Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	992 831 510
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	COSL NORWEGIAN AS
Forretningsadresse:	Vestre Svanholmen 4 4313 SANDNES

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Randi Skailand
Dato for fastsettelse av årsregnskapet:	18.06.2021

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, 28.07.2022

Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	3 348	17 809
Sum kostnader		**3 348**	**17 809**
Driftsresultat		**-3 348**	**-17 809**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	3	55 547 838	831 767
Renteinntekt fra foretak i samme konsern	3	11 860 797	15 892 323
Sum finansinntekter		**67 408 635**	**16 724 090**
Nedskrivning av finansielle eiendeler	8	1 890 627	39 725 616
Rentekostnad til foretak i samme konsern	3	24 877 958	36 942 966
Annen finanskostnad	4	2 008 461	
Annen finanskostnad	4	11 689	3 449 648
Sum finanskostnader		**28 788 735**	**80 118 230**
Netto finans		**38 619 900**	**-63 394 140**
Ordinært resultat før skattekostnad		**38 616 552**	**-63 411 949**
Ordinært resultat etter skattekostnad		**38 616 552**	**-63 411 949**
Årsresultat		**38 616 552**	**-63 411 949**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	6	38 616 552	-63 411 949
Sum overføringer og disponeringer		**38 616 552**	**-63 411 949**

Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	8	640 620 883	642 511 510
Lån til foretak i samme konsern	3	498 088 092	482 886 729
Andre fordringer		4 407	13 666
Sum finansielle anleggsmidler		**1 138 713 382**	**1 125 411 905**
Sum anleggsmidler		**1 138 713 382**	**1 125 411 905**
Omløpsmidler			
Varer			
Fordringer			
Konsernfordringer	3	172 706 277	249 702 600
Sum fordringer		**172 706 277**	**249 702 600**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	9	9 569 222	3 704 038
Sum bankinnskudd, kontanter og lignende		**9 569 222**	**3 704 038**
Sum omløpsmidler		**182 275 499**	**253 406 638**
SUM EIENDELER		**1 320 988 881**	**1 378 818 543**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	6,7	285 449 514	285 449 514
Annen innskutt egenkapital	6	713 570 000	713 570 000
Sum innskutt egenkapital		**999 019 514**	**999 019 514**

Balanse

Beløp i: USD	Note	2020	2019
Opptjent egenkapital			
Annen egenkapital	6	-1 083 759 480	-1 122 376 032
Sum opptjent egenkapital		**-1 083 759 480**	**-1 122 376 032**
Sum egenkapital		**-84 739 966**	**-123 356 518**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	3	616 143 572	811 143 572
Sum annen langsiktig gjeld		**616 143 572**	**811 143 572**
Sum langsiktig gjeld		**616 143 572**	**811 143 572**
Kortsiktig gjeld			
Kortsiktig konserngjeld	3	350 000 000	370 000 000
konsern gjeld	3	439 585 275	321 031 490
Sum kortsiktig gjeld		**789 585 275**	**691 031 490**
Sum gjeld		**1 405 728 847**	**1 502 175 062**
SUM EGENKAPITAL OG GJELD		**1 320 988 881**	**1 378 818 544**

Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3	355 867 000	162 361 000
Annen driftsinntekt	3	54 426 000	112 004 000
Annen driftsinntekt	3	10 952 000	23 207 000
Sum inntekter		**421 245 000**	**297 572 000**
Kostnader			
General adm. exp	4,10	7 897 000	11 166 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	70 424 000	92 660 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	5,8	212 121 000	43 667 000
Annen driftskostnad	5,21		-152 000
Rig operating exp.	4,10	132 737 000	202 213 000
Sum kostnader		**423 179 000**	**349 554 000**
Driftsresultat		**-1 934 000**	**-51 982 000**
Finansinntekter og finanskostnader			
Annen finansinntekt			521 000
Sum finansinntekter			**521 000**
Rentekostnad til foretak i samme konsern	19,9	30 886 000	49 621 000
Agio		775 000	
Annen finanskostnad		76 000	79 000
Sum finanskostnader		**31 737 000**	**49 700 000**
Netto finans		**-31 737 000**	**-49 179 000**
Ordinært resultat før skattekostnad		**-33 671 000**	**-101 161 000**
Skattekostnad på ordinært resultat	12	-6 951 000	-1 730 000
Ordinært resultat etter skattekostnad		**-26 720 000**	**-99 431 000**
OCI	12	3 467 000	-198 000
Årsresultat		**-23 253 000**	**-99 629 000**
Overføringer og disponeringer			

Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
Overføringer til/fra annen egenkapital		-23 253 000	-99 629 000
Sum overføringer og disponeringer		**-23 253 000**	**-99 629 000**

Konsernets balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Right of use assets	17	2 252 000	3 122 000
Utsatt skattefordel	12	138 000	
Sum immaterielle eiendeler		**2 390 000**	**3 122 000**
Varige driftsmidler			
Skip, rigger, fly og lignende	5	1 059 990 000	1 328 731 000
Sum varige driftsmidler		**1 059 990 000**	**1 328 731 000**
Finansielle anleggsmidler			
Andre fordringer	18		741 000
Sum finansielle anleggsmidler			**741 000**
Sum anleggsmidler		**1 062 380 000**	**1 332 594 000**
Omløpsmidler			
Varer			
Varer	15	22 790 000	30 530 000
Sum varer		**22 790 000**	**30 530 000**
Fordringer			
Kundefordringer	14,19	93 860 000	97 558 000
Andre fordringer	14,19	225 260 000	231 227 000
Sum fordringer		**319 120 000**	**328 785 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	13	17 397 000	13 663 000
Sum bankinnskudd, kontanter og lignende		**17 397 000**	**13 663 000**
Sum omløpsmidler		**359 307 000**	**372 978 000**
SUM EIENDELER		**1 421 687 000**	**1 705 572 000**

Konsernets balanse

Beløp i: USD	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	21,22	285 450 000	285 450 000
Annen innskutt egenkapital	22	713 570 000	713 570 000
Sum innskutt egenkapital		**999 020 000**	**999 020 000**
Opptjent egenkapital			
Annen egenkapital		-1 209 857 000	-1 179 670 000
Other comprehencive Income		0	-3 465 000
Sum opptjent egenkapital		**-1 209 857 000**	**-1 183 135 000**
Sum egenkapital		**-210 837 000**	**-184 115 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	11		4 112 000
Utsatt skatt	13		6 811 000
Sum avsetninger for forpliktelser			**10 923 000**
Annen langsiktig gjeld			
Langsiktig konserngjeld	7,16,19	977 417 000	1 186 417 000
Defered Revenue	18		1 979 000
Lease Liability	17	1 257 000	2 207 000
Sum annen langsiktig gjeld		**978 674 000**	**1 190 603 000**
Sum langsiktig gjeld		**978 674 000**	**1 201 526 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	7,16,19	350 000 000	370 000 000
Leverandørgjeld	7	28 829 000	40 082 000
Betalbar skatt	7,12	120 000	114 000
Kortsiktig konserngjeld	7,19	49 650 000	34 980 000
curent portion of lease	17	994 000	
Annen kortsiktig gjeld	7,19,20	224 257 000	242 985 000

Konsernets balanse

Beløp i: USD	Note	2020	2019
Sum kortsiktig gjeld		**653 850 000**	**688 161 000**
Sum gjeld		**1 632 524 000**	**1 889 687 000**
SUM EGENKAPITAL OG GJELD		**1 421 687 000**	**1 705 572 000**

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	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 åreregnskap 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
Postboks 9200 Grønland
0134 Oslo
skattedirektoratet@skatteetaten.no

Besøksadresse
Fredrik Selmers vei 4
Org. nr: 974761076

Sentralbord
800 80 000
Telefaks
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.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Jan Hoelstad
Jan Hoelstad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Helleland
Torstein Kinden Helleland

COSL

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COSL Norwegian AS

Financial statements for the parent company and consolidated financial statements for the group 2020

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COSL Norwegian Group

BOARD OF DIRECTORS' REPORT 2020

COSL NORWEGIAN AS
BOARD OF DIRECTORS REPORT 2020

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

The COSL Norwegian group owned three Semi submersibles and one accommodation unit by end of 2020. At the date of the signing of this report none of the semi submersibles drilling rigs are in operation. One semi-submersible drilling rig is stacked in UK, and two at CCB and the accommodation rig is sold for scrap.

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

The Group's equity as of 31 December 2020 has been lost and amounts to USD 210.8 million (2019: USD 184.1 million loss). The equity of the Company is lost with an amount of USD 84.7 million (2019: USD 123.4 million loss).

The Group/Company is mainly financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by COSL to additional equity if needed. Per 31 December 2020, the Group's equity including COSL Shareholder loans amounts to USD 1,116.6 million, which implies an adjusted equity ratio of 78.5%. This has been assessed by the Board as sufficient to continue business operations of the Group and the Company.

