 449
Right of use assets	3	98 294	102 033
Fixed assets	2	59 395	73 607
<i>Total tangible and intangible assets</i>		174 414	192 089
<i>Financial assets</i>			
Investment in subsidiary companies	4	2 273	2 273
Investment in shares		20	20
<i>Total financial assets</i>		2 293	2 293
Total non-current assets		176 707	194 382
Current assets			
<i>Debtors</i>			
Trade receivables	5	231 174	283 369
Short-term receivables from group companies	7	365 669	323 601
Other short-term receivables		35 657	53 761
<i>Total debtors</i>		632 500	660 731
Cash and cash equivalents	12	5 384	3 440
Total current assets		637 883	664 171
Total assets		814 590	858 553



(NOK 1 000)	Note	2020	2019
Equity			
Paid-in capital			
Share capital	8	100 000	100 000
Share premium reserve	8	134 461	134 461
Other paid-in capital	8	15 200	15 200
Total paid-in capital		249 661	249 661
Retained earnings			
Other equity	8	27 137	58 130
Total retained earnings		27 137	58 130
Total equity		276 799	307 792
Liabilities			
Provisions			
Taxes payable	10	0	0
Total provisions		0	0
Non-current liabilities			
Right of use liabilities	3	79 183	81 815
Total non-current liabilities		79 183	81 815
Current liabilities			
Trade creditors		39 734	135 059
Public taxes		58 540	51 442
Short-term liabilities group companies	7	161 421	95 810
Other short-term liabilities	16	173 472	163 020
Right of use liabilities	3	25 442	23 616
Total current liabilities		458 608	468 946
Total liabilities		537 791	550 761
Total equity and liabilities		814 590	858 553

31 December 2020

10 June 2021

Alisdair Hogg
Member of the board

Ole Fredrik Maier
Chairman of the board

Tom Einar Aasland
Member of the board

Jan Inge Olsen
Member of the board

Bjarte Lygre
Member of the board

Helge Engevik
Member of the board

Dawn Penny
Member of the board

Thorbjørn Anhøj
Managing Director



Cash flow statement for the year ended 31 December 2020

(NOK 1 000)	2020	2019
Cash flow from operating activities		
Profit on operations before taxes	110 956	112 545
Gain on disposal fixed assets	0	(64)
Liquidation South Korea branch	0	(14 700)
Depreciation	40 156	36 814
Net finance income / (costs)	(9 852)	(9 774)
Change trade receivables and other short-term receivables	28 232	(47 530)
Change in trade creditors and other short-term creditors	(10 338)	(59 527)
Change in other accruals (Group contributions, minor items)	(134 730)	0
Net cash inflow / (outflow) from operating activities	24 425	17 764
Cash flow from investing activities		
Purchase of plant and equipment	(5 147)	(32 902)
Sale of plant and equipment	0	64
Income from subsidiary termination	0	14 700
Net cash inflow / (outflow) from investing activities	(5 147)	(18 138)
Cash flow from financing activities		
Right of Use assets lease capital repayment	(17 865)	0
Interest paid	(362)	(505)
Interest received	893	2 552
Net cash inflow / (outflow) from financing activities	(17 333)	2 047
Net increase in cash and cash equivalents	1 944	1 674
Cash and cash equivalents at beginning of period	3 440	1 766
Cash and cash equivalents at end of period	5 384	3 440



Notes to the financial statements for the year ended 31 December 2020

1 Accounting Principles

General

The financial statements of KCA Deutag Drilling Norge AS (Company) for 2020 have been prepared according to IFRS and instructions on simplified use of IFRS (2006-12-22 no. 1582), implying that the company makes use of accounting policies in accordance with IFRS while notes have been prepared in accordance with chapter 7 of the Accounting Act.

Use of estimates

Management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with simplified IFRS.

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for an expected credit loss, if applicable. When determining the level of expected credit loss provision, management consider the age of the outstanding receivable along with prior experience in relation to the specific customer as well as the jurisdiction in which the balance is due before booking any provision.

When determining the level of expected credit loss provision required in respect of trade receivable balances, management also consider the creditworthiness and probability of the future default of the customer.

