



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	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:	Randi Skailand
Dato for fastsettelse av årsregnskapet:	21.05.2021

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, 14.09.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		0	0
Annen driftsinntekt	2	157 899 547	180 911 791
Sum inntekter		157 899 547	180 911 791
Kostnader			
Lønnskostnad	3	97 744 372	104 818 421
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	2 984 627	3 097 212
Annen driftskostnad	5	49 999 140	64 859 530
Sum kostnader		150 728 139	172 775 163
Driftsresultat		7 171 408	8 136 628
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	2	307 864 216	777 437 961
Annen finansinntekt	6	159 306 441	10 957 652
Sum finansinntekter		467 170 657	788 395 613
Nedskrivning av finansielle eiendeler	9		453 242 360
Rentekostnad til foretak i samme konsern	2	101 478 124	127 998 993
Annen rentekostnad		732 135	9 587
Annen finanskostnad	6	29 635	36 788
Sum finanskostnader		102 239 894	581 287 728
Netto finans		364 930 763	207 107 885
Ordinært resultat før skattekostnad		372 102 171	215 244 513
Skattekostnad på ordinært resultat	7	105 369 027	153 771 974
Ordinært resultat etter skattekostnad		266 733 144	61 472 539
Årsresultat		266 733 144	61 472 539
Overføringer og disponeringer			
Avgitt konsernbidrag		-373 581 096	
Overføringer til/fra annen egenkapital		-106 847 951	61 472 540



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer		266 733 145	61 472 540



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Maskiner og anlegg	4	2 020 848	4 437 969
Sum varige driftsmidler		2 020 848	4 437 969
Finansielle anleggsmidler			
Investering i datterselskap	9	5 383 971 046	5 383 971 046
Sum finansielle anleggsmidler		5 383 971 046	5 383 971 046
Sum anleggsmidler		5 385 991 894	5 388 409 015
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer			80 001
Andre fordringer		5 503 265	5 769 794
Konsernfordringer	2	316 649 366	785 107 758
Sum fordringer		322 152 631	790 957 553
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	10	11 899 974	11 637 300
Sum bankinnskudd, kontanter og lignende		11 899 974	11 637 300
Sum omløpsmidler		334 052 605	802 594 853
SUM EIENDELER		5 720 044 499	6 191 003 868

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2020	2019
Selskapskapital	8,11	12 560 612	12 560 612
Annen innskutt egenkapital	8	55 899 742	55 899 742
Sum innskutt egenkapital		68 460 354	68 460 354
Opptjent egenkapital			
Annen egenkapital	8	10 200 027	117 047 978
Sum opptjent egenkapital		10 200 027	117 047 978
Sum egenkapital		78 660 381	185 508 332
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	2	4 294 664 956	4 246 457 608
Sum annen langsiktig gjeld		4 294 664 956	4 246 457 608
Sum langsiktig gjeld		4 294 664 956	4 246 457 608
Kortsiktig gjeld			
Leverandørgjeld		1 034 309	4 472 780
Skyldige offentlige avgifter		10 449 569	11 594 979
Kortsiktig konserngjeld	2	1 312 698 325	1 717 775 373
Annen kortsiktig gjeld		22 536 960	25 194 796
Sum kortsiktig gjeld		1 346 719 163	1 759 037 928
Sum gjeld		5 641 384 119	6 005 495 536
SUM EGENKAPITAL OG GJELD		5 720 044 500	6 191 003 868



Skattedirektoratet

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

ERNST & YOUNG AS
Vassbotnen 11 Forus
4313 Sandnes

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

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

Søknaden gjelder for følgende selskaper;

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

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

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

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



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

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

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

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

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

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


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



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Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Jan Hoelstad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Torstein Helleland
Torstein Kinden Helleland





Financial Statements

COSL Drilling Europe AS

Org. Nr.: 988.288.330

2020



COSL Drilling Europe AS

BOARD OF DIRECTORS' REPORT 2020



Introduction

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

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

Going concern

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

COVID-19

The full impact of COVID-19 is still uncertain also for COSL Drilling Europe AS. But oil activity is considered as an important part of the society, and therefore should be prioritized. This implies that COSL will do its utmost to continue full operation. As per today all two rigs are in operation. There are challenges with staff in quarantine and travel restrictions. COSL Drilling Europe AS is a management company and most of the staff is located at Forus and Mongstad. Most of the staff can work from home, and the functions are running as before.

