



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 991 006 494  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: COSL OFFSHORE MANAGEMENT AS  
Forretningsadresse: Vestre Svanholmen 4  
4313 SANDNES

### Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Randi Skailand  
Dato for fastsettelse av årsregnskapet: 12.06.2023

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*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, 19.07.2024



### Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	2	1 341 228 292	1 007 620 200
<b>Sum inntekter</b>		<b>1 341 228 292</b>	<b>1 007 620 200</b>
<b>Kostnader</b>			
Lønnskostnad	3	472 709 635	316 391 143
Avskrivning på varige driftsmidler og immaterielle eiendeler	9	12 714 409	13 139 242
Annen driftskostnad	4	759 348 880	639 636 586
<b>Sum kostnader</b>		<b>1 244 772 924</b>	<b>969 166 971</b>
<b>Driftsresultat</b>		<b>96 455 368</b>	<b>38 453 229</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern	5	15 745 127	777 761
Annen finansinntekt	6	164 910 572	27 645 382
<b>Sum finansinntekter</b>		<b>180 655 699</b>	<b>28 423 143</b>
Annen finanskostnad	7	446 184	277 198
<b>Sum finanskostnader</b>		<b>446 184</b>	<b>277 198</b>
<b>Netto finans</b>		<b>180 209 515</b>	<b>28 145 945</b>
<b>Ordinært resultat før skattekostnad</b>		<b>276 664 883</b>	<b>66 599 174</b>
Skattekostnad på ordinært resultat	8	0	0
<b>Ordinært resultat etter skattekostnad</b>		<b>276 664 883</b>	<b>66 599 174</b>
<b>Årsresultat</b>		<b>276 664 883</b>	<b>66 599 174</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		276 664 883	66 599 174
<b>Sum overføringer og disponeringer</b>		<b>276 664 883</b>	<b>66 599 174</b>



## Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	9	152 480 806	138 314 820
<b>Sum varige driftsmidler</b>		<b>152 480 806</b>	<b>138 314 820</b>
<b>Sum anleggsmidler</b>		<b>152 480 806</b>	<b>138 314 820</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	10	186 430 245	180 540 708
<b>Sum varer</b>		<b>186 430 245</b>	<b>180 540 708</b>
<b>Fordringer</b>			
Kundefordringer		147 593 002	432 364 174
Andre fordringer	11	86 929 926	16 599 842
Konsernfordringer	12	1 418 373 199	890 791 750
<b>Sum fordringer</b>		<b>1 652 896 127</b>	<b>1 339 755 766</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	13	18 031 439	8 222 205
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>18 031 439</b>	<b>8 222 205</b>
<b>Sum omløpsmidler</b>		<b>1 857 357 811</b>	<b>1 528 518 679</b>
<b>SUM EIENDELER</b>		<b>2 009 838 617</b>	<b>1 666 833 499</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	14	100 000	100 000
<b>Sum innskutt egenkapital</b>		<b>100 000</b>	<b>100 000</b>



## Balanse

Beløp i: NOK	Note	2022	2021
<b>Opptjent egenkapital</b>			
Annen egenkapital	14	1 814 707 706	1 538 042 823
<b>Sum opptjent egenkapital</b>		<b>1 814 707 706</b>	<b>1 538 042 823</b>
<b>Sum egenkapital</b>		<b>1 814 807 706</b>	<b>1 538 142 823</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		15 249 217	19 581 104
Skyldige offentlige avgifter	16	13 049 468	12 831 778
Kortsiktig konserngjeld	15	53 955 899	18 415 825
Annen kortsiktig gjeld	16	112 776 326	77 861 966
<b>Sum kortsiktig gjeld</b>		<b>195 030 910</b>	<b>128 690 673</b>
<b>Sum gjeld</b>		<b>195 030 910</b>	<b>128 690 673</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 009 838 616</b>	<b>1 666 833 496</b>



# Financial Statements

## **COSL Offshore Management AS**

*Org nr 991.006.494*

2022



## COSL OFFSHORE MANAGEMENT AS

### BOARD OF DIRECTORS' REPORT 2022

The company's main office is located at Forus, Sandnes. The company was established in 2006 and is a wholly owned subsidiary of COSL Drilling Europe AS.