Revenue recognition

Revenue is recognised based on the gross amount received or receivable for services provided in the normal course of business, net of value-added tax and other sales related taxes. Revenue from Offshore Services and RDS engineering operations is recognised in the accounting period in which the services are rendered, typically based on a day rate for manpower provided to the customer.

In Offshore Services, the Company provides personnel to operate and maintain customer owned assets based on contractually agreed rates.

Pre-contract compensation and costs are deferred until the contract commences and then spread on a straight-line basis over the primary term of the relevant drilling contract. The deferred pre-contract compensation and costs are amortised, using the straight-line method, into income or loss over the term of the initial contract period, regardless of the activity taking place, in a manner consistent with the



economics of the customer contract. Where there are no elements of up-front consideration in a drilling contract, the Company recognises revenue in line with the amount to which we are contractually able to invoice the customer for performance obligations which have been completed to date. Therefore, the IFRS 15 expedient allowing the Company to recognise revenue in line with its right to invoice its customers has been applied in preparing these financial statements.

Mobilisation costs which are incurred in relation to the mobilisation of new rigs are capitalised and depreciated over primary period of the new contract. Mobilisation costs incurred on moving rigs to locations under a new customer contract are amortised on a straight-line basis over the primary period of the new contract.

Any rig-move costs for moving the rigs to new locations while operating under a drilling contract are expensed as incurred, with the relevant revenue being recognised when the rig move is complete.

Incentive income is recognised when earned. Incentive income is earned in respect of contract Key Performance Indicators (KPIs) detailed in customer contracts, and revenue is recognised only when a KPI has been achieved and achievement has been agreed with a customer.

In RDS, the Company provides personnel on a time-cost basis to customers to work on engineering projects.

The Company recognises flow through revenue, which relates to reimbursable costs, based on the gross amount received or receivable in respect of its performance under the sales contract with the customer.

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

Engineering contracts

Where the outcome of a long-term engineering contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the Balance Sheet date dependent on the relevant provisions in the contract with the customer. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion or the contractual position prevents this treatment in accordance with IFRS 15. Revenue variations in contract work, claims and incentive payments are included to the extent that they have been agreed in writing by the customer. When it is probable that total contract costs will exceed total revenue, the expected loss is recognised in full as an expense immediately.

Deferred income represents the value of advance payments received from customers for engineering contracts which are in excess of the value of work done at the Balance Sheet date.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred taxes are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22% of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilised.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.



Balance sheet classification

Current assets and short-term liabilities consist of receivables and payables due within one year. Other balance sheet items are classified as fixed assets/long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognised at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognised at nominal value.

Leasing

The group implemented IFRS 16 in 2019, changing its accounting principles for leases where the group is the lessee. The principles and the impact of the change is described below.

IFRS 16 Leases results in almost all leases being recognised on the balance sheet by lessees, since the distinction between operating and finance leases is removed. Under the new standard, an asset (that is, the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The standard is effective for the Company from 1 January 2019. IFRS 16 must be applied retrospectively. However, an entity can choose whether to apply the standard retrospectively to each period presented or apply the simplified method, whereby the cumulative effect of applying the standard is recognised in equity at the date of initial application. In accordance with the transition provisions in IFRS 16, the Company decided to apply the simplified method.

An asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

The lease liability is measured at the present value of the future lease payments. The lease term includes all periods covered by extension options if exercise of the extension is reasonably certain. The present value is calculated based on an appropriate discount rate being the Group's incremental borrowing rate.

The right-of-use asset is initially measured based on the calculated lease liability plus any indirect costs, payments at or prior to lease commencement, dilapidation provisions less any lease incentives. Subsequent measurement is at cost less depreciation and any provision for impairment. The right-of-use asset is also adjusted based on any re-measurement of the lease liability. The group has also chosen to take advantage of the exemptions as allowed in the standard for certain short term leases and leases of low value assets;

i) Short term leases

This is defined as a lease which has a lease term of 12 months or less and does not contain a purchase option. In terms of assessing the duration of a lease, if a lease is more likely than not to be extended to a duration in excess of 12 months, then lessee accounting under IFRS 16 will apply.

ii) Low-value assets

The standard does not specify a value which would ensure an asset was of low-value however this is likely to apply to items such as tablets and personal computers and small items of office furniture and telephones. An asset can only be low-value if the lessee can benefit from the use of the asset on its own and the asset is not highly dependent on other assets.