Profit and loss account

In 2020 total revenues amounted to NOK 157.9 million. The corresponding amount for 2019 was NOK 180.9 million. The revenue for both years relates to recharge of salary and overhead expenses to subsidiaries, mainly subsidiary COSL Offshore Management AS. Personnel costs was NOK 97.7 million compared to NOK 104.8 million in 2019. General and administrative expenses were NOK 50.0 million, compared to NOK 64.9 million in 2019.

Net financial gain was NOK 364.9 million, compared to a net financial gain of NOK 207.1 million in 2019. The financial items were mainly from group contributions from subsidiaries. Profit before tax was NOK 372.1 million, compared to a profit before tax of NOK 215.2 million in 2019. In 2020, net profit after tax was NOK 266.7 million compared to a net profit after tax of NOK 61.5 million in 2019.

Balance

As of December 31, 2020, total assets were NOK 5 720.0 million compared to NOK 6 191.0 million at the end of 2019.

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

There has been no change in the number of shares during 2020. At the date of this report, the number of outstanding shares of the Company is 50.242.448, the same as at December 31, 2019. The Equity at December 31, 2020 was NOK 78.7 million, compared to 185.5 million at end of the year 2019.

The board has decided to provide a Group Contribution with tax effect to COSL Offshore Management AS of NOK 478 950 123.



Cashflow

The cash flow from operations presented in the financial statement mainly relates to profit before tax, net agio effects and decrease in short term intercompany receivables and payables. The Group contribution to COSL Offshore Management AS is reflected in the financing activities.

Liquidity and financing

At December 31, 2020, COSL Drilling Europe AS had NOK 11.9 million in cash and cash equivalents. At the end of 2019, the same figure was NOK 11.6 million. The Company's investments in its subsidiaries are mainly financed through intercompany interest-bearing debt. Intercompany Interest-bearing debt was NOK 4 294.7 million at the end of the year. In 2019 this amount was NOK 4 246.5 million. The increase is due to exchange gain on the USD-denominated loan, and interest not paid.

Market

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

Working environment

The company had 52 full time equivalent positions as of December 31, 2020. At the end of 2019 the number was 59.

The company aims for equality between genders. The working environment is considered good, and management will continue to work to maintain a good work environment. There were no employee related accidents in 2020.

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

The company's operation does not pollute the environment.

Company risks

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

Financial risk

COSL Drilling Europe AS is exposed to several different financial market risks arising from the normal business activities. Financial market risk is the possibility that fluctuations in currency exchange rates or interest rates will affect the value of our



assets, liabilities, or future cash flows. To reduce and manage these risks, management periodically reviews and assesses its primary financial market risks.

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

Receivable balances are monitored on an ongoing basis.