The company aims to market and operate rigs for well intervention, drilling and other work associated with the oil industry. In 2022 the company operated three semi-submersible drilling rigs, COSLPioneer, COSLInnovator and COSLPromoter. COSLPioneer commenced a contract with Repsol Sinopec December 2021. This contract lasted till mid-March 2022, then the rig went straight into an operation with Ithaca. The rig is still operating for Ithaca. COSLInnovator was held ready for operation at CCB until she commenced a contract with CNOOC mid-May 2022. COSLPromoter undertook a 10-year survey and was held ready for operation at CCB until it commenced a contract for Okea ASA mid-June till August 2022. The rig commenced a new contract with Equinor mid-February 2023.

These rigs were hired into the Company on bareboat agreements from the rig owner back-to-back with the external operation. To be able to maintain staff COSL Offshore Management AS hire out offshore personnel to other rig companies.

#### **Going concern**

In accordance with the Accounting Act § 3-3a the Board confirms that the Financial Statements have been prepared under the assumption of a going concern. The equity margin is 90% compared to 92% in 2021.

#### **Profit and loss account**

Net operating profit in 2022 was NOK 96.5 million compared to a profit of NOK 38.5 million in 2021. The revenue relates from operation of the semi-submersible drilling rigs. All rigs are rented from their owning companies on bareboat contracts.

The financial items are positive by NOK 180.2 million and is mainly related to agio from Balance items such as intercompany receivables and liabilities, in 2021 the financial items were net positive by NOK 28.1 million.

Profit before tax was NOK 276.7 million in 2022, compared to a profit of NOK 66.6 million in 2021.

There is no tax cost in 2022 or in 2021, as it is offset by utilizing the loss carry forward. Profit after tax is NOK 276.7 million, compared to a profit of NOK 66.6 million in 2021.

#### **Balance**

As of December 31, 2022, total assets were NOK 2,009.8 million compared to NOK 1,666.8 million at the end of 2021.

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

There has been no change in the number of shares during 2022. At the date of this report, the number of outstanding shares of the Company is 100 000, the same as of December 31, 2021.



## **Cashflow**

The cash flow from operations presented in the financial statement mainly relates to result before tax, increase in group cash pool, outflow due to purchase of fixed assets and change in intercompany receivables and liabilities.

## **Liquidity and financing**

December 31, 2022, COSL Offshore Management AS had NOK 18.0 million in cash and cash equivalents. At the end of 2021, the same figure was NOK 8.2 million.

## **Market outlook**

Oil and gas companies have changed their focus from exploring and developing fields that are located in deeper, colder and more remote areas to infield drilling where they can get access to oil at a low investment cost by using existing infrastructure. All the majors today have the same strategy, and they are focusing on short pay back on their investment and are all focusing on such investment opportunities. In the UK sector the new "windfall" tax initiated late 2022, have resulted in lower planned activity for new development/ exploration programs to be executed from 2023 and onwards.

## 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. However, we now see an increasing focus on a "Low Carbon Footprint" for new projects from the operators, which will put our low emission units in a better position going forward.

In Norway 11 floaters are working and 4 floaters are stacked as per December 2022. In addition, 4 floaters have left Norway, to perform new contracts in UK, Canada, and West Africa. In the UK sector 7 semi-submersible drilling units are on charter plus 4 units are stacked/ at yard.

Today there are still too many rigs which compete for the same jobs in the North Sea market. Even if the general market rates are improving, 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 improving global standard market at better day rates.

## **Organization**

The company had 165 full-time equivalent positions per end of 2022 compared to 178 in 2021. Of the 165, only 4 women worked with the company as of yearend, compared to 5 in 2021. The female employees are employed on tariffed based salary. There are no differences based on gender, nationality, or religion in the tariff agreement.

The company had 0 part time position in 2022. The company had 0 part time position that was not voluntary. Zero men had paternity leave and zero women had maternity leave in 2022.

The company had one part time position in 50% for 3 months in 2021. The company had zero part time position that was not voluntary. 3 men had paternity leave in 2021, two had 2 weeks and one 37 weeks, no female had maternity leave.