The Group furthermore had a positive bank balance per 31 December 2020 of USD 17,4 million. Going concern

At the signing of this Financial statement the Group does not have any active rig operations. COSL Offshore Management AS rents out staff and assist in maintaining and preserving the rigs while they are stacked, on behalf of the rig owning companies. COSL Offshore Management AS has signed a contract with OKEA, but the start date for the operation is not yet decided. The Group has laid off staff on temporary leave to keep the cost to a minimum.

<u>COVID-19</u>
In 2020, the COVID-19 epidemic has had a certain negative impact on the global economy. The Company will formulate measures in a timely manner based on the new situation by continuously paying attention to the development of global economy, the trend of international oil prices and the investment of upstream exploration and development The full impact of COVID-19 is still uncertain, but the oil activity which COSL is part of is looked at as an important contributor to of the society. This implies that COSL will do its utmost to continue full operation as long as possible.

The demand for fuel has been set back due to less travel and the, market demand for rigs seems to be affected by this uncertainty and a lot of tender processes have been delayed.

Another impact the COVID-19 pandemic seems to create is a low NOK rate. Most of the cost are in NOK and the income are mainly in USD.

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

Statement of Profit and Loss and Other Comprehensive Income

Consolidated accounts:

In 2020, total revenues amount to USD 421.2 million, and relate to the operation of three semi-submersible drilling units, related party income and amortization of deferred revenue. The settlement with Equinor for the termination dispute for COSLInnovator is accounted for USD 188 million as operating revenue. The total revenue for 2019 was USD 297.6 million. Operating profit before depreciation and amortization (EBITDA) was USD 280.6 million compared to USD 84.2 million in 2019. The operating loss after depreciation and amortization (EBIT) was USD 1.9 million, representing a decrease of USD 50.0 million compared with USD 52.0 million loss for the same period last year. Rig operating expenses in 2020 were USD 132.7 million compared to USD 202.2 million in 2019. General and administrative expenses were USD 7.9 million. The corresponding figure for 2019 was USD 11.2 million.

Depreciation expense was USD 70.4 million in 2020 and was primarily attributable to the accommodation rig and the three semi-submersible drilling units. For 2019, the depreciation expense was USD 92.7 million.

Net financial costs were USD 31.7 million in 2020 compared to USD 49.2 million in 2019. Interest expenses were USD 30.9 million compared to USD 49.6 million in 2019. Loss before tax was USD 33.7 million, an increase of USD 67.5 million compared to 2019 (loss before tax in 2019 was USD 101.2 million). In 2020, total comprehensive loss was USD 23.3 million compared to a loss of USD 99.6 million in 2019.

Parent company accounts:

Operating loss in 2020 was USD 3.3 thousand, compared to a loss of USD 17.8 thousand in 2019. Financial items amounted to a gain of USD 38.6 million in 2020 compared to a loss of USD 63.4 million in 2019. A dividend income of USD 55.5 million has been recognized in 2020 (2019: USD 0.8 million). The dividends declared by the subsidiaries have reduced the amount of equity in the respective subsidiaries, based on which management has recognized an impairment of its investment in subsidiaries to reflect this reduction of USD 1.9 million. In previous year an impairment of USD 39.7 million was recognized. Profit before tax for 2020 was USD 38.6 million, compared to a loss of USD 63.4 million in 2019. Tax expenses were zero in 2020 and 2019 due to tax loss carry-forward for which no deferred tax assets have been recognized.

Statement of Financial Position

Consolidated accounts:

As of December 31, 2020, total assets were USD 1,421.7 million compared to USD 1,705.6 million at the end of 2019. Total investments in rig construction and upgrades for 2020 were USD 12,9 million compared to USD 16,0 million in 2019. The investments have been financed mainly from cash flows from operations and settlement of intercompany/related party balances.

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

There has been no change in the number of shares during 2020. The share capital is USD 285 million unchanged from December 31, 2019. The group's equity ratio is (14.8 %) compared to (10.8 %) in 2019.

Parent company accounts:
As of December 31, 2020, total assets were USD 1,321.0 million compared to USD 1,378.8 million at the end of 2019, mainly relating to the shares in subsidiaries and loans to subsidiaries. Equity is negative and amounts to USD (84.7) million at end of 2020 and amounted to USD (123.4)) million as of end of 2019. The long-term interest-bearing debt is to the parent and related companies and this can be converted to equity if needed to restore equity.

Liquidity and financing
Consolidated accounts:
At December 31, 2020, the Group had USD 17.4 million in cash and cash equivalents. At the end of 2019, the same figure was USD 13.7 million. The CNA group has several shareholder and related party loans, in total amounting to USD 1,327 million, the comparison figure for 2019 was USD 1,556 million. See cash flow statement for further information. The Board has evaluated that the Group has sufficient liquidity to meet its' obligations.

Parent company accounts:
At December 31, 2020 COSL Norwegian AS had cash of USD 9.6 million, the corresponding figure for 2019 was USD 3.7 million. The Board has evaluated that the Company has sufficient liquidity to meet its' obligations.

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

Contract status – Semi submersibles
COSLPioneer commenced a contract with CNOOC Petroleum Europe Ltd in April 2019 and operated this till end September 2020. After this contract the rig has been warm stacked at Firth of Forth in UK.

COSLInnovator has commenced a contract for Chrysaor mid-February 2021, the operation is for two firm wells and one optional well. Prior to this the rig was warm stacked and made ready for operation at CCB. The rig finished this operation mid May 2021 and is currently warm stacked at CCB.

COSLPromoter has operated on an 8-year contract with Equinor ASA on the Troll field (Norway) till 20 April 2021. The rig is currently warm stacked at CCB.

Accommodation services
COSLRival is a moored semi-submersible accommodation unit with a bed capacity of 400. The rig is stacked in Kristiansand. The rig was sold for scrap in 2021.

Market outlook
Oil and gas companies are increasingly exploring and developing fields that are located in deeper, colder and more remote areas. Typical conditions in harsh and Arctic environments are colder temperatures, rougher sea, stronger currents, limited daylight and ice in close proximity. The North Sea is the most mature of the harsh environment regions today, while new regions are being explored further north such as Arctic Russia, Greenland, Northeastern Canada and the Barents Sea. Drillers with experience in harsh environment areas, such as the North Sea, have a competitive advantage targeting these regions.

Harsh environment forecast
Harsh environment units have a number of design modifications to decrease weather related down time, including increased variable load to reduce the need for resupply, increased air gap to increase wave clearance and changes in the geometry and spacing of legs and columns to decrease wind and wave loads. Harsh environment rigs are in general larger, heavier and more expensive to construct and operate than moderate units.

Today there are still too many rigs which compete for the same jobs in the North Sea market. This situation needs to improve if this market shall be sustainable.

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

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

Accommodation Services
The market for North Sea type accommodation units has declined during the last years and many accommodation units will not be employed for a shorter or a longer period in the near future.

The accommodation market is challenging and the low demand for this service has put pressure on the day rates and utilization of the fleet.

Organization
The CNA group had 388 employees by end of the year, this is a decrease of 81 from 469 employees compared to end of 2019. This decrease is mainly due to a reduction in the operation in 2020 for COSLProspector and COSLPioneer.

The working environment remains good, attracting highly qualified personnel.

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

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

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

Health, Security and Environment

COSL seeks to become one of the preferred suppliers within all its business areas. HSE is one of the fundamental focuses to ensure safe and efficient operations. The business operates in compliance with national and international rules and regulations, also comprising mandatory plans and procedures to monitor external environment and prevent environmental damage from offshore operations.

Focus areas in 2021

COSL carries forward the efforts to reach our ultimate HSE goal of Zero injuries and damage to personnel, the environment and asset. With this we strive to ensure that we adapt to changes and manage our activities in a safe and effective manner.

Our Safe Work Planning and Execution tool has been implemented on all units. In 2021 we will continue to follow-up on our expectations and understanding surrounding its use, to ensure that we draw more effect from evaluating work performance and giving constructive feedback.

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

COSL aims to achieve the following main targets (Top-5 Priority) in 2021:

1. All Rigs on Hire
2. Cost Efficient
3. Safety, no incidents, spill or losses.
4. Preferred employer
5. 0-emission goal defined, including ISO 50001 accreditation

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

Company risks

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

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

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

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

Shareholders and equity, parent company
COSL Norwegian AS's only shareholder is COSL Singapore International Pte Ltd which again is a fully owned subsidiary of China Oilfield Services Limited.