Shareholders and equity

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

Sandnes, May 21st 2021

The Board of Directors of COSL Drilling Europe AS

Qingyong Jin
Chairman of the Board

Zhou Bingwen
Member of the Board

Frank Njå Tollefsen
CEO and Board member



COSL Drilling Europe AS Profit and loss statement

NOTE	OPERATING REVENUE AND OPERATING EXPENSES	2020	2019
2	Revenue	157 899 547	180 911 791
	Total operating revenue	157 899 547	180 911 791
3	Payroll and related costs	97 744 372	104 818 421
4	Depreciation and amortisation	2 984 627	3 097 212
5	Operating, general and administrative expenses	49 999 140	64 859 530
	Total operating expenses	150 728 139	172 775 163
	Operating profit/(loss)	7 171 408	8 136 628
	FINANCIAL INCOME AND FINANCIAL EXPENSES		
2	Income from subsidiaries and associated companies	307 864 216	777 437 961
9	Impairment of financial assets	-	(453 242 360)
6	Other financial income	159 306 441	10 957 652
	Interest expense 3rd party	(732 135)	(9 587)
2	Interest expense group companies	(101 478 124)	(127 998 993)
6	Other financial expenses	(29 635)	(36 788)
	Financial items, net	364 930 763	207 107 886
	Profit/(loss) before taxation	372 102 172	215 244 514
7	Tax on ordinary income	(105 369 027)	(153 771 974)
	PROFIT/(LOSS) FOR THE FINANCIAL YEAR	266 733 145	61 472 540
	ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS		
8	Transferred to retained earnings	(266 733 145)	(61 472 540)
8	Group contribution net of tax	373 581 096	-
	Total allocations and equity transfers	106 847 951	(61 472 540)

COSL Drilling Europe AS
Balance sheet at 31 December

NOTE	ASSETS	2020	2019
	Tangible fixed assets		
4	Property, plant and equipment	<u>2 020 848</u>	<u>4 437 969</u>
	Total tangible fixed assets	<u>2 020 848</u>	<u>4 437 969</u>
	Financial non-current assets		
9	Investments in subsidiary companies	<u>5 383 971 046</u>	<u>5 383 971 046</u>
	Total financial non-current assets	<u>5 383 971 046</u>	<u>5 383 971 046</u>
	Total non-current assets	<u>5 385 991 894</u>	<u>5 388 409 015</u>
	Current assets		
	Accounts receivable	-	80 001
	Other receivables	5 503 265	5 769 794
2	Intercompany receivables	<u>316 649 366</u>	<u>785 107 758</u>
	Total receivables	<u>322 152 631</u>	<u>790 957 553</u>
10	Cash and cash equivalents	<u>11 899 974</u>	<u>11 637 300</u>
	Total current assets	<u>334 052 605</u>	<u>802 594 853</u>
	TOTAL ASSETS	<u>5 720 044 499</u>	<u>6 191 003 868</u>
NOTE	SHAREHOLDERS EQUITY AND LIABILITIES	2020	2019
	Shareholders equity		
	Paid-in capital		
8,11	Share capital	12 560 612	12 560 612
8	Other paid-in capital	<u>55 899 742</u>	<u>55 899 742</u>
	Total paid-in capital	<u>68 460 354</u>	<u>68 460 354</u>
	Retained earnings		
8	Retained earnings	<u>10 200 027</u>	<u>117 047 978</u>
	Total retained earnings	<u>10 200 027</u>	<u>117 047 978</u>
	Total shareholders equity	<u>78 660 381</u>	<u>185 508 332</u>
	Liabilities		
	Other non-current liabilities		
2	Loans from group companies	<u>4 294 664 956</u>	<u>4 246 457 608</u>
	Total non-current liabilities	<u>4 294 664 956</u>	<u>4 246 457 608</u>
	Current liabilities		
2	Intercompany liabilities	1 312 698 325	1 717 775 373
	Accounts payable	1 034 309	4 472 780
	Other taxes and withholdings	10 449 569	11 594 979
	Other current liabilities	<u>22 536 960</u>	<u>25 194 796</u>
	Total current liabilities	<u>1 346 719 162</u>	<u>1 759 037 928</u>
	Total liabilities	<u>5 641 384 118</u>	<u>6 005 495 536</u>
	TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	<u>5 720 044 499</u>	<u>6 191 003 868</u>

Sandnes, May 21st 2021

Qingyong Jin
ChairmanFrank Tollefsen
CEO and Board memberZhou Bingwen
Board member



COSL Drilling Europe AS

Cash flow statement

	2020	2019
CASH FLOW FROM OPERATIONS:		
Profit/(loss) before taxation	372 102 172	215 244 514
Taxes paid for the period	-	(3 291 116)
Depreciation and amortisation	2 984 627	3 097 212
Effect of currency rate changes	(53 510 888)	33 789 101
Change in trade receivables	80 001	222 005
Change in trade payables	(3 438 471)	1 430 742
Changes in inter-company balances	1 384 913 040	(257 761 736)
Changes in other current assets and other liabilities	(3 536 718)	(2 399 509)
Changes in group cashpool	(1 079 708 074)	243 730 785
Net cash flow from operations	619 885 688	234 061 997
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Outflows due to purchases of fixed assets	(567 505)	(473 086)
Inflows due to sales of financial non-current assets	-	(38 426 140)
Net cash flow from investment activities	(567 505)	(38 899 226)
CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow due to new non-current liabilities	48 207 346	(198 360 248)
Payments in due to group contribution	(667 262 855)	-
Net cash flow from financing activities	(619 055 509)	(198 360 248)
Net change in bank deposits, cash and equivalents	262 673	(3 197 474)
Bank deposits, cash and equivalents at 1 January	11 637 300	14 834 774
Bank deposits, cash and equivalents at 31 December	11 899 974	11 637 300



COSL Drilling Europe AS

Notes to the accounts, year ended 31 December 2020

Note 1 Accounting policies

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

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

All amounts are in NOK unless otherwise stated.
At 31.12.2020 a USD/NOK exchange rate of 8,62 has been used.

Valuation and classification of assets and liabilities

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

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

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

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

Foreign currency

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

Use of estimates

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

Shares in subsidiaries and associates

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

Revenue

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

Cash and cash equivalents

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

Cash pool

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

**Income taxes**

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

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

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

Comparitive figures

The presentation of the comparative figures has been updated to reflect a like-to-like comparison with current year figures.

Cash flow statement

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



Note 2 Related party transactions and balances

Related party transactions, profit and loss

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

Transaction type	Note	2020	2019
Intercompany interest expense	(1)	(101 478 124)	(127 998 993)
Reimbursable income	(2)	157 899 547	180 911 791
Group contribution income with tax effect	(3)	7 864 216	3 574 761
Group contribution income without tax effect	(4)	300 000 000	-
Group contribution cost with tax effect	(5)	(478 950 123)	-
Dividend foreign shares	(6)	-	773 863 200

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

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

(3): Income from subsidiaries and associated companies relate to group contribution (with tax effect) received from related group companies, 2020 and 2019 this was related to COSL Offshore Crew AS.

(4): Income from subsidiaries and associated companies relate to group contribution (without tax effect) received from related group companies, this was related to COSL Offshore Management AS.

(5): Cost from subsidiaries and associated companies relate to group contribution (with tax effect) given to the parent company, COSL Norwegian AS.

(6): The Company did not received dividende in 2020, in 2019 the dividende relates to USD 40 million (NOK 351 756 000) from COSL Promoter Pte Ltd and USD 48 million (422 107 200) from COSL Innovator Pte Ltd.

Loans payable to group companies consist of:

Counterpart / description	Relationship to the counterpart	Interest rate	2020	2019
COSL Norwegian AS	Parent company	2,25%	(4 294 664 956)	(4 246 457 608)
Total			(4 294 664 956)	(4 246 457 608)

Maturity

Later than 1 year but not later than 4 years

After 5 years	(4 294 664 956)	(4 246 457 608)
Total	(4 294 664 956)	(4 246 457 608)

COSL Drilling Europe AS has an unsecured loan towards parent company COSL Norwegian AS. The total amount of the loan facility is 1.3 billion US dollars and the interest rate is 2,25%. The purpose of the loan is to finance the ongoing working capital requirements. Subject to the terms of the loan agreement, advances may be drawn by the borrower at any time until the termination date. Interest is accrued yearly upon the aggregate principal amount of outstanding advances.