Due to the market situation of lack of rig activity the company had to temporally lay off the whole staff from May 2021. 40 persons was 50% laid off and the remaining was 100% laid off.

Management is working actively to increase the number of female employees. The company has an objective to hire qualified female employees as part of the company's further development. When hiring new employees, the Company is evaluated based upon skills and objective measurements for the relevant position. No cultural, gender, religious, political or nationality considerations influence the decision. The company has internal procedures to ensure and maintain equality. Salary are based on the tariff agreement and there are no differences due to gender.

Long term sick leave amounted to 2,62 %. Short term leave amounted to 6,61 % in 2022.

The work environment is good, and management will continue to work to maintain a good work environment.

The report with regards to the Transparency Act will be launched within 30 June 2023 at our website [www.cosl.no](http://www.cosl.no).

Operation of rigs is a business which is associated with risk of negative environmental impact, particularly with accidents. The company's rig satisfies the international requirements of limiting and reducing the risk of pollution to the environment. Onboard there is a proactive approach to the use of environmentally friendly products such as chemicals and waste treatment. The company attempts to be at the leading edge in respect of developments regarding safe and secure operations. Please refer to the consolidated annual report for COSL Norwegian AS for more information of the Group's environmental impact.

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

The Board of COSL Offshore Management AS

Sandnes, June 12<sup>th</sup>, 2023

Frank Tollefsen  
Chairman of the Board and  
CEO

Zhou Bingwen  
Member of the Board



**COSL Offshore Management AS**  
**Profit and loss statement**

NOTE	OPERATING REVENUE AND OPERATING EXPENSES	2022	2021
2	Revenue	<u>1 341 228 292</u>	<u>1 007 620 200</u>
	<b>Total operating revenue</b>	<b><u>1 341 228 292</u></b>	<b><u>1 007 620 200</u></b>
3	Payroll and related costs	472 709 635	316 391 143
9	Depreciation and amortisation	12 714 409	13 139 242
4	Operating, general and administrative expenses	<u>759 348 880</u>	<u>639 636 586</u>
	<b>Total operating expenses</b>	<b><u>1 244 772 923</u></b>	<b><u>969 166 971</u></b>
	<b>Operating profit/(loss)</b>	<b><u>96 455 369</u></b>	<b><u>38 453 229</u></b>
	<b>FINANCIAL INCOME AND FINANCIAL EXPENSES</b>		
5	Interest received from group companies	15 745 127	777 761
6	Other financial income	164 910 572	27 645 382
7	Other financial expenses	<u>-446 184</u>	<u>-277 198</u>
	<b>Financial items, net</b>	<b><u>180 209 515</u></b>	<b><u>28 145 944</u></b>
	<b>Profit/(loss) before taxation</b>	<b><u>276 664 883</u></b>	<b><u>66 599 174</u></b>
8	Income tax (expense)/income	<u>-</u>	<u>-</u>
	<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b><u>276 664 883</u></b>	<b><u>66 599 174</u></b>
	<b>ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS</b>		
	Transferred to retained earnings	<u>276 664 883</u>	<u>66 599 174</u>
	<b>Total allocations and equity transfers</b>	<b><u>276 664 883</u></b>	<b><u>66 599 174</u></b>



**COSL Offshore Management AS**  
**Balance sheet at 31 December**

NOTE	ASSETS	2022	2021
	<b>Non-current assets</b>		
	<b>Tangible fixed assets</b>		
9	Property, plant and equipment	<u>152 480 808</u>	<u>138 314 820</u>
	<b>Total non-current assets</b>	<u>152 480 808</u>	<u>138 314 820</u>
	<b>Current assets</b>		
10	Inventories	<u>186 430 245</u>	<u>180 540 708</u>
	<b>Receivables</b>		
	Accounts receivable	147 593 002	432 364 174
11	Other receivables	86 929 926	16 599 842
12	Intercompany receivables	<u>1 418 373 199</u>	<u>890 791 750</u>
	<b>Total receivables</b>	<u>1 652 896 128</u>	<u>1 339 755 766</u>
13	Cash and cash equivalents	<u>18 031 439</u>	<u>8 222 205</u>
	<b>Total current assets</b>	<u>1 857 357 811</u>	<u>1 528 518 679</u>
	<b>TOTAL ASSETS</b>	<u>2 009 838 619</u>	<u>1 666 833 499</u>
	<b>NOTE SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>2022</b>	<b>2021</b>
	<b>Shareholders equity</b>		
	<b>Paid-in capital</b>		
14	Share capital	<u>100 000</u>	<u>100 000</u>
	<b>Total paid-in capital</b>	<u>100 000</u>	<u>100 000</u>
	<b>Retained earnings</b>		
14	Retained earnings	<u>1 814 707 706</u>	<u>1 538 042 823</u>
	<b>Total retained earnings</b>	<u>1 814 707 706</u>	<u>1 538 042 823</u>
	<b>Total shareholders equity</b>	<u>1 814 807 706</u>	<u>1 538 142 823</u>
	<b>Current liabilities</b>		
15	Intercompany liabilities	53 955 899	18 415 825
	Accounts payable	15 249 217	19 581 104
	Other taxes and withholdings	13 049 468	12 831 778
16	Other current liabilities	<u>112 776 326</u>	<u>77 861 966</u>
	<b>Total current liabilities</b>	<u>195 030 910</u>	<u>128 690 673</u>
	<b>Total liabilities</b>	<u>195 030 910</u>	<u>128 690 673</u>
	<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES</b>	<u>2 009 838 619</u>	<u>1 666 833 499</u>

Sandnes, June 12, 2023

  
Frank Tollefsen  
Chairman of the Board

  
Zhou Bingwen  
Board member



## COSL Offshore Management AS

### Cash flow statement

	2022	2021
<b>CASH FLOW FROM OPERATIONS:</b>		
Profit/(loss) before taxation	276 664 883	66 599 174
Depreciation	12 714 409	13 139 242
Change in inventory	-5 889 536	-8 834 667
Change in group cashpool	493 598 908	-869 674 670
Change in trade and other receivables	214 441 088	252 482 607
Change in trade and other payables	-4 331 887	3 305 903
Change in intercompany receivables	-1 021 180 358	978 750 357
Change in intercompany short term liabilities	35 540 074	-345 942 601
Change in short term liabilities	35 132 049	-97 947 941
Net cash flow from operations	<u>36 689 631</u>	<u>-8 122 617</u>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Inflows due to sales of fixed assets		
Outflows due to purchases of fixed assets	<u>-26 880 396</u>	<u>-</u>
Net cash flow from investment activities	<u>-26 880 396</u>	<u>-</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Net change in bank deposits, cash and equivalents	9 809 234	-8 122 617
Bank deposits, cash and equivalents at 1 January	<u>8 222 204</u>	<u>16 344 821</u>
Bank deposits, cash and equivalents at 31 December	<u>18 031 439</u>	<u>8 222 204</u>



## COSL Offshore Management AS

### Notes to the accounts, year ended 31 December 2022

#### Note 1 Accounting policies

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

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

All amounts are in NOK unless otherwise stated.

#### Valuation and classification of assets and liabilities

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

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

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

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

#### Foreign currency

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

#### Use of estimates

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

#### Tangible fixed assets

Tangible fixed assets are capitalized and classified as fixed assets. Tangible fixed assets are recorded at their historical cost less depreciation. Fixed assets are depreciated on a straight-line basis over their estimated economic life.

#### Inventories

Inventories are recognised at the lower of cost in accordance with the FIFO method and net realisable value.

#### Revenue

##### *Sale of services:*

Revenue is recognised when it is earned, i.e. when the claim to remuneration arises. This occurs when the service is performed, as the work is being done. The revenue is recognised with the value of the remuneration at the time of transaction.

#### 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.

#### Cash and cash equivalents

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

#### Cash pool

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

#### Income taxes

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

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



## 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

## Pensions

COSL Offshore Management AS provides certain post employment transitional pension and a defined contribution plan.

## Note 2 Operating revenue

COSL Offshore Management AS 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 drilling 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 rigs comprised of one rig COSLRival. This rig was sold for scrap in 2021.

The segments for semi-submersible rigs comprises of COSLPioneer, COSLInnovator and COSLPromoter. COSLPioneer was held ready for operation at Firth of Forth outside Edinburgh in UK till December 2021, then the rig commenced a contract with Repsol Sinopec. This contract lasted till mid-March 2022 and then the rig went straight into operation with Ithaca. The rig is still operating for Ithaca. COSLInnovator commenced a contract with Chrysaor February 2021 till mid May 2021, the rig was held ready for operation prior and after this contract at CCB until she commenced a contract with CNOOC mid-May 2022. COSLPromoter finished an eight year contract with Equinor 20 April 2021. Thereafter the rig undertook a 10 year survey and was held ready for operation at CCB until it commenced a contract for Okea mid-June till August 2022. The rig will commence a new contract with Equinor in February 2023.

In 2021 and parts of 2022 all rigs have been stacked for a period and the company had to lay off staff both temporarily and permanent. To maintain crew the company has been able to rent out some of the laid off staff to other rig companies, this has been reported as a separate segment.

Segment information 2022	Rented personnel	Semi submersible drilling rigs	Total
Contract revenue	499 339	873 177 350	873 676 689
Intercompany revenue	-	459 943 691	459 943 691
Related party revenue	-	7 607 912	7 607 912
<b>Total revenues</b>	<b>499 339</b>	<b>1 340 728 953</b>	<b>1 341 228 292</b>
Norway	499 339	102 559 424	103 058 763
Singapore	-	475 159 515	475 159 515
UK	-	763 010 013	763 010 013
<b>Total revenues</b>	<b>499 339</b>	<b>1 340 728 953</b>	<b>1 341 228 292</b>

The Semi-Submersible drilling rigs operated in Norway and UK in 2022. The Semi-Submersible rig owning companies are registered in Singapore and COSL Offshore Management AS maintain the rigs when they were held ready for operation on behalf of the rig owning companies

Segment information 2021	Accommodation rigs	Rented personnel	Semi submersible drilling rigs	Total
Contract revenue	-	4 877 625	517 208 272	522 085 897
Intercompany revenue	2 552 800	-	470 076 190	472 628 990
Related party revenue	-	-	12 905 313	12 905 313
<b>Total revenues</b>	<b>2 552 800</b>	<b>4 877 625</b>	<b>1 000 189 775</b>	<b>1 007 620 200</b>
Norway	2 552 800	4 877 625	319 627 192	327 057 617
New Zealand	-	-	12 905 313	12 905 313
Singapore	-	-	470 076 190	470 076 190
UK	-	-	197 581 080	197 581 080
<b>Total revenues</b>	<b>2 552 800</b>	<b>4 877 625</b>	<b>1 000 189 775</b>	<b>1 007 620 200</b>

The accommodation rig was stacked in Norway in 2021, the Semi-Submersible drilling rigs operated in Norway and UK in 2021. The Semi-Submersible rig owning companies are registered in Singapore. COSL Offshore Management AS maintain the rigs when they are stacked on behalf of the rig owning companies.



## Note 3 Payroll costs, Number of employees, Remuneration to Directors, Auditors remuneration etc.

Payroll costs	2022	2021
Wages and salaries	361 323 368	203 164 508
Social security tax	28 112 377	32 090 132
Pension costs	25 651 935	30 190 572
Other employee related costs	3 183 276	28 510 987
Hired personnel	54 438 678	22 434 944
<b>Total</b>	<b>472 709 635</b>	<b>316 391 143</b>

Average number of employees during the year 171 203

### Board of Directors and Management remuneration

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

### Auditor's remuneration

Remuneration to the Company's auditor (Ernst and Young AS) is invoiced to group company COSL Drilling Europe AS and no remuneration is paid or expensed by the Company (2021 NOK 0).

### Pension

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

## Note 4 Operating, general and administrative expenses

Operating, general and administrative expenses	2022	2021
Bareboat lease cost to rig owning companies within the Group	24 788 805	187 757 748
Catering Services	54 841 658	37 369 367
Maintenance	489 841 173	247 515 676
Insurance	12 793 679	9 818 371
Amortization of deferred cost	-	4 540 736
Other	-188 919	1 744 616
Distributed common cost from COSL Drilling Europe AS	177 272 484	143 629 660
Management fee	-	7 260 413
<b>Total bareboat fee and other operating expenses</b>	<b>759 348 680</b>	<b>639 636 586</b>



## Note 5 Related party transactions and balances

### Related party transactions, profit and loss

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

Transaction type	Note	2022	2021
Intercompany interest income/(cost)	(1)	15 745 127	777 761
Management and back-office costs allocated by COSL Drilling Europe AS	(2)	177 272 484	143 629 660
Bareboat lease cost	(3)	24 766 805	187 757 748

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

(2) Cost of management, back-office and other indirect overhead costs are incurred by COSL Drilling Europe AS and allocated to group

(3) Bareboat lease costs are charged to the Company by the rig owning entities COSL Pioneer Pte Ltd, COSL Innovator Pte Ltd and COSL

## Note 6 Other financial income

Other financial income	2022	2021
Interest income bank deposits	726	-
Net agio	164 832 990	27 645 382
Interest income overdue payments	76 857	-
<b>Total other financial income</b>	<b>164 910 572</b>	<b>27 645 382</b>

## Note 7 Other financial expenses

Other financial expenses	2022	2021
Bank charges	446 123	263 173
Other	61	14 026
<b>Total other financial expenses</b>	<b>446 184</b>	<b>277 198</b>



## Note 8 Income tax expense

	2022	2021
<b>Payable tax</b>		
Profit/(loss) before tax	276 664 883	66 599 174
Permanent differences	-12 536	-
Change in temporary differences	4 758 846	-39 967 943
Change in tax loss carry forward	-281 411 194	-26 631 230
Taxable income / (loss)	-	-
<b>Payable tax on profit (22%)</b>	-	-
<b>Temporary differences</b>		
Fixed assets	93 778 161	98 537 007
Tax loss carry forward	-800 345 921	-1 081 757 115
Total temporary differences	-706 567 760	-983 220 108
Calculated net deferred tax asset / (liability) (22%)	155 444 907	216 308 424
Valuation allowance	-155 444 907	-216 308 424
Total deferred tax asset / (liability) recognized (22%)	-	-
<b>Deferred tax</b>		
Deferred tax - ending balance	-	-
Deferred tax - opening balance	-	-
Total deferred tax (expense) / income	-	-
<b>Total tax (expense) / income</b>		
Total tax (expense) / income	-	-

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



## Note 9 Property, plant and equipment

	Construction in progress	Rig equipment & spare parts	Total
Cost at 1 January 2022	-	239 902 095	239 902 095
Additions, purchased	26 880 396	-	26 880 396
Additions, self constructed	-	-	-
Disposals	-	-	-
Cost at 31 Desember 2022	26 880 396	239 902 095	266 782 492
Including capitalised interest cost on manufactured additions	-	-	-
Acc. depreciation at 1 January 2022	-	101 587 275	101 587 275
Depreciation	-	12 714 409	12 714 409
Depreciation on assets disposed	-	-	-
Accumulated depreciation at 31 Dec. 2022	-	114 301 684	114 301 684
<b>Balance at 31 December 2022</b>	<b>26 880 396</b>	<b>125 600 412</b>	<b>152 480 808</b>

Economic life 15-20 years  
Depreciation method Linear depreciation

Capitalised leasing agreements included.

The Company acquired spare parts, machinery and equipment components relating to the semi-submersible drilling rigs which commenced

## Note 10 Inventories

	2022	2021
Inventory	168 303 378	168 924 270
Fuel on board the rigs	18 126 866	11 616 438
<b>Total</b>	<b>186 430 245</b>	<b>180 540 708</b>

Inventory comprises spare parts and equipment tools relating to the semi-submersible drilling rigs. A part of the inventory items are maintained at the onshore logistics facility in Mongstad and a part is maintained on the rigs.

## Note 11 Other receivables

Other receivables	2022	2021
Deferred expenses	-	-
Revenue accruals	73 178 376	7 967 658
Prepayments/Reimbursables	13 501 213	8 382 871
Deposits	250 337	249 312
<b>Total</b>	<b>86 929 926</b>	<b>16 599 842</b>



## Note 12 Intercompany receivables

Intercompany receivables consist of:

Counterpart	Relationship to the counterpart	2022	2021
COSL Craft Ltd	Other group company	231 274	206 311
COSL Rig Ltd	Other group company	353 474	315 321
COSL Innovator Pte Ltd	Other group company	54 514 873	10 923 519
COSL Promoter Pte Ltd	Other group company	-	9 671 929
Group cashpool	Other group company	1 363 273 578	869 674 670
<b>Total</b>		<b>1 418 373 200</b>	<b>890 791 750</b>

### Group cashpool balance:

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

## Note 13 Cash and cash equivalents

	2022	2021
Employee withheld taxes (restricted bank account)	8 969 663	4 569 650
Bank accounts in UK and New Zealand	9 061 776	3 652 555
<b>Total</b>	<b>18 031 439</b>	<b>8 222 205</b>

The company is part of a cash pool arrangement.

## Note 14 Share capital and shareholder information

	Share capital	Retained earnings	Total equity
Equity at 1 January 2022	100 000	1 538 042 823	1 538 142 823
<u>This year's change in equity</u>			
Profit/(loss) of the year		276 664 883	276 664 883
<b>Equity at 31 December 2022</b>	<b>100 000</b>	<b>1 814 707 706</b>	<b>1 814 807 706</b>

The share capital in the company at 31 December 2022 consists of the following classes:

	Number	Nominal amount	Carrying value
Share capital by foundation	100 000 kr	1,00 kr	100 000
<b>Total</b>	<b>100 000</b>		<b>100 000</b>

### Ownership structure

Largest shareholders as of 31 December 2022:

	Shares	Total	Ownership share	Voting share
COSL Drilling Europe AS	100 000	100 000	100 %	100 %
<b>Total number of shares</b>	<b>100 000</b>	<b>100 000</b>	<b>100 %</b>	<b>100 %</b>

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



## Note 15 Intercompany payables

Intercompany payables consist of:

Counterpart	Relationship to the counterpart	2022	2021
COSL Norwegian AS	Other group company		
COSL Drilling Europe AS	Parent company	29 872 928	9 939 897
COSL Offshore Crew AS	Other group company	23 053 198	8 362 986
COSL Pioneer Pte Ltd	Other group company	121 817	112 942
COSL Promoter Pte Ltd	Other group company	907 957	-
<b>Total</b>		<b>53 955 899</b>	<b>18 415 825</b>

## Note 16 Other current liabilities

Other current liabilities	2022	2021
Accruals for new pension plan incl AFP (note 15)	410 888	655 221
Other salary accruals	12 599 437	33 443 164
Current cost accruals	99 826 000	43 763 581
<b>Total</b>	<b>112 776 326</b>	<b>77 861 966</b>



Statsautoriserte revisorer  
Ernst & Young AS

Vassbotnen 11a Forus, 4313 Sandnes  
Postboks 8015, 4068 Stavanger

Foretaksregisteret: NO 976 389 387 MVA  
Tlf: +47 24 00 24 00

www.ey.no  
Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of COSL Offshore Management AS

### Opinion

We have audited the financial statements of COSL Offshore Management AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for opinion

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

### Other information

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

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

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

### Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Stavanger, 12 June 2023  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Erik Søreng  
State Authorised Public Accountant (Norway)

Independent auditor's report - COSL Offshore Management AS 2022

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

### Erik Søreng

State Authorised Public Accountant (Norway)

On behalf of: EY

Serial number: 9578-5999-4-1529830

IP: 92.220.xxx.xxx

2023-06-12 11:38:09 UTC



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**Skattedirektoratet**

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

ERNST & YOUNG AS  
Vassbotnen 11 Forus  
4313 Sandnes

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

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

Søknaden gjelder for følgende selskaper;

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

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

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

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



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

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

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

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

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

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


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

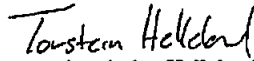


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Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

  
Jan Hoelstad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

  
Torstein Helleland  
Torstein Kinden Helleland