Leases which meet the exemptions above continue to be charged to profit or loss on a straight-line basis over the period of the lease (net of any incentives received from the lessor).



Research and development

Development costs are capitalised providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalised development costs are amortised linearly over its useful life. Research costs are expensed as incurred.

Investment in and return from investment in subsidiaries, associated companies

Investments in subsidiaries and associated companies are valued at cost in the company accounts. The investment is valued as cost of acquiring shares, providing they are not impaired. Group contributions to subsidiaries, with tax deducted, are reflected as increases in the purchase costs of the shares.

Dividends and group contributions are recognised in the same year as they are recognised in the subsidiary/associated company accounts. If dividends exceed retained earnings after acquisition, the exceeding amount is regarded as reimbursement of invested capital and the distribution will reduce the recorded value of the acquisition in the balance sheet.

Property, plant and equipment

Property, plant and equipment is capitalised and depreciated over the estimated useful life. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If the carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are used.

Inventories

Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. A provision for impairment of trade receivables is established when there is objective evidence the company will not be able to collect all amounts due.

Short term investments

Short-term investments (stocks and shares seen as current assets) are valued at the lower of acquisition cost and fair value at the balance sheet date. Dividends and other distributions are recognized as other financial income.

Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.



2 Tangible Assets

(NOK 1 000)	Machinery and Equipment	Total tangible assets
Cost		
At 1 January 2020	492 561	492 561
Additions	5 147	5 147
Disposals	0	0
At 31 December 2020	497 708	497 708
Accumulated depreciation		
At 1 January 2020	418 954	418 954
Change in the year	19 358	19 358
Disposals	0	0
At 31 December 2020	438 312	438 312
Net carrying value		
At 31 December 2020	59 395	59 395
At 31 December 2019	73 607	73 607

The company uses linear depreciation for all tangible assets.

The useful economic lifetime for assets are estimated to be between 3 and 10 years.



3 Leased Assets

(NOK 1 000)	2020
Right of Use Assets	
Properties	97 356
Vehicles, Plant & Equipment	938
Total Right of Use Assets	98 294
Lease Liabilities	
Current	25 442
Non-current	79 183
Total Lease Liabilities	104 625
Depreciation of leased assets in 2020 was	20 797

The statement of profit and loss includes the following amounts relating to leases:

Depreciation charge, Right of Use Assets	
Properties	20 588
Vehicles, Plant & Equipment	209
Total depreciation charge	20 797
Interest expenses, Right of Use Assets	
Expenses related to short-term leases	8 838
Expenses related to leases of low-value assets	90
Total interest expenses	8 928
The total cash out-flow for leases in 2020 was	26 793

4 Investments in subsidiaries and associates

(NOK 1 000)			Equity	Result	Book value
Company	Business address	Ownership share	31.12.2020	2020	31.12.2020
KCA DEUTAG Drilling Services (UK) Ltd	Aberdeen, UK	100 %	2 293	0	2 273
KCA DEUTAG Modu Operations AS	Bergen	100 %	25 896	20 833	0



5 Trade receivables

(NOK 1 000)	2020	2019
Trade receivables		
Trade receivables at nominal value	199 538	245 718
Revenues not invoiced	31 635	37 651
Provisions for bad debts	0	0
Total trade receivables	231 174	283 369
Carrying values, projects		
Included in Trade receivables		
Completed, not invoiced production	31 635	37 651
Included in short-term liabilities		
Invoiced, deferred income	(56 200)	(58 685)

6 Financial income and expenses

(NOK 1 000)	2020	2019
Other financial income		
Other interest income	838	2 534
Other interest income, non-taxable	56	0
Exchange gain	1	3 065
Other financial income, South Korea subsidiary liquidated	61	14 701
Total other financial income	955	20 299
Other financial expenses		
Other interest expenses	359	483
Other interest expenses, non-tax-deductible	2	0
Interest expenses leasing	8 928	6 616
Exchange losses	2 049	3 425
Total other financial expenses	11 339	10 524



7 Intercompany balances with group companies

(NOK 1 000) 2020 2019

Intercompany balances shown on a gross basis.