Intercompany receivables consist of:

Counterpart	Relationship to the counterpart	2020	2019
COSL Promotor Pte. Ltd.	Subsidiary	-	349 393 965
COSL Innovator Pte. Ltd.	Subsidiary	-	407 230 932
COSL Prospector Pte. Ltd.	Related party	-	141 721
COSL Offshore Management AS	Subsidiary	306 988 888	-
COSL Offshore Crew AS	Subsidiary	7 864 216	13 608 150
Other intercompany	Other group company	1 796 262	14 732 989
Total		316 649 366	785 107 758

Group contribution receivable/(payable) consist of:

Counterpart	Relationship to the counterpart	2020	2019
COSL Norwegian AS	Parent company	(478 950 123)	-
COSL Offshore Management AS	Subsidiary	300 000 000	(494 959 616)
COSL Offshore Crew AS	Subsidiary	7 864 216	3 574 761
Total		(171 085 907)	(491 384 855)

Intercompany payables consist of:

Counterpart	Relationship to the counterpart	2020	2019
COSL Norwegian AS, included cash pool	Parent company	1 312 690 238	715 644 834
COSL Pioneer Pte. Ltd.	Subsidiary	-	5 467 728
COSL Offshore Management AS	Subsidiary	-	996 612 067
Other intercompany	Other group company	8 087	50 744
Total		1 312 698 325	1 717 775 373

Group cashpool balance:

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



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

Payroll costs	2020	2019
Wages and salaries	78 967 226	79 192 763
Pension costs	3 752 817	4 813 162
Other personnel costs	15 024 329	20 812 496
Total	97 744 372	104 818 421

Average number of employees during the year 56 60

Pensions

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

Remuneration to Board of Directors and CEO

2020	CEO	Other Board members	Total
Wages and salaries	3 131 137	1 758 248	4 889 384
Pension costs	42 621	-	42 621
Bonus	2 093 522	1 175 564	3 269 086
Other	150 000	116 511	266 511
Total remuneration	5 417 280	3 050 323	8 467 603

2019	CEO	Other Board members	Total
Wages and salaries	2 089 220	2 993 360	5 062 581
Pension costs	26 101	8 701	34 802
Bonus	1 239 563	2 019 483	3 259 046
Other	101 678	499 032	600 710
Total remuneration	3 436 562	5 520 576	8 957 138

The company did not provide any loans or securities to the Board of Directors or members of Management in 2020 or in 2019. The company has a contractual obligation to pay 6 months' salary to the top management in the case of employment termination.

Auditor

Remuneration to Deloitte AS and their associates is as follows:

	2020	2019
Statutory audit	2 631 175	2 648 646
Total costs for Auditor	2 631 175	2 648 646



Note 4 Fixed assets

	Art	Machinery and equipment	Total
Cost at 31 December 2019	302 528	51 027 059	51 329 587
Additions, purchased	-	567 505	567 505
Disposals	(302 528)	-	(302 528)
Cost at 31 Desember 2020	-	51 594 564	51 594 564
Accumulated depreciation 31 December 2019	-	46 891 617	46 891 617
Depreciation	302 528	2 682 099	2 984 627
Accumulated depreciation on disposed assets	(302 528)	-	(302 528)
Accumulated depreciation 31 December 2020	-	49 573 716	49 573 716
Balance at 31 December 2020	-	2 020 848	2 020 848

Economic life	No depreciation	3-8 year
Depreciation method	-	Linear

COSL Drilling Europe AS has tangible fixed assets in the form of office equipment, art, hardware, software and warehouse equipment (Mongstad). The software is related to licences for use of business critical software such as the purchasing system (STAR) and Citrix.

Note 5 Operating, general and administrative expenses

Operating, general and administrative expenses	2020	2019
Office, warehouse and equipment costs	17 707 579	18 117 948
Travel expenses	169 393	479 591
Consultancy and legal fees	18 964 134	33 682 071
IT costs	13 158 034	12 579 920
Total operating, general and administrative expenses	49 999 140	64 859 530

The company has no financial leasing for 2020 or 2019.

Note 6 Other financial income and expenses

Other financial income	2020	2019
Realized and unrealized exchange gains	159 306 441	10 957 652
Net other financial income	159 306 441	10 957 652
Other financial expenses	2020	2019
Bank charges	24 549	34 688
Other financial expenses	5 086	2 100
Net other financial expenses	29 635	36 788



Note 7 Income tax expense

Payable tax	2020	2019
Profit/(loss) before tax	372 102 172	215 244 514
Permanent differences (income)	102 439 052	127 241 813
Group contribution/dividend not taxable	(300 000 000)	(773 863 200)
*Taxable income from subsidiaries	303 687 924	397 466 909
Change in temporary differences	720 974	364 360
Impairment of subsidiary	-	453 242 360
Change in tax loss carry forward	-	(404 737 140)
*Group contribution received/(paid)	(478 950 123)	(14 959 616)
Taxable income / (loss)	-	-
Payable tax on profit (22%)	-	-
Temporary differences	2020	2019
Fixed assets	(3 710 333)	(2 989 359)
Interest limitation rule carry forward	(277 552 343)	(277 552 343)
Total temporary differences	(281 262 676)	(280 541 702)
Calculated net deferred tax asset / (liability) (22%)	61 877 789	61 719 174
Total deferred tax asset / (liability) recognized (22%)	61 877 789	61 719 174
Deferred tax		
Deferred tax - ending balance	-	-
Deferred tax - opening balance	-	150 480 859
Total deferred tax (expense) / income	-	(150 480 859)
Total tax (expense) / income		
- Tax effect of group contribution	(105 369 027)	(3 291 116)
Deferred tax	-	(150 480 859)
Total tax (expense) / income	(105 369 027)	(153 771 974)

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

*The taxable income from subsidiary was increased by 175 878 000 after this financial statement was signed. Therefore the Group contribution to COSL Offshore Management AS was increased till 190 837 616 with tax effect. Hence the tax payable in 2019 remained unchanged to zero.



Note 8 Equity

	Share capital	Other paid-in capital	Retained earnings	Total shareholders equity
Equity at 1 January 2020	12 560 612	55 899 742	117 047 978	185 508 332
<i>This year's change in equity:</i>				
Profit/(loss) of the year	-	-	266 733 145	266 733 145
Received/(given) group contribution net of tax			(373 581 096)	(373 581 096)
Equity at 31 December 2020	12 560 612	55 899 742	10 200 027	78 660 381

Note 9 Investments in subsidiaries and associated companies

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

Company	Net bookvalue 31.12.2020	Net bookvalue 31.12.2019	Equity latest financial statements (1)	Profit/loss latest financial statements (1)
COSL Pioneer Pte Ltd	2 136 268 721	2 136 268 721	USD 303 933 446	USD (10 812 105)
COSL Promotor Pte Ltd	1 537 697 053	1 537 697 053	USD 292 762 000	USD 473 691
COSL Innovator Pte Ltd	1 671 379 133	1 671 379 133	USD 243 432 839	USD (66 580 505)
COSL Offshore Crew AS	100 000	100 000	3 562 250	6 085 384
COSL Offshore Management AS	38 526 140	38 526 140	1 471 543 650	1 732 917 512
Total investment in subsidiary companies	5 383 971 045	5 383 971 045		

(1): COSL Pioneer Pte Ltd, COSL Promotor Pte Ltd and COSL Innovator Pte Ltd have USD as functional currency. The exchange rate NOK/USD as of December 31, 2020 was 8,6223.

Note 10 Cash and cash equivalents

	2020	2019
Employee withheld taxes (restricted bank account)	7 865 452	7 862 607
Restricted cash for pensions	3 968 789	3 674 450
Other cash and cash equivalents	65 734	100 244
Total	11 899 974	11 637 300



Note 11 Share capital and shareholder information

The share capital in the company at 31 December 2020 consists of the following classes:

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

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

Ownership structure

Largest shareholders as of 31 December 2020:

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

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



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To the General Meeting of COSL Drilling Europe AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of COSL Drilling Europe AS showing a profit of NOK 266 733 145. The financial statements comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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.

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 in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



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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.

Stavanger, 28 June 2021
Deloitte AS

Arnstein Antonsen
State Authorised Public Accountant (Norway)