Sandnes, 18 June 2021
The Board of Directors of COSL Norwegian AS

Jin Qingyong Chairman of the Board	Zhou Bingwen Member of the Board

Financial Statements

COSL Norwegian AS

Org. Nr.: 992.831.510

2020

COSL Norwegian AS
Profit and loss statement

All figures in USD

NOTE	OPERATING REVENUE AND OPERATING EXPENSES	2020	2019
2	Other operating expenses	3 348	17 809
	Total operating expenses	**3 348**	**17 809**
	Operating profit/(loss)	**(3 348)**	**(17 809)**
	FINANCIAL INCOME AND FINANCIAL EXPENSES		
3	Group contribution from subsidiaries	55 547 838	831 767
3	Interest received from group companies	11 860 797	15 892 323
4	Other financial income	(2 008 461)	-
8	Impairment of financial assets	(1 890 627)	(39 725 616)
3	Interest paid to group companies	(24 877 958)	(36 942 966)
4	Other financial expenses	(11 689)	(3 449 648)
	Financial items, net	**38 619 900**	**(63 394 140)**
	Profit/(loss) on ordinary activities before taxation	**38 616 552**	**(63 411 949)**
5	Tax on ordinary income	-	-
	PROFIT/(LOSS) FOR THE FINANCIAL YEAR	**38 616 552**	**(63 411 949)**
	ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS		
6	Transferred (to)/from retained earnings	(38 616 552)	63 411 949
	Total allocations and equity transfers	(38 616 552)	63 411 949

COSL Norwegian AS
Balance sheet at 31 December

All figures in USD

NOTE	ASSETS	2020	2019
	Financial non-current assets		
8	Investments in subsidiary companies	640 620 883	642 511 510
3	Loans to group companies	498 088 092	482 886 729
	Other assets	4 407	13 666
	Total financial non-current assets	1 138 713 382	1 125 411 905
	Total non-current assets	1 138 713 382	1 125 411 905
	Receivables		
3	Intercompany receivables	172 706 277	249 702 600
	Total receivables	172 706 277	249 702 600
	Current investments		
9	**Cash and cash equivalents**	9 569 222	3 704 038
	Total current assets	182 275 499	253 406 639
	TOTAL ASSETS	1 320 988 881	1 378 818 544
	SHAREHOLDERS EQUITY AND LIABILITIES		
	Shareholders equity		
	Paid-in capital		
6,7	Share capital	285 449 514	285 449 514
6	Share premium account	713 570 000	713 570 000
	Total paid-in capital	999 019 514	999 019 514
	Retained earnings		
6	Retained earnings	(1 083 759 480)	(1 122 376 032)
	Total retained earnings	(1 083 759 480)	(1 122 376 032)
	Total shareholders equity	(84 739 966)	(123 356 518)
	Liabilities		
	Other non-current liabilities		
3	Loans from group companies	616 143 572	811 143 572
	Total non-current liabilities	616 143 572	811 143 572
	Current liabilities		
3	Current portion of loans from group companies	350 000 000	370 000 000
3	Intercompany liabilities	439 585 275	321 031 490
	Total current liabilities	789 585 275	691 031 490
	Total liabilities	1 405 728 847	1 502 175 062
	TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	1 320 988 881	1 378 818 544

Sandnes, 18 June 2021

Jin Qingyong
Chairman

Zhou Bingwen
Boardmember

COSL Norwegian AS

Cash flow statement

	2020	2019
CASH FLOW FROM OPERATIONS:		
Profit/(loss) before taxation	38 616 552	(63 411 949)
Impairment of fixed and intangible assets	1 890 627	39 725 616
Net foreign exchange gains / (losses)	1 306 783	1 727 684
Change in working capital	190 043 874	(110 908 970)
Net cash flow from operations	**231 857 836**	**(132 867 619)**
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Net cash flow from investment activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES:		
Change in loans payable to group companies, net	(10 992 653)	25 060 602
Change in loans receivable from group companies, net	(215 000 000)	90 000 000
Net cash flow from financing activities	**(225 992 653)**	**115 060 602**
Net change in bank deposits, cash and equivalents	5 865 184	(17 807 017)
Bank deposits, cash and equivalents at 1 January	3 704 038	21 511 055
Bank deposits, cash and equivalents at 31 December	**9 569 222**	**3 704 038**

COSL Norwegian 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 USD 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 USD at the exchange rate prevailing at the balance sheet date. Currency forward contracts are valued in the balance sheet at fair value on the balance sheet date.

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

Receivables
Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

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 acccounting principles. Received dividends and group contributions are recognised as other financial income.

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.

Cost of sales and other expenses
In principle, cost of sales and other expenses are recognised in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

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 comparitive 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 part of cash and cash equivalents in the cash flow statement.

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

Employees
The Company did not have a Managing Director or employees during 2020 (2019: 0).

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

Auditor's remuneration
Remuneration to the Company's auditor (Deloitte AS) is invoiced to group company COSL Drilling Europe AS and no remuneration is paid or expensed by the Company (2019: 0).

Note 3 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' lenght principle. The most significant transactions with related parties are specified as follows:

Transaction type	Note	2020	2019
Intercompany interest expenses	(1)	(24 877 958)	(36 942 966)
Intercompany interest income	(1)	11 860 797	15 892 323
Group contribution from subsidiaries	(2)	55 547 838	831 767

(1): Intercompany interest income/(expense) comprises interest related to the group cashpool arrangement, parent company loans and loans with subsidiary companies.
(2): Groupcontribution received in 2020 was USD 55 547 838 (NOK 478 950 123) from COSL Drilling Europe AS, in 2019 the Group contribution was from COSL Craft Ltd of USD 831 767 (NOK 7 314 472)

Loans receivable from group companies consist of:

Counterpart	Relationship to the counterpart	Interest rate	2020	2019
COSL Drilling Europe AS	Subsidiary	2,99 %	498 088 092	482 886 729
Total			**498 088 092**	**482 886 729**

Maturity	2020	2019
Within one year	-	-
Later than 1 year but not later than 4 years	498 088 092	482 886 729
After 5 years	-	-
Total	**498 088 092**	**482 886 729**

The Company provides loans to subsidiaries in both NOK and USD. The loans are bearing an interest fixed rate 2,25% in 2020 and 2,99% in 2019. The loan is without fixed repayment schedule for the principal loan and accrued interest.

Intercompany receivables consist of:

Counterpart	Relationship to the counterpart	2020	2019
COSL Drilling Europe AS	Subsidiary	55 547 838	109 349 996
COSL Oil and Gas AS	Subsidiary	13 548 308	13 283 933
COSL Rig Ltd	Subsidiary	33 145	33 145
China Oilfield Services Ltd	Ultimate parent company	935 249	935 249
Group Cash pool (note 9)	Subsidiaries	102 641 738	126 100 278
Total		**172 706 277**	**249 702 600**

Loans from group companies

In USD	Rate	2020	2019
Non-current			
Long-term COSL shareholder's loan no.1	2,25 %	90 005 709	90 005 709
Long-term COSL shareholder's loan no.2	2,25 %	65 137 863	260 137 863
COSL Finance (BVI) Limited -Bond Loan	3,28 %	461 000 000	461 000 000
Total non-current portion of interest-bearing debt		616 143 572	811 143 572

Current	Rate	2020	2019
Long-term COSL shareholder's loan no.3	2,25 %	-	20 000 000
OOGC Loan	Libor + 0,5%	350 000 000	350 000 000
Total current portion of interest-bearing debt		350 000 000	370 000 000

Maturity non-current borrowings		
Later than one year and not later than four years		
Five years and later	616 143 572	811 143 572
Total non-current borrowings	616 143 572	811 143 572

COSL Shareholder's loan no. 1

In May 2009, the company entered into a loan facility agreement (unsecured) with China Oilfield Services Limited for USD 2.2 billion ("COSL Shareholder's loan"). The company made a draw-down of USD 1,595 million on the facility in 2009, which was used to repay the external bank loans. An additional draw-down of the remaining loan was made from 2010 to 2014 for further construction. And the loan is repaid based on COSL Norwegian AS cash flow from time to time. The loan interest is based fixed at 2.99% from 1 January 2019,The loan Interest had changed to 2.25% from 1 January 2020 . The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender. The Company and COSL has committed to extend the repayment of the loan until May 2025 and it is therefore presented as non-current liability.

COSL Shareholder's loan no.2

In May 2009, the company entered into a loan facility agreement (unsecured) with China Oilfield Services Limited for USD 1.4 billion ("COSL Shareholder loan"). The company made a draw-down of USD 1.4 billion on May 26, 2009 on the facility, which was used to repay the external bank syndicate loans.And the loan is repaid based on COSL Norwegian AS cash flow from time to time. Interest is fixed at 2.99% from 1 January 2019,The loan Interest had changed to 2.25% from 1 January 2020. The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender. China Oilfield Services Limited has committed to extend the repayment of the loan until 2025 and it is therefore presented as non-current liability.

COSL Shareholder's loan no.3

In May 2017, the company entered into a short- term loan agreement (unsecured) with China Oilfield Services Limited for USD 80 million ("COSL Shareholder loan"). Interest is fixed at 2.99% ,The loan Interest had changed to 2.25% from 1 January 2020. the compay made a draw-down of USD 80 million in December 2018. The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender.

COSL Finance (BVI) Limited -Bond Loan

COSL Finance (BVI) Limited issued USD 1 billion bond and lent USD 987.8 million to COSL Norwegian AS in September 2012. At the end of 2013, the amount of Bond Loan is USD 993.3 million, COSL Finance (BVI) lent another USD 5.5 million in 2013. And in 2014 COSL Norwegian AS borrowed another USD 6.7 million, and the total loan balance was up to 1 billion US dollars. The loan is unsecured and bears an interest fixed at 4.000% and was redused to 3.250% in 2018, later on increased to 3.28% from 1st October 2019. The company has the right to choose to pay the accrued interest semi-annually. The maturity of the loan is 10 years.

OOGC Loan

In July 2016, the company entered into a loan facility agreement (unsecured) with OOGC, one of the CNOOC subsidiaries, for USD 350 million ("OOGC loan"). The company made a draw-down of USD 100 million on the facility in July 2016, and two draw-downs in 2017, one in January for USD 89 million and USD 161 million in March,4 down payments in december 2018,they are 80 millions,45 millions,20 millions and 5 millions, two draw-downs in january 2019, they are 85 millions and 65 millions.The USD 350 million was used to repay COSL shareholder loan. The loan interest is based on LIBOR + 0.5% .The loan can be extended based on the negotiation between the company and OOGC.

Covenants

There are no covenants relating to the loans outstanding as of December 31, 2020.

Intercompany payables consist of:

Counterpart	Relationship to the counterpart	2020	2019
COSL Offshore Crew AS	Subsidary	-	289 931
COSL Promoter Pte Ltd	Subsidary	-	54 277
COSL Offshore Management AS	Subsidiary	-	2 143 480
COSL Prospector Pte Ltd	Related party	142 004	207 323
COSL Craft Ltd	Subsidary	95 558 286	95 758 503
COSL Drilling Pan Pacific Labon Ltd	Related party	74 384 756	74 384 756
China Offshore Service Limited (*)	Ultimate parent company	27 243 045	20 865 608
Group Cash Pool (note9)		242 257 184	127 327 612
Total		**439 585 275**	**321 031 491**

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

Group contribution receivable consist of:

Counterpart	Relationship to the counterpart	2020	2019
COSL Drilling Europe AS	Subsidary	55 547 838	-
COSL Craft Ltd	Subsidary	-	831 767
Total		**55 547 838**	**831 767**

Note 4 Other financial income and expenses

Other financial expenses	2020	2019
Net agio loss	-	3 445 053
Interest on overdue payments	66	-
Bank charges	11 623	4 595
Net other financial expenses	**11 689**	**3 449 648**

Other financial income	2020	2019
Net agio gain	(2 008 461)	-
Net other financial income	**(2 008 461)**	**-**

Note 5 Income tax expense

Payable tax	2020	2019
Profit/(loss) before tax	38 616 552	(63 411 949)
Permanent differences	14 911 136	61 572 186
Correction of Agio from pervious years	-	9 759 330
Taxable NOKUS income	86 179	-
Currency translation effect on carry-forward loss due to interest limitation	2 650 267	(1 073 137)
Currency translation effect on carry-forward loss	(104 716)	(378 792)
Currency translation effect on valuation allowance	(2 545 551)	1 451 929
(Utilize)/increase in Tax loss carry forward	(53 613 867)	(7 919 567)
Taxable income / (loss)	-	-
Payable tax on profit (22%)	-	-

Temporary differences	2020	2019
Fixed assets	-	-
Tax loss carry forward due to interest limitations rules	(135 816 898)	(133 166 631)
Tax loss carry forward	(792 171 764)	(845 680 915)
Total temporary differences	(927 988 661)	(978 847 546)
Calculated net deferred tax asset / (liability) (22%)	204 157 506	215 346 460
Valuation allowance	(204 157 506)	(215 346 460)
Total deferred tax asset / (liability) recognized (22%)	-	-

Total tax (expense) / income		
Payable tax	-	-
Deferred tax	-	-
Total tax (expense) / income	-	-

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

Note 6 Equity

	Share capital	Share premium a	Retained earnings	Total equity
Equity at 31 December 2019	**285 449 514**	**713 570 000**	**(1 122 376 032)**	**(123 356 518)**
This year's change in equity:				
Profit/(loss) of the year	-	-	38 616 552	38 616 552
Equity at 31 December 2020	**285 449 514**	**713 570 000**	**(1 083 759 480)**	**(84 739 966)**

Note 7 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	**1 541 228 656**	**1**	**1 541 228 656**
Total	**1 541 228 656**		**1 541 228 656**

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
COSL Singapore International Pte. Ltd.	**1 541 228 656**	**1 541 228 656**	**1**	**1**
Total number of shares	1 541 228 656	1 541 228 656	1	1

Note 8 Investments in subsidiaries

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

Figures in USD Company	Impairment recognised in 2020	Net bookvalue 31.12.2020	Net bookvalue 31.12.2019	Equity 31.12.2020	Profit/(loss) 2020
COSL Oil & Gas AS		-	-	(54 381 853)	(4 067 476)
COSL Drilling Europe AS (**)		454 541 112	454 541 112	359 238 011	31 300 228
COSL Rig Ltd (**)		6 155 398	6 155 398	7 667 770	(9 503 197)
COSL Superior Ltd		34 016 251	34 016 251	34 056 267	40 017
COSL Craft Ltd (**)	(1 223 878)	91 400 051	92 623 929	91 400 051	(576 952)
COSL Seeker Ltd	(235 999)	0	235 999	(143 435)	(379 437)
COSL Drilling Singapore Pte Ltd (*)		30 350 692	30 350 692	32 139 863	28 199
COSL Strike Pte Ltd (*)		1 343 082	1 343 082	3 092 723	265 170
COSL Confidence Pte Ltd (*)	(430 750)	22 814 297	23 245 047	22 814 297	(678 043)
Total investment in subsidiary companies	**(1 890 627)**	**640 620 883**	**642 511 510**	**495 883 694**	**16 428 509**

Impairments have been recognised in 2020 for subsidiaries where the carrying value of the investment in subsidiary exceeded the estimated fair value of equity of the subsidiary per 31.12.2020.

* The equity and the profit/(loss) is derived from the Group's internal financial reporting, as statutory accounts for 2020 were not yet available.
** These subsidiaries are intermediate holding companies, having investments in several other subsidiaries in the Group. The presented equity and result relates to the directly owned subsidiary only, as no consolidated accounts are prepared for intermediate holding entities.

Note 9 Cash, banks and group cash pool

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

Group cash pool balances are specified as follows:

	2020	2019
Group cash pool balance/(overdraft) due to COSL Norwegian AS	(138 159 235)	2 407 079
Group cash pool balances due to subsidiaries (*note 3: Intercompany payables*)	242 257 184	127 327 612
Group cash pool balances due from subsidiaries (overdrafts) (*note 3: Intercompany receivables*)	(102 641 738)	(126 100 278)
Other bank balances	8 113 010	69 626
Total net group cash pool balance per 31 December	**9 569 222**	**3 704 038**

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

Note 10. Going Concern

The Company's equity as of 31 December 2020 has been lost and amounts to USD 84.7 million (negative) (2019: USD 123.4 million negative).

The Company is mainly financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by COSL to additional equity if needed. Per 31 December 2020, the Company's equity including COSL Shareholder loans amounts to USD 616.1 million, which implies an adjusted equity ratio of 40.2%. This has been assessed by the Board as sufficient to continue business operations of the Company. The Company furthermore had a positive bank balance per 31 December 2020 of USD 9.6 million.

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

COSL Norwegian AS

Consolidated Statement of Profit and Loss and Other Comprehensive Income

in USD thousands	Notes	2020	2019
Contract revenue	3	355 867	162 361
Reimbursables	3	54 426	112 004
Other	3	10 952	23 207
Operating revenues		421 244	297 572
Rig operating expenses	4, 10	132 737	202 213
General and administrative expenses	4, 10	7 897	11 166
Depreciation & Amortization	5	70 424	92 660
Impairment	5, 8	212 121	43 667
(Gain)/Loss from disposal of rig assets	5, 21	-	(152)
Operating expenses		423 179	349 554
Operating profit / (loss)		**(1 935)**	**(51 982)**
Interest expense (net)	19, 9	(30 886)	(49 621)
Net foreign exchange gains / (losses)		(775)	521
Other financial items		(76)	(79)
Net financial items		(31 738)	(49 179)
Profit / (loss) before taxes		**(33 672)**	**(101 161)**
Income tax benefit / (expense)	12	6 951	1 730
Net profit / (loss) for the year		**(26 722)**	**(99 431)**
Other Comprehensive Income / (Loss) - net of tax	11	3 467	(198)
Total Comprehensive Income / (Loss)		**(23 255)**	**(99 628)**
Total Comprehensive Income / (Loss) attributable to:			
Owners of the company		(23 255)	(99 628)

COSL Norwegian AS
Consolidated Statement of Financial Position

in USD thousands	Notes	31.12.2020	31.12.2019
Assets			
Non-current assets			
Rigs and equipment	5	1 059 990	1 328 731
Deferred tax assets	12	138	-
Deferred mobilization expense	18	-	741
Right of use assets	17	2 252	3 122
Total non-current assets		1 062 380	1 332 594
Current assets			
Trade receivables	14,19	93 860	97 558
Other receivables and prepayments	14,19	225 260	231 227
Inventory	15	22 790	30 530
Cash and cash equivalents	13	17 397	13 663
Total current assets		359 307	372 978
Total assets		1 421 687	1 705 571
Equity and liabilities			
Equity			
Issued capital	21,22	285 450	285 450
Share premium	22	713 570	713 570
Retained earnings		(1 209 857)	(1 179 670)
Other Comprehensive Income		-	(3 465)
Total Equity		(210 837)	(184 116)
Non-current liabilities			
Deferred tax liability	13	-	6 811
Long-term shareholder's loans (interest bearing)	7,16,19	977 417	1 186 417
Net pension liabilities	11	-	4 112
Deferred revenue	18	-	1 979
Lease Liability	17	1 257	2 207
Total non-current liabilities		978 674	1 201 525
Current liabilities			
Accounts payable	7	28 829	40 082
Short term loan (interest bearing)	7,16,19	350 000	370 000
Current portion of lease liability	17	994	-
Accrued interest	7,19	49 650	34 980
Other short term debt	7,19,20	224 257	242 985
Income taxes payable	7,12	120	114
Total current liabilities		653 850	688 161
Total equity and liabilities		1 421 687	1 705 571

Sandnes, 18 June 2021

Jin Qingyong
Chairman of the Board

Bingwen Zhou
Board member

COSL Norwegian AS
Consolidated Statement of Cash Flows

in USD thousands	Notes	2020	2019
Profit / (loss) before income tax		(33 672)	(101 161)
Adjustments for:			
Depreciation & Amortization	5, 8	70 424	93 987
Impairment	5, 8	212 121	43 667
Defined benefit pension cost without cash effect	12	(4 112)	(907)
Decrease / (increase) in trade and other receivables		9 667	122 524
Decrease / (increase) in inventory		7 740	(6 283)
Decrease / (increase) in other long-term receivables		641	4 391
Increase / (decrease) in trade and other payables		(29 980)	(179 998)
Increase / (decrease) in other long-term debt (deferred revenue)		(1 979)	(22 206)
Interest cost without cash effect		14 670	(45 984)
Income taxes paid	13	8	(166)
Net cash flow from (used in) operating activities		245 526	(92 135)
Net (addition)/disposal of rigs and equipment	5	(13 784)	(14 039)
Net cash flows from (used in) investing activities		(13 785)	(14 039)
Proceeds from interest-bearing debt, net	16		
Repayment of interest-bearing debt	16	(228 006)	90 000
Proceeds from other investments			
Net cash flows from (used in) financing activities		(228 006)	90 000
Net change in cash and cash equivalents		3 735	(16 174)
Cash and cash equivalents at beginning of the period		13 663	29 837
Cash and cash equivalents at end of the period	14	17 397	13 663

COSL Norwegian AS
Consolidated Statement of Changes in Equity

in USD thousands	Issued capital	Share premium	Retained earnings	Other comphensive income	Total
Net profit	-	-	(88 926)	-	(88 926)
Other comprehensive income	-	-	-	(479)	(479)
Equity at December 31, 2018	285 450	713 570	(1 080 187)	(3 269)	(84 436)
Implementation of IFRS 16			(51)		(51)
Net profit	-	-	(99 431)	-	(99 431)
Other comprehensive income	-	-	-	(198)	(198)
Equity at December 31, 2019	285 450	713 570	(1 179 669)	(3 467)	(184 115)
					-
Net profit	-	-	(26 722)	-	(26 722)
Other comprehensive income	-	-	(3 467)	3 467	-
Equity at December 31, 2020	285 450	713 570	(1 209 857)	-	(210 837)

COSL Norwegian AS

Note 1 - Corporate information

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

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

Note 2 - Summary of significant accounting policies

2.1 - Basis of preparation

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

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

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

At 31.12.2020 a USD/NOK exchange rate of 8,62 has been used.

2.2 - Basis of consolidation

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

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

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

2.3 - Critical accounting estimates and judgements

Estimates

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

Rig assets
Depreciation is based on management estimates of the useful lives of the rigs and their residual values. Estimates may change due to changes in scrap value, technological development, competition and environmental and legal requirements. Management reviews the future useful lives of each component and the residual values of the rigs annually, taking into consideration the above mentioned factors. Any changes in estimated useful lives and/or residual values impact the depreciation of the vessels prospectively. See section 2.12 Property, plant and equipment.

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

2.4 - Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

• Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

• Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date;
• Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

* Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

* When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.5 - Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated [statement of comprehensive income/income statement]. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination (based on the relative fair value approach) of the profit or loss on disposal.

2.6 - Pensions

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The present value of the pension liabilities under defined benefit pension plans has been calculated based on actuarial principles. The present value of the pension plan liabilities and assets is recorded net and classified as either long-term liabilities or long-term assets. The change in net pension liabilities is expensed in the profit and loss account as personnel expenses. The effect of changes in estimates, change in pension plans and actuarial gains and losses are recognized as income or expense over the average remaining service period.

Net pension expenses include the present value of pension earnings for the period, interest expense on pension obligations incurred, expected return on the pension funds and the amortized effect of changes in estimates and plans.

All actual gains and losses to be recognized immediately through other comprehensive income (OCI) in order for the net pension asset or liability recognized in the balance sheet to reflect the full value of the plan deficit or surplus.

2.7 - Revenue

Revenue is recognized when persuasive evidence of an agreement exists, the service has been delivered, fees are fixed and determinable, collectables are probable and when other significant obligations have been fulfilled. Revenues from the rigs are recognized based on contractual daily rates or on a fixed price basis.

(a) Revenues from time charters and bareboat charters accounted for as operating leases under IAS 17 are recognized on a straight-line basis over the rental periods of such charters, as service is performed.

(b) Reimbursables relate to purchases of supplies, equipment, personnel services and other services provided at the request of our customers, with the related expense recorded as an operating expense. Income is recognized when the goods are delivered or services rendered.

2.8 – Interest income

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

2.9 - Leases

IFRS 16 Leases specifies principles for recognition, measurement, presentation and disclosure of leases. The standard replaces IAS 17 with related interpretations and comes into force in 2019. It is expected that several leases will be treated as financial in relation to the current size of the group. This is because the standard provides for all leases to be capitalized in line with a model corresponding to that for financial leases under IAS 17. There are two exceptions for capitalization in the standard: leasing of assets with low value and short-term leases with lease term of up to 12 months . In connection with the recognition of leases, an obligation to pay rent and an asset representing the right to use the asset will be posted. An interest expense will be calculated for the obligation and depreciation will be calculated for the asset. Interest expenses and depreciation are calculated independently of each other. The Group has made little use of operational lease agreements therefore the standard will have little effect on the company's accounts. The Group has chosen a modified retrospective method for implementation and the implementation date is 01.01.2019.

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

The Group as lessor

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Separating components in the lease contract

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

Recognition of leases and exemptions

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

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

2.10 - Foreign currency

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

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

2.11 - Borrowing costs

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

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

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

2.12 - Property, plant and equipment

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

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

Rigs

Equipment and components of rigs

Office equipment, cars etc.

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

Docking expenses are regarded as a separate part of the rig value and are classified as depreciation, with a different depreciation period than the rig.

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

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

2.13 - Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

2.14 - Inventory

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

2.15 - Provisions

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

2.16 - Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.17 - Financial assets
The Group classifies its financial assets into the following categories: loans and receivables, held-to-maturity investments, financial assets at fair value through profit and loss and available-for-sale assets. Financial assets are initially recognized at fair value. Subsequent remeasurement of financial assets is determined by their designation that is reviewed annually.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at nominal value less any allowance for impairment. Gains and losses are recognized in income when the loans and receivables are de-recognized or impaired.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purposes of selling in the short term or if so designated by management. Derivative financial instruments are initially recorded at fair value and thereafter revalued at each balance sheet date. Changes in fair value are recorded in the income statement.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Subsequent to initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized as a separate component of equity until the investment is derecognized, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined applying commonly used valuation techniques.

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

2.19 - Cash, cash equivalents and cash flow statement
Cash represents cash on hand and deposits with banks that are repayable on demand.
Cash equivalents represent short-term, highly-liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.
The cash flow statement is prepared using the indirect method.

2.20 - Long-term interest-bearing debt

All borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the effective interest method.
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.
Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.
First year installments of long-term debt are classified as current liabilities.

2.21 - Taxes

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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

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

2.22 - Segment information

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

COSL Norwegian AS

Note 3. Segment information

The Group's risks and rates of return are affected predominantly by the differences in rig business segments. The business segments are therefore the primary segment reporting format. Each business segment comprises a different type of rig being: accommodation rigs and semi-submersible rigs. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the rigs provided, with each segment representing a strategic business unit that offers different rigs.

The segment for accommodation rig comprises of one rig. This rig is an accommodation rig that is approved for work on the Norwegian Continental Shelf. In 2020 and 2019 the rig was stacked.

The segment for semi-submersible drilling rigs comprises of four rigs. In 2020 one rig was operating in Norway, one in UK (till end September) and one in New Zealand (till end April), one rig was held ready for operation at CCB in Norway. The settlement of USD 188 million with Equinor for the dispute regarding the termination of COSLInnovator is included in the contract revenue.

In 2019 one semi-submersible drilling rig operated in Norway, one in UK and one in New Zealand (second half of 2019), the last rig was held ready for operation at CCB.

There are no transactions between the segments.

Segment information 2020

in USD thousands	Accommodation rigs	Semi submersible drilling rigs	Total
Contract revenue	-	355 867	355 867
Reimbursables to related party	-	54 426	54 426
Deferred revenue	-	10 952	10 952
Total revenues	-	421 244	421 244

Segment information 2019

in USD thousands	Accommodation rigs	Semi submersible drilling rigs	Total
Contract revenue	-	162 361	162 361
Reimbursables to related party	-	112 004	112 004
Deferred revenue	-	23 207	23 207
Total revenues	-	297 572	297 572

Reimbursable to related party is mainly related to the management of COSLProspector. As this is not a rig owned by COSL Norwegian Group, the management of this work has been recharged with an mark-up to the owner company. The rig commenced operation end June 2019 and then the management agreement was replaced with a bareboat agreement until end of April 2020. Thereafter any work performed by COSL Norwegian Group companies has been charged via the management agreement including a mark-up.

Other revenue relates to amortization of deferred mobilization income, deferred modification income and amortization of contract value, see note 18.

COSL Norwegian AS
Note 4. Operating expenses

in USD thousands		2020	2019
Rig operating expenses			
Crew expenses	Note 11	63 055	79 844
Repair and maintenance		57 695	108 879
Insurance		6 812	7 872
Other operating expenses		5 176	5 618
Total rig operating expenses		132 738	202 213

		2020	2019
General & administrative expenses			
Employee benefits expense	Note 11	3 558	4 924
Other administrative expenses		4 339	6 242
Total general & administrative expenses		7 897	11 166

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

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

in USD thousands, excluding VAT	2020	2019
Audit fees	317	349
Total auditor's remuneration	317	349

COSL Norwegian AS
Note 5. Rigs and equipment

2020

In thousand USD	Accommodation rig	Semi submersible drilling rigs	Construction in Progress	Other	Total
Acquisition cost at January 1, 2020	532 758	2 117 891	11 086	41 593	2 703 327
Newbuilding, upgrades and reconstruction	-	-	12 856	-	12 850
Transfer from under construction	-	11 091	(11 091)	-	-
Disposals	-	-	-	(11)	-11
Acquisition cost at December 31, 2020	532 758	2 128 982	12 851	41 582	2 716 166
Accumulated depreciation at January 1, 2020	517 492	848 074	-	9 031	1 374 597
Depreciation cost 2020	-	67 161	-	3 264	70 424
Other	13 691	(22 039)	-	7 403	(945)
Impairment of assets (1)	1 100	211 000	-	-	212 100
Accumulated depreciation at December 31, 2020	532 283	1 104 195	-	19 698	1 656 176
Net carrying value at December 31, 2020	475	1 024 786	12 851	21 884	1 059 990

2019

In thousand USD	Accommodation rig	Semi submersible drilling rigs	Construction in Progress	Other	Total
Acquisition cost at January 1, 2019	644 817	2 105 672	7 455	41 480	2 799 424
Newbuilding, upgrades and reconstruction	-	8 526	7 353	82	15 962
Transfer from under construction	-	3 693	(3 722)	30	-
Disposals	(112 059)	-	-	-	(112 059)
Acquisition cost at December 31, 2019	532 758	2 117 891	11 086	41 593	2 703 327
Accumulated depreciation at January 1, 2019	577 811	778 159	-	6 102	1 362 073
Depreciation cost 2019	19 392	70 340	-	2 929	92 660
Disposals	(109 711)	(425)	-	-	(110 136)
Impairment of assets (1)	30 000	-	-	-	30 000
Accumulated depreciation at December 31, 2019	517 492	848 074	-	9 031	1 374 597
Net carrying value at December 31, 2019	15 266	1 269 817	11 086	32 561	1 328 731

(1) Impairment of rigs and equipment:
As at 31.12.2020 and at 31.12.2019 management evaluated the need for impairment of the carrying value of rig and equipment assets, concluding that the accommodation rig needed to be impaired by 1,1 MUSD and the semi sumersible drilling rigs 211 MUSD. The impairments in 2019 was 30 MUSD and related to the accommodation rig (see note 9).

Accumulated impairments per December 31, 2020 amounts to USD 591.100 thousand (2019: USD 379.000 thousand).

COSL Norwegian AS
Note 6. Subsidiaries included in the group accounts

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

COSL Norwegian AS
Note 7. Financial instruments and risk management

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

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

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

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

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

	Increase / decrease USD rate against NOK	Effect on profit before tax
2020	+/-10%	+USD 3.2 mill. / USD - 2,6 mill.
2019	+/-10%	+USD 7.8 mill. / USD - 9,5 mill.

Interest Rate Risk:
The Group's exposure to the risk of changes in the market interest rates relates primarily to the long term debt obligations with floating interest rates. The risk management objective for interest rate risk is to minimize the variations of cash flows arising from changes in interest rates. Depending on the developments and on analysis of the interest rate market, the Group borrowed USD 516 million from shareholder at fixed 2.25% interest rate from 1st January 2020, and borrowed USD 461 million from COSL Finance (BVI) Limited at fixed 3,28% interst rate from 1st October 2019, and borrowed USD 350 million from OOGC at floating interest rate of Libor+0,5%.

At 31 December 2020, 35,8% of the interest bearing debt was floating (2019: 29%). The table below shows the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's profit before tax.

	Increase / decrease in basis point on floating interest debt	Effect on profit before tax
2020	+/- 50 bps	+/- USD 1,75 mill.
2019	+/- 50 bps	+/- USD 1,75 mill.

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

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

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

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

At 31 December 2020	Less than 3 months	3 to 12 months	1 to 3 years	Over 3 years
Interest-bearing loans	-	350 000	-	977 417
Other liabilities	221 255	-	-	-
Trade payables	28 829	-	-	-

At 31 December 2019	Less than 3 months	3 to 12 months	1 to 3 years	Over 3 years
Interest-bearing loans	-	370 000	-	1 186 417
Other liabilities	52 160	-	-	-
Trade payables	40 082	-	-	-

Capital Management:
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. The Group monitors its capital structure using an equity ratio, which is total equity divided by total assets. The Group's policy is to keep a reasonable equity ratio, also considering the Group's shareholder's loans.

	2020	2019
Total equity (excl. COSL Shareholder Loans)	-210 837	-184 116
Total equity (incl. COSL Shareholder Loans)	766 580	1 022 301
Total assets	1 421 687	1 705 571
Equity ratio (excl. SHL)	-14,8 %	-10,8 %
Equity ratio (incl. SHL)	53,9 %	59,9 %

COSL Norwegian AS
Note 8. Impairment testing of goodwill and rigs & equipment

An impairment test of rig & equipment assets ("PP&E") is performed every year, if no indicators are identified during the quarterly assessments as such. For the evaluation of impairment indicators, management concluded each drilling rig and accommodation unit to be an identical cash-generating unit ("CGU"). The recoverable amount of the cash-generating unit has been determined based on value-in-use ("VIU") calculations using cash flow projections based on a five-year rolling plan plus financial budget for fiscal year 2021 approved by Board of Directors. The post-tax discount rate applied to the cash flow projections is 7.0%, and the cash flow is calculated till the end of the rigs' useful life.

Based on the impairment assessment per 31.12.2020, management has identified and therefore recognized USD 212,1 million impairment of rig & equipment assets. 2019 the impairment recognition was USD 30 million.

The value-in-use calculation of the cash-generating unit for 31 December 2020 is most sensitive to the following assumptions:
- Discount rate: A post tax discount rate of 7.0% has been applied, which reflect specific risks relating to the cash generating units.
- Investments: Capital expenditures are based on estimated annual amounts required for maintenance to keep all rigs operating continuously and expected dry-dock every 5 year.
- Day rates: For the short term period, day rates are based on contracts currently in place. For the mid- to long term, day rates are based on managements' expectations on future market developments with reference to external rig market development reports.
- Utilization rates: The utilization rates applied varies between 50% till 97% based on historic trends per region and current market situation. Furthermore, for rigs currently without contract a utilization rate of 0% is applied for the period in which the rig is expected not to be able to have secured and commenced on a new contract.
- Operating expense per day: Operating expenses are based on company's historic experience and budgets approved by the Board of Directors.
- Tax rate: An estimated effective tax rate of 22% has been applied for accommodation and semi drilling business.
- Inflation: An inflation rate of 2% is applied to day-rates and operating expenses in the period beyond the five-year rolling plan and financial budget.

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

COSL Norwegian AS
Note 9. Interest income and expense

in USD thousands	2020	2019
Interest income		
Bank interest	866	179
Total interest (Cost)/Income	866	179
Interest expense		
Related parties	(30 865)	(48 484)
Bank interest	(887)	(1 316)
Total interest expense	(31 752)	(49 800)
Net interest (expense)/income	(30 886)	(49 621)

COSL Norwegian AS
Note 10. Employee benefit expense

in USD thousands	2020	2019
Salaries and bonus	40 693	52 939
Social security tax	5 738	7 464
Pension costs	5 700	7 468
Other	14 483	16 897
Total employee benefit expense	66 613	84 768
Number of full-time equivalent positions at December 31	494	469

		2020	2019
Included in Crew expenses	Note 4	63 055	79 844
Included in General and administrative expenses	Note 4	3 558	4 924
Total employee benefit expense		66 613	84 768

Remuneration to Board of Directors

No remuneration was paid to the board members in 2020 and 2019.The board members did not receive shares or options for shares in 2020 or 2019.
All board members are employed by other COSL companies (parent company).

COSL Norwegian AS
Note 11. Pensions

The Group has various pensions plans for its employees.

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

Subsidiary COSL Offshore Crew AS has a non-mandatory pension plan for its UK employees and a defined contribution plan for the Norwegians in the company.

Total contributions to the contribution pension plans were USD 5.012 thousand in 2020 (2019: USD 3.600 thousand).

COSL Drilling Europe AS and COSL Offshore Management AS (from 01.01.2020) have AFP pension arrangement, the cost for 2020 was USD 518 thousand, for 2019 it was USD 80 thousand.

Subsidiary COSL Offshore Management AS had a defined benefit schemes with a life insurance company to provide pension benefits for certain employees in Norway till 01.01.2020. The schemes provided entitlement to benefits based on future service from the commencement date of the scheme. These benefits were principally dependent on an employee's pension qualifying period, salary at retirement age and the size of benefits from the National Insurance Scheme. Full retirement pension would amount to approximately 70% of the scheme pension-qualifying income (limited to 12G). The schemes also included entitlement to disability, spouses and children's pensions. The retirement age under the schemes is aged 67 years.

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

All pension schemes are calculated and accounted for in accordance with the IFRS (IAS 19R). Changes in the pension obligations as a result of changed actuarial assumptions and variations between actual and anticipated return on pension funds, will be entered on the average remaining earnings period according to the "corridor" regulations.

The amounts recognized are determined as follows:

in USD thousands	2020	2019
Pension cost		
Service cost	-	2 133
Interest cost	-	64
Remeasurements of the net defined benefit liabilies/assets	(3 369)	-
Administrative expenses	-	19
Net pension cost	(3 369)	2 216
Social security tax	(481)	287
Total (Note 11)	(3 850)	2 504
Benefit asset / (obligation)		
Benefit obligation	-	(12 760)
Plan assets	-	9 162
Funded status	-	(3 599)
Social security tax	-	(514)
Net asset (obligation)	-	(4 112)
Movements in the benefit asset / (obligation)		
Benefit asset(obligation),operating balance	(4 112)	(3 443)
Benefit expense	3 850	(2 504)
Contributions	-	2 041
Reasurements recognised in OCI (pre-tax)	-	(232)
Foreign exchange differences	262	27
Benefit asset/(obligation), ending balance	-	(4 112)
Items recognised in Other Comprehensive Income		
Reasurements recognised in OCI (pre-tax)	-	(232)
Tax effect (22%)	-	51
Reasurements recognised in OCI (post-tax)	-	(181)

Assumptions		
Discount rates	1,50 %	1,80 %
Salary increase	1,50 %	2,25 %
Increase of National Insurance Basic Amount	1,75 %	2,00 %
Rate of pension increase	0,00 %	0,70 %
Number of pensioners	32	32
Social security taxes	14,10 %	14,10 %

The defined benefit plan was terminated 01.01.2020, it will be replaced by defined contribution plans. The details in these are not jet agreed between the unions, the Ship Owner Association and the company. Hence the company has accrued the relief of the past service cost to cover this cost for 2020.

COSL Norwegian AS
Note 12. Income tax

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

	2020	2019
Profit / (loss) before tax	-33 672	-101 161
Tax at Norway's statutory income tax rate of 22%	7 408	22 255
Adjusted for:		
Effect of different tax rates in other countries (1)	-46 141	3 438
Non-taxable income and expense	-5 635	-8 745
Non-taxable currency effects & translation adjustments (3)	-6 759	-104
Change in temporary differences (offset against valuation allowance)	404	-4 604
Utilize / (increase) tax loss carry forward	58 229	-10 468
Adjustment tax on OCI	-	-64
Other	-554	22
Income tax benefit / (expense)	6 951	1 730
Effective tax rate	21 %	2 %

Income tax balance in the balance sheet is specified as follows:	2020	2019
Current income tax payable	(120)	(114)
Prepaid income tax	-	-
Total income tax receivable / (payable)	(120)	(114)

Deferred income tax at December 31 relates to the following:	2020	2019
Deferred tax assets:		
Fixed assets	3 281	3 963
Deferred revenue (net)	146	1 241
Pension	1 101	654
IFRS 16 Leasing (net)	(8)	2
Group interest carried forward	37 158	36 432
Tax losses carried forward in Norway (2)	225 427	277 903
Valuation allowance	(266 967)	(318 398)
Deferred tax assets	138	1 797
Deferred tax liabilities:		
Fixed assets	-	(8 608)
Deferred tax liabilities	-	(8 608)
Net deferred income tax asset / (liability)	138	(6 811)

Deferred tax cost	2020	2019
Deferred tax, opening balance	(6 811)	(8 516)
Deferred tax, ending balance	-	(6 811)
Deferred tax benefit / (expense)	6 811	1 705

	2020	2019
Current income tax		
Current income tax charge, Norway	143	31
Current income tax charge, outside Norway	(2)	(5)
Deferred income tax		
Relating to origination and reversal of temporary differences	6 811	1 705
Income tax benefit / (expense)	6 951	1 730

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

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

2) Total tax losses carried forward in Norway amount to USD 1,194 million (NOK 10.3 billion) per 31.12.2020 (2019: USD 1,428 million (NOK 12.6 billion)). The tax losses carried forward are available for an indefinite period to offset against future taxable profits. Deferred tax asset have not been recognized to the extent where future recoverability is uncertain. The tax return of the Company and its subsidiaries are routinely examined by relevant tax authorities, and in the ordinary course of business, certain items in the tax returns are questioned or challenged. The Company believes that adequate tax provisions have been made for open years.

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

COSL Norwegian AS
Note 13. Cash and cash equivalents

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

in USD thousands	2020	2019
US dollar	12 521	669
Norwegian kroner	4 665	11 055
Great British Pound	205	682
Other	6	1 256
Total	17 397	13 663

Restricted cash and cash equivalents

Restricted bank withheld employee tax	2 741	2 469
Restricted bank account regarding pension	460	1 050
Total	3 201	3 519

COSL Norwegian AS
Note 14. Trade receivables, other receivables and prepayments

Trade receivables are specified as follows:

in USD thousands		2020	2019
Trade receivables from third parties		24 171	30 956
Trade receivables from related parties	Note 19	69 689	66 602
Total trade receivables		93 860	97 558

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

Movements in the provision for impairment of trade receivables is as follows:

in USD thousands	2020	2019
Provision for impairment at 1 January	84 264	84 264
Charge for the year *	-	-
Provision for impairment at 31 December	84 264	84 264

*The impairment of USD 12,981 thousand in 2019 relates to Tamarind bankruptcy, it is booked retrospective.

Other receivables and prepayments are specified as follows:

in USD thousands		2020	2019
Other receivables from related parties	Note 19	221 594	229 424
Prepayments		865	1 260
Other		2 801	543
Total other receivables and prepayments		225 260	231 227

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

COSL Norwegian AS
Note 15. Inventory

in USD thousands	2020	2019
Spare parts	23 495	31 214
Provision for obsolescence	(705)	(684)
Total inventory	22 790	30 530

Inventory relates to spare parts and tools held at stock both offshore at rigs and onshore at Mongstad base. The value in the balance sheet is at historical cost less provision for obsolescence. There have been no impairment in 2020 or in 2019.

COSLProspector finished its operation in New Zealand and returned for other opportunities to China. COSL Offshore Management AS should no longer operate the rig and therefore the inventory at the balance was sold to COSL Drilling China and COSL Prospector Pte Ltd. The inventory was counted and recognized as fairly new so the price was estimated at book value. The sales value was set to the same as the balance at the time USD 7 736 thousand.

COSL Norwegian AS
Note 16. Interest-bearing debt

in USD thousands	Rate	2020	2019
Non-current			
Long-term COSL shareholder's loan no.1	2,25 %	361 273	465 279
Long-term COSL shareholder's loan no.2	2,99 %	155 144	260 138
COSL Finance (BVI) Limited -Bond Loan	3,28 %	461 000	461 000
Total non-current portion of interest-bearing debt		977 417	1 186 417
Current			
COSL shareholder's loan no. 3	2,25 %	-	20 000
OOGC Loan	Libor + 0,5%	350 000	350 000
Total current portion of interest-bearing debt		350 000	370 000
Maturity interest bearing debt			
Within one year		350 000	370 000
Later than one year and not later than four years			-
Five years and later		977 417	1 186 417
Total non-current and current borrowings		1 327 417	1 556 417

COSL Shareholder's loan no. 1
In May 2009, the company entered into a loan facility agreement (unsecured) with China Oilfield Services Limited for USD 2.2 billion ("COSL Shareholder's loan"). The company made a draw-down of USD 1,595 million on the facility in 2009, which was used to repay the external bank loans. An additional draw-down of the remaining loan was made from 2010 to 2014 for further construction. And the loan is repaid based on COSL Norwegian AS cash flow from time to time. The loan Interest is based fixed at 2.99% from 1 January 2019,The loan Interest had changed to 2.25% from 1 January 2020 . The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender. The Company and COSL has committed to extend the repayment of the loan until May 2025 and it is therefore presented as non-current liability.

COSL Shareholder's loan no. 2
In May 2009, the company entered into a loan facility agreement (unsecured) with China Oilfield Services Limited for USD 1.4 billion ("COSL Shareholder loan"). The company made a draw-down of USD 1.4 billion on May 26, 2009 on the facility, which was used to repay the external bank syndicate loans.And the loan is repaid based on COSL Norwegian AS cash flow from time to time. Interest is fixed at 2.99% from 1 January 2019,The loan Interest had changed to 2.25% from 1 January 2020. The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender. China Oilfield Services Limited has committed to extend the repayment of the loan until 2025 and it is therefore presented as non-current liability.

COSL Shareholder's loan no.3
In May 2017, the company entered into a short- term loan agreement (unsecured) with China Oilfield Services Limited for USD 80 million ("COSL Shareholder loan"). Interest is fixed at 2.99% ,The loan Interest had changed to 2.25% from 1 January 2020. the compay made a draw-down of USD 80 million in December 2018. The company has the right to choose to pay the accrued interest quarterly, semi-annually, annually or as may be otherwise agreed with the lender.

COSL Finance (BVI) Limited -Bond Loan
COSL Finance (BVI) Limited issued USD 1 billion bond and lent USD 987.8 million to COSL Norwegian AS in September 2012. At the end of 2013, the amount of Bond Loan is USD 993.3 million, COSL Finance (BVI) lent another USD 5.5 million in 2013. And in 2014 COSL Norwegian AS borrowed another USD 6.7 million, and the total loan balance was up to 1 billion US dollars. The loan is unsecured and bears an interest fixed at 4.000% and was redused to 3.250% in 2018, later on increased to 3.28% from 1st October 2019. The company has the right to choose to pay the accrued interest semi-annually. The maturity of the loan is 10 years.

OOGC Loan
In July 2016, the company entered into a loan facility agreement (unsecured) with OOGC, one of the CNOOC subsidiaries, for USD 350 million ("OOGC loan"). The company made a draw-down of USD 100 million on the facility in July 2016, and two draw-downs in 2017, one in January for USD 89 million and USD 161 million in March,4 down payments in december 2018,they are 80 millions,45 millions,20 millions and 5 millions, two draw-downs in january 2019, they are 85 millions and 65 millions.The USD 350 million was used to repay COSL shareholder loan. The loan interest is based on LIBOR + 0.5% .The loan can be extended based on the negotiation between the company and OOGC.

Covenants
There are no covenants relating to the loans outstanding as of December 31, 2020.

COSL Norwegian AS

Note 17. Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). The standard includes a number of optional practical expedients related to recognition and initial application. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

Effective 1 January 2019 the Group adopted IFRS 16 using the modified retrospective approach and accordingly comparative information has not been restated. The Group recognised the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings.

The Group has offices and warehouse lease agreements. The warehouse lease ends 01.04.2022, but the company have two one year's options remaining in the contract. The office lease at Vestre Svanholmen ends at 31.12 2024.

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

2020

Right of use assets Assets	Mongstad	Offices at Forus	Total
Discount Rate	3,94 %	4,25 %	
Opening Balance	1 296	1 826	3 122
Addition	-	-	-
Lease payment	583	389	972
Accrued interest	36	65	102
End Balance	750	1 502	2 252

Lease Liability	Mongstad	Offices at Forus	Total
Discount Rate	3,94 %	4,25 %	
Opening Balance	773	1 433	2 207
Addition	-	-	-
Lease payment	647	404	1 051
Accrued interest	36	65	102
End Balance	163	1 094	1 257

2019

Right of use assets Assets	Mongstad	Offices at Forus	Total
Discount Rate	3,94 %	4,25 %	
End Balance	1 296	1 826	3 122

Lease Liability	Mongstad	Offices at Forus	Total
Discount Rate	3,94 %	4,25 %	
Opening Balance			-
Addition	733	1 793	2 527
Lease payment	-31	443	411
Accrued interest	8	83	91
End Balance	773	1 433	2 207

COSL Norwegian AS
Note 18. Deferred revenue and deferred mobilization expense (non current)

2020

in USD thousands	Deferred mobilization revenue	Other deferred revenue	**Total deferred revenue**	Capitalized mobilization expense	**Total deferred expense**
Book value at 01.01.2020	(1 979)	-	(1 979)	741	741
Addition (capitalized) / deferred	-	-	-	-	-
Amortization	1 979	-	1 979	(741)	(741)
Reclass from short term		-	-	-	-
Book value at 31.12.2020	-	-	-	-	-

2019

in USD thousands	Deferred mobilization revenue	Other deferred revenue	**Total deferred revenue**	Capitalized mobilization expense	**Total deferred expense**
Book value at 01.01.2019	(23 996)	(189)	(24 185)	6 048	6 048
Addition (capitalized) / deferred	-	-	-	-	-
Amortization	22 017	189	22 206	(5 307)	(5 307)
Reclass from short term	-	-	-		-
Book value at 31.12.2019	(1 979)	-	(1 979)	741	741

COSL Norwegian AS
Note 19. Related parties

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

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

in USD thousands	Year	Sales to related parties	Purchases from related parties	Interest from related parties	Amounts owed by related parties	Amounts owed to related parties
COSL	2020	52 341	-5 700	32 416	291 283	608 762
Total related parties		**52 341**	**-5 700**	**32 416**	**291 283**	**608 762**

in USD thousands	Year	Sales to related parties	Purchases from related parties	Interest from related parties	Amounts owed by related parties	Amounts owed to related parties
COSL	2019	110 651	-3 584	47 443	290 703	617 986
Total related parties		**110 651**	**-3 584**	**47 443**	**290 703**	**617 986**

COSL Norwegian AS
Note 20. Other short-term debt

in USD thousands	2020	2019
Accrued payroll and related costs	12 092	8 444
Short term part of deferred revenue	3 002	23 128
Short term liabilities to related party, COSL Drilling Pan-Pacific Ltd	41	9
Short term liabilities to related party, COSL Drilling Pan-Pacific (Labuan) Ltd	205 488	209 063
VAT, wagetax, business tax payable	2 562	936
Other payables	1 072	1 405
Total other short-term debt	224 257	242 985

The majority of the other short-term debt are payable within 0 till 90 days.
Other short temrm debt is non-interest bearing.

COSL Norwegian AS

Note 21. Shares and shareholders

As of December 31, 2020, COSL Norwegian AS is a wholly-owned subsidiary of COSL Singapore Ltd. Board members and senior management owned no shares as of December 31, 2020.

Note 22. Issued capital

Issued capital

in USD thousands, unless otherwise indicated	Number of shares	Share capital	Paid-in premium
Share issue, June 23 2008 (date of incorporation)	100 000	20	-
Share issue, September 5 2008	1 541 228 656	285 430	713 570
Balance at December 31, 2020	1 541 328 656	285 450	713 570

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

COSL Norwegian AS

Note 23. Going Concern

The Group's equity as of 31 December 2020 has been lost and amounts to USD 210.8 million (negative) (2019: USD 184.1 million loss).

The Group is mainly financed by parent company and related party loans ("COSL Shareholder loans"), which may be converted by COSL to additional equity if needed. Per 31 December 2020, the Group's equity including COSL Shareholder loans amounts to USD 1,327 million, which implies an adjusted equity ratio of 78.5%. This has been assessed by the Board as sufficient to continue business operations of the Group.

The Group had a positive bank balance per 31 December 2020 of USD 17.4 million.

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

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To the General Meeting of COSL Norwegian AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of COSL Norwegian AS, which comprise:

- The financial statements of the parent company COSL Norwegian AS (the Company), which 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, and
- The consolidated financial statements of COSL Norwegian AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group 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 and the Group 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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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 of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group 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.

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 or the Group'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 and the Group'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 and the Group 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible

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for the direction, supervision and performance of the group audit We remain solely responsible for our audit opinion.

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

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.

Stavanger, 28 June 2021
Deloitte AS

Arnstein Antonsen

Arnstein Antonsen
State Authorised Public Accountant (Norway)