Amounts owed from Group companies:

Bank deposits, Group pool HSBC	365 593	323 539
Short term receivables	75	62
Total amounts owed from Group companies	365 669	323 601

Amounts due to subsidiaries/Group companies:

Other short term payables	161 421	95 810
Total amounts due to subsidiaries/Group companies	161 421	95 810

The company is part of KCA DEUTAG Group's cash-pool with separate bank accounts in HSBC. Funds in the pool facility are recognised as accounts receivables from Group companies.

8 Equity

(NOK 1 000)	Share capital	Share premium fund	Other paid in capital	Accumulated profits	Total
Equity 1 January 2020	100 000	134 461	15 200	58 130	307 792
Group contribution net of tax effect				(87 535)	(87 535)
Group contribution to subsidiary exempt of tax				(30 000)	(30 000)
Profit for the year				86 542	86 542
Equity 31 December 2020	100 000	134 461	15 200	27 137	276 799

The share capital is NOK 100m and consists of 20 000 000 each with a value of NOK 5. All shares have equal rights.

9 Pension

The company has implemented an occupational pension scheme, in accordance with Act of Occupational Pension Schemes. The company operated two unfunded benefit schemes relating to early retirement of employees between the ages of 62 and 67 and disability benefits to eligible employees. During 2010 legislative changes to early retirement plans in Norway were finalised. For two of the schemes in Norway, they are no longer required to hold a liability for future early retirement pensions.



10 Taxes

(NOK 1000)	2020	2019
Tax charge for the year		
Payable tax	24 689	18 431
Change in deferred tax	(275)	2 305
Tax expense	24 414	20 735
Calculation of tax charge for the year		
Profit on operations before taxes	110 956	112 569
Permanent differences	17	(18 403)
<i>Basis for this year's tax expense</i>	<i>110 973</i>	<i>94 166</i>
Temporary differences	1 251	(7 867)
<i>Basis for payable tax in the result accounting</i>	<i>112 225</i>	<i>86 299</i>
Utilisation of taxable loss carried forward	0	(2 608)
Group contribution	(112 225)	(83 666)
Taxable income (basis for payable tax in the balance sheet)	0	24
Tax payable in the balance sheet		
Payable tax	24 689	18 431
Tax effect of group contribution	(24 689)	(18 407)
Taxes paid	0	24
Calculation of deferred tax asset		
Non-current assets	(13 527)	(12 437)
Other temporary differences	(62 495)	(62 333)
Taxable loss carried forward	0	0
<i>Basis for deferred tax asset</i>	<i>(76 021)</i>	<i>(74 770)</i>
Tax rate	22 %	22 %
Deferred tax asset	16 725	16 449
Deferred tax asset in the balance sheet	16 725	16 449

A deferred tax asset has been recognised in the financial statements on the basis that the company will continue to be profitable in the foreseeable future.



11 Salary and personnel costs, number of employees, loans to employees and Auditor's fee

(NOK 1 000)	2020	2019
Salary and personnel costs		
Salaries	641 122	536 054
Payroll tax	92 528	83 795
Pension costs	26 682	20 448
Other costs	36 434	36 841
Total salary and personnel costs	796 765	677 138

As at 31 December 2020 the company has 667 employees.
Less than full-time employees are converted to full-time.

(NOK 1 000)	Managing Director	Board of Directors
Management and Board remuneration		
Salary/remuneration	2 891	150
Pension costs	40	0
Total Management and Board remuneration	2 931	150

(NOK 1 000)	2020	2019
Auditor's fee		
Audit services	482	565
Other services non-audit related	84	19
Total auditor's fee	566	583

12 Restricted and other bank deposits

(NOK 1 000)	2020	2019
Other local bank deposits	5 384	3 440

The company has an unconditional guarantee in place, which acts as security for correct payment of withholding tax, in accordance with the Norwegian Act of Tax payments.



13 Related party transactions

(NOK 1 000)	Turnover	Purchase	Loan repayments	Net interest received
Subsidiary company	81 268	5 345	0	0
Group company	1 753	22 759	0	0

Senior secured notes (US\$ 500,000k) and guarantee facilities which are available to KCA Deutag Alpha Limited and certain subsidiaries, including the Company, are secured inter alia by a cross guarantee from the Company, by a floating charge over the assets of the Company and by a share pledge over the shares of the Company.

14 Income by business area and geographical distribution

(NOK 1 000)	2020	2019
Income by business area		
Drilling	945 427	815 025
Engineering	230 497	251 934
Other	455 294	394 482
Total income by business area	1 631 218	1 461 441

(NOK 1 000)	2020	2019
Income by geographical distribution		
Norway/Norwegian continental shelf	1 627 413	1 457 051
Europe	2 797	344
Far East & Asia	419	3 504
North- & South America	589	542
Total income by geographical distribution	1 631 218	1 461 441



15 Specification other operating expenses

(NOK 1 000)	2020	2019
Other operating expenses		
3rd party services	26 752	38 798
Employee expenses (courses, insurance etc.)	17 848	18 074
Travel expenses	25 051	28 082
Intermediary goods and services	307 800	296 533
Drilling equipment and maintenance	247 244	222 376
Rental equipment	31 560	22 224
Other operating expenses	16 702	18 608
Total other operating expenses	672 958	644 694

16 Specification balance sheet

(NOK 1 000)	2020	2019
Other short-term liabilities		
Holiday pay and wages due	77 674	65 348
Provisions for deferred earnings	56 200	58 685
Other current liabilities	2 670	2 182
Other creditors	32 323	31 556
Provision for employees' part of performance bonus	4 605	5 248
Total other short-term liabilities	173 472	163 020

17 Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of KCA Deutag Holdings Norge AS.

The Company's ultimate parent undertaking and ultimate controlling company is KCA Deutag International Limited, which is registered in Jersey. The shareholders of KCA Deutag International Limited are comprised of holders of the pre-restructuring secured debt which was partially swapped for equity in KCA Deutag International Limited as part of the restructuring transaction.

At 31 December 2020 the smallest and largest groups in which the results of the Company are consolidated are those headed by KCA Deutag Alpha Limited. Copies of financial statements of KCA Deutag Alpha Limited are available from Group Headquarters, Bankhead Drive, City South Office Park, Portlethen, Aberdeenshire, AB12 4XX.



18 Basis of preparation

The Group regularly monitors its funding position throughout the year to ensure that it has access to sufficient funds to meet its forecast cash requirements. Forecasts are regularly produced to give management's best estimates of forward liquidity, leverage and forecast covenant compliance as defined in the Group's loan documentation. This is done to identify risks to liquidity and covenant compliance and to enable management to formulate appropriate and timely mitigation strategies.

At the year end the Group has a strong liquidity position and has headroom under its financial covenants which form a part of these facilities. The Directors have reviewed the most recent projections and forecasts as prepared as part of its budgeting and strategic planning process along with assessing severe but plausible downside sensitivity scenarios and their potential impacts on Group profitability and cash generation over the same period. By completing this analysis, these projections indicate that the Group's liquidity and covenant headroom is adequate. Therefore, the directors are confident that the Group has sufficient covenant headroom as well as adequate cash resources to meet all of its liabilities as they fall due over the next 12 months. For these reasons the Directors consider it appropriate to prepare the Group's financial statements on a going concern basis.

The onset of the pandemic and significant reduction in the oil price during the first quarter resulted in the Group reviewing its plans to refinance its debt facilities, the first of which was scheduled to fall due in May 2021. The Group's liquidity and covenant forecasts suggested that it would be very difficult for the Group to continue to comply with its quarterly leverage covenant under its loan documents. As a result, the Group decided to exercise the grace period available under its lending documents in relation to interest payments due at the start of April 2020. During this grace period, the Group entered into discussions with its lenders with a view to agreeing a restructuring of the Group's balance sheet and on 2 May 2020, the Group entered into a Standstill Agreement with its lenders. This agreement allowed the Group to defer interest payments and scheduled repayments of the Group's debt for three months. During the standstill period, the Group had certain obligations to comply with, including the provision of an updated 5-year business plan and restructuring proposal for consideration by the lenders.

On 31 July 2020, the Group entered into a binding Lock-up Agreement with the majority of its secured creditors in connection with a financial restructuring, which would result in a significant reduction in Group debt from c.\$1.9 billion to \$505 million, principally through the issuance of new five year \$500 million Senior Secured Notes. Post restructuring, the Group's annual interest cost is expected to be c.\$50 million (pre-restructuring net interest payable was c.\$170 million per year) and its leverage ratio is expected to fall to below two times EBITDA (pre-restructuring leverage was over 6 times EBITDA). On 21 December 2020, the Group completed the proposed financial restructuring through an English law scheme of arrangement under the Companies Act 2006 and the debt of c.\$1.9 billion was accordingly reduced on the same day. The Group was acquired by a new holding entity on completion, with additional equity of \$800 million being provided to the Group via a loan which was capitalised prior to the year end.

The Company participates in a notional Cash Pooling arrangement with a number of other Group Companies. Cash and overdraft balances included within the cash pool are treated as intercompany receivables and payables respectively for the purposes of disclosure in these financial statements (ref Note 7).

Senior secured notes (US\$ 500,000k) and guarantee facilities which are available to KCA Deutag Alpha Limited and certain subsidiaries, including the Company, are secured inter alia by a cross guarantee from



the Company, by a floating charge over the assets of the Company and by a share pledge over the shares of the Company.

19 Post balance sheet events

No significant post balance sheet events.



Vedlegg Regnskapsloven § 3-7

I samsvar med regnskapsloven § 3-7 utarbeider ikke selskapet konsernregnskap. Selskapet inngår i konsernregnskapet til KCA Deutag Alpha Limited; et selskap registrert i England.

Konsernregnskapet til KCA Deutag Alpha Limited er levert inn til UK register of Company Accounts, men leveres også inn av KCA Deutag Holdings Norge AS (org nr 987 558 741) som er det øverste norske selskapet.



Skattedirektoratet

Inquiries to Torstein Kinden Helleland	Your date 25.04.2007	Our date 08.08.2007
Telephone +47 22 07 81 39	Your reference Petter Pharo	Our reference 2007/177957 /RR-RE/TKH /812.1

Ernst & Young AS
P.O. Box 6163
5892 Bergen

**Application for a permission to keep accounts in Norway in English language,
including the annual report and statement**

Dear Mr Petter Pharo,

With reference to your letter of 25 April 2007, fax of 20 June 2007 and various phone calls with respect to the above matter.

The application in question concerns the following companies:

1. Abbot Holdings Norge AS (reg. no. 989 528 270)
2. KCA DEUTAG Offshore AS (reg. no. 986 709 770)
3. KCA DEUTAG Pte Ltd (reg. no. 990 440 832)
4. KCA DEUTAG (Ben Rinnes) AS (reg. no. 990 397 082)
5. KCA DEUTAG Holdings Norge AS (reg. no. 987 558 741)

The background for the application is that all of the above mentioned companies are part of the Abbot Group. Abbot Group Plc, the head company of the Abbot Group, is listed on the London Stock Exchange (LSE).

The activities of the Abbot Group are centred around its operating subsidiaries, KCA DEUTAG, and Benter Drilling & Oilfield Systems. KCA DEUTAG is the largest offshore platform drilling contractor in the North Sea and the Caspian Region. Further, it is one of the largest international land drilling contractors outside the Americas, and a world leader in engineering, rig design, construction and operation. The company has more than 6.000 employees worldwide and has operations in the North Sea, Europe, Russia, the Middle East, Caspian Region, North and West Africa, and Asia.

KCA DEUTAG's Headquarter is in Aberdeen, Scotland, and it operates through three Global Business Units.

The company's accounts are audited by PWC. Ernst & Young is elected as the company's preferred Tax Advisor worldwide.

The reason for the application is that the group in question is highly international in the sense that it operates throughout the world. The company group has several legal entities and companies in different countries. A number of these companies are taxable or will be

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taxable in other jurisdictions due to inter alia international rig operations. It follows that the accounts for these companies will have to be presented in different jurisdictions.

The company KCA DEUTAG Pte Ltd is inter alia subject to statutory accounting also in Singapore (prepared in English language), which implies that it is a significant disadvantage if the company has to prepare the Norwegian accounts in Norwegian and the Singapore accounts in English.

For this reason alone the company group has a strong interest in using the English language as the accounting language for the above-mentioned companies.

The group headquarter is in Aberdeen, and the working language of the group is English. All the users of the accounts within the company group are also English, as well as the persons signing the accounts. All the above-mentioned companies covered by this application are 100 % owned by an English company. All company loan agreements etc. are entered into with foreign financial institutions (banks). Further, more or less all the contracting parties and customers of these companies are foreign companies. Contracting parties and customers, at a certain level, commonly want to extract information about the company from the accounts in English.

Permission to keep accounts in Norway in English language

It follows from the Norwegian Bookkeeping Act of 19 November 2004 nr 73 § 12 that the specifications of statutory financial reporting shall be in Norwegian, Swedish, Danish or English language. Hence, it is not necessary to apply for permission to keep accounts in Norway in English language.

Permission to make the annual report and statement in Norway in English language

According to the Norwegian Accounting Act § 3-4, third paragraph shall *“the annual report and annual statement ... be in Norwegian. The Ministry can in an individual decision decide that the annual report and/or annual statement may be in another language”*

Ot. prp. nr. 42 (1997-1998) *About Act about annual accounts etc.*, says the following about the purpose of the Accounting Act, refer section 1.1:

“The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information.”



Hence, one of the main aims of the Accounting Act is to contribute to “*informative accounts for different users of accounts*” The users of the accounts will include investors, creditors, employees and the local community. The government (central and local) authorities must also be considered to be an important user of the accounts. For example, the tax authorities and other public authorities who are involved in controlling the activities in the private sector, use accounts as an important tool in their control activity.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or annual statement should be done in Norwegian, not in any significant way deviate from the consideration of users of the accounts. Further, the applicant must have a particular interest in having the opportunity to make the annual statement and/or annual statement in a language other than Norwegian.

The four applying companies are a part of the Abbot Group and are 100 % owned by an English company. Abbot Group Plc, the head company of the Abbot Group, is listed on the London Stock Exchange (LSE). The group headquarter is in Aberdeen, and the working language of the group is English. All the users of the accounts within the company group are also English, as well as the persons signing the accounts. All company loan agreements etc. are entered into with foreign financial institutions (banks). Further, more or less all the contracting parties and customers of these companies are foreign companies. Contracting parties and customers, at a certain level, commonly want to extract information about the company from the accounts in English.

Based on the above, and after a total evaluation, the view of The Directorate of Taxes is that the applying companies mentioned above may make the annual report and statement in English language.

Conclusion

The Directorate of Taxes gives Abbot Holdings Norge AS, KCA DEUTAG Offshore AS, KCA DEUTAG Pte Ltd, KCA DEUTAG (Ben Rinnes), KCA DEUTAG Holdings Norge AS permission to make the annual report and annual statement in English language according to the Norwegian Accounting Act § 3-4 third paragraph.

Yours sincerely,

Nina Hognes
underdirektør
Seksjon for revisjon
Retts- og revisjonsavdelingen

Torstein Kinden Helleland



To the General Meeting of KCA Deutag Drilling Norge AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KCA Deutag Drilling Norge AS, which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting principles.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 as required by laws and regulations, 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - KCA Deutag Drilling Norge AS



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.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and a true and fair view of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

(2)



Independent Auditor's Report - KCA Deutag Drilling Norge AS



Bergen, 10 June 2021
PricewaterhouseCoopers AS

Marius Kaland Olsen
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Auditor's report

Signers:

Name	Method	Date
Olsen, Marius Kaland	BANKID_MOBILE	2021-06-10 09:37

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