

An aerial photograph of a large red offshore supply vessel, likely a S-71, operating in the North Sea. The vessel is viewed from a high angle, showing its complex deck structure, cranes, and a prominent helicopter landing deck with a yellow 'H' marking. The vessel is moving through dark, choppy water, leaving a white wake. The overall scene is industrial and maritime.

**Songa Offshore ASA**  
**Q2 2006 accounts**

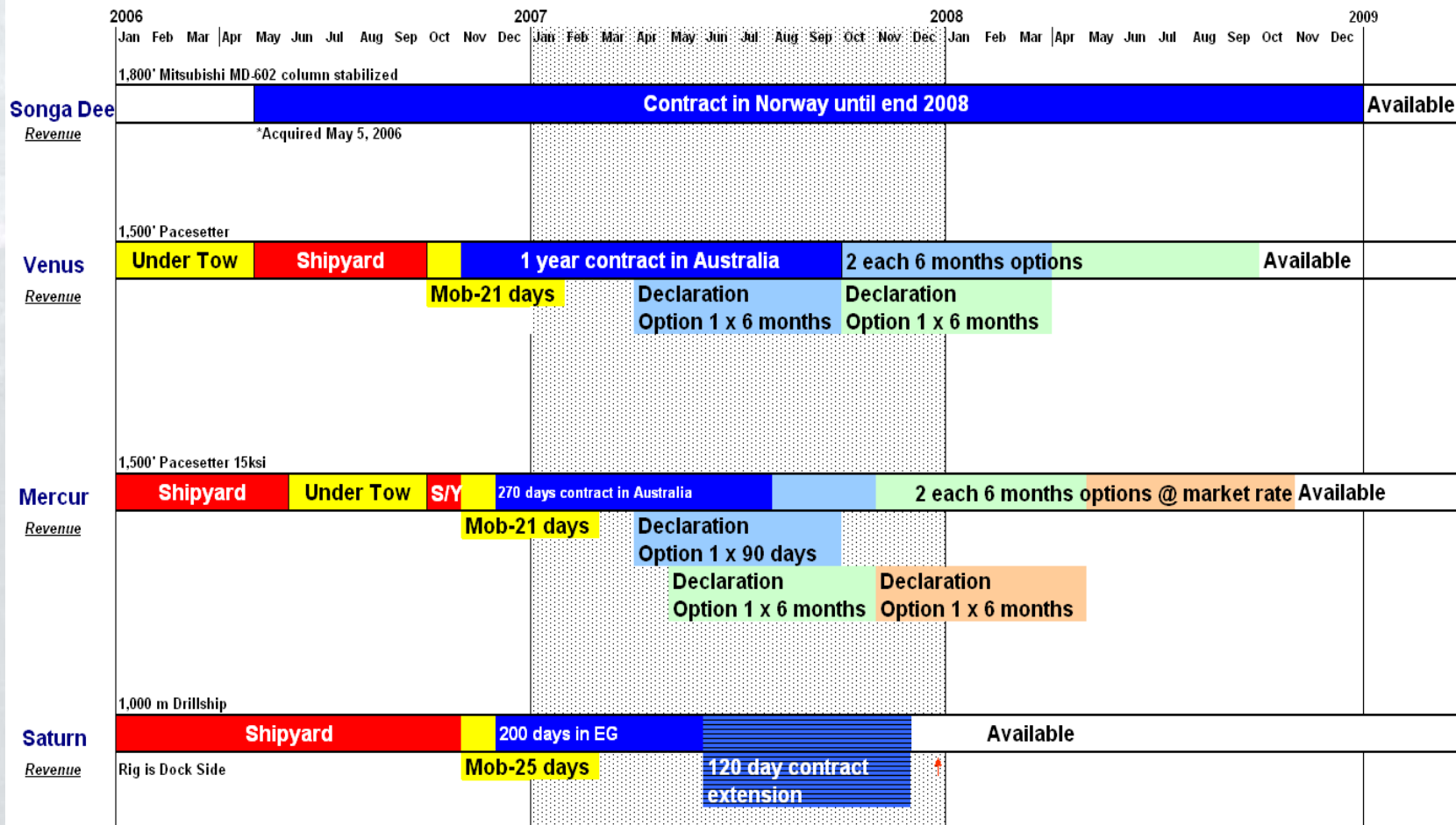
### Company Overview

- One midwater semi submersible rig – Songa Venus – pt in Singapore doing contract compliance upgrade. Contract in Australia with ENI/Inpex - 12 months at USD 205.000/day plus 2 x 6 months option priced at USD 225.000/day
- One midwater semi submersible rig – Songa Mercur – pt on her way to Singapore for contract preparation work. Contract in Australia with Chevron 360 days at 300.000/day plus 2 x 6 months option at market.
- One midwater drill ship – Songa Saturn - under refurbishment/upgrading. Contract for 3 wells at USD 340,000/day + 3 wells at USD 416,666/day + 2 wells option at USD 340,000/day with Noble Energy.
- One midwater semi submersible rig – Songa Dee - working in Norway for Hydro at Troll Field– paying approx 42,000/day until end 2008 – through a BBC with sellers.
- Part owner in one midwater semi submersible rig – DeepSea Bergen - working for Marathon Oil at approx USD144,000/day until approx 08/09. In direct continuation a 3 year contract with Statoil at approx USD 320,000/day.



# Rig contractual status

## Songa Offshore AS Contracts and Availability



**KEY**

Yellow	Mob/Demob
Red	Shipyard
Blue	Under contract
Light Blue	Option
Light Green	Option
Light Orange	Option
White	Available

# Corporate Strategy

## Vision

- Songa Offshore's vision is to be a leading drilling contractor in defined regions where there may be potential. Songa Offshore will become a reputable offshore drilling company – delivering high quality performance to our clients - based on competent and experienced personnel.

## Business objective

- Songa Offshore's objective is to acquire, enhance and efficiently operate drilling rigs, - and to be a provider of safe and superior performance, to our clients and shareholders, in the shallow and mid water floating rig operation.

## Market

- Songa Offshore will build on its current position, both operationally and financially, and expect to make further investments and acquisitions in line with the Company's strategy.

## Chartering policy

- Songa Offshore's chartering policy is based on operational management of the Company's rigs (time-charter).

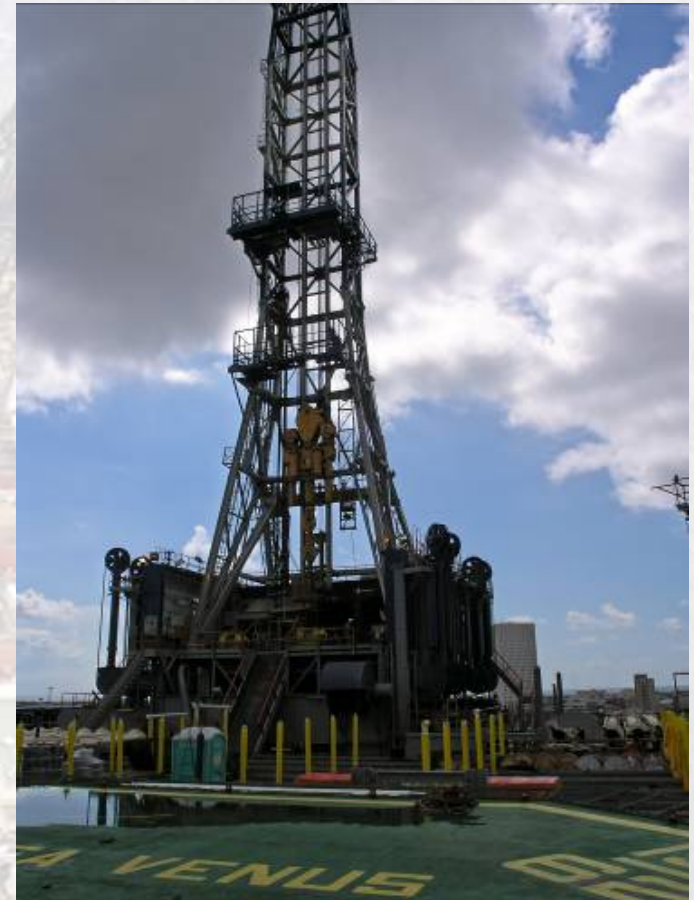
## Organization

- Songa Offshore will focus on attracting more key personnel with strong industrial competence and experience.

## Status going forward

### Going forward

- All rigs in operation in Q4-06.
- Strong free cash flow next three years.
- Limited residual value risk when new builds come to market in 08/09.
- Management group in place – competent industry track record.
- Engineering studies commissioned for upgrading the Songa Venus to 3000 ft with a conventional sub sea BOP stack and the Songa Mercur to 5000 ft.



## Songa Venus

- Friede & Goldman design
  - Pacesetter 1-900 class, built 1974
  - Enhanced 2005 with 4 new columns and caissons to increase VDL and pontoons for stability
- Drilling capacity 25,000 ft in 1250 – 1500 ft water
- Accommodation for 105 men
- Variable Deck Load 3,600 MT
- Traditional 8 point mooring system
- 3000 HP National Draw work
- Three National 12-P-160 Mud pumps
- 18 ¾" 10,000 psi Cameron BOP
- ABS class renewed June 2005
- Delivered on 7 June 2005
- Contract signed with ENI/Inpex - Australia



## Songa Mercur

- Friede & Goldman Pacesetter 9500 - Built in 1990
- Drilling capacity 25,000 ft in 1200 ft water
- Accommodation for 100 men
- 18  $\frac{3}{4}$  - 15,000 psi BOP
- Traditional 8 point mooring system
- Operating variable deck load of 3000 MT
- 3000 HP National Draw work and 3 x National 12-P-160 Mud pumps
- Class A 1 DNV renewed June 2005
- Delivered 16 June 2005
- Contract signed with Chevron in Australia



## Songa Saturn

- Type: Drill ship
- Built: 1983 Keppel FELS, upgraded 1995/1999
- Mooring system: 8 point
- Drilling depth: 25,000 ft
- Derrick: 1.3 million lb
- Draw works: 3,000 hp
- Accommodation: 120 persons
- Previous owner: Global SantaFe
- Water depth capacity after upgrade: approx 3,300 ft.  
Water depth capacity as is; approx 2500 ft.
- Delivered 11 November 2005
- Refurbishment work consist of steel replacement, water depth upgrade, new topside equipment and certain ballast enhancements. Included a 5-year special periodic survey.
- Contract signed with Noble Energy. Ready to drill Q3/Q4-06



## DeepSea Bergen

- Aker H-3.2 (enhanced)
  - Built: 1982 (Aker Stord), later upgraded
- Rig owner: Odfjell Drilling
- Drilling capacity 25,000 ft in 1500 ft water
- Accommodation for 100 men
- Hull dimensions: 303 x 220 x 113
- Variable loads: 6,250 KIPS
- Mud pumps: 3 National 12-P-1,600 pumps
- Cranes: 2 National OS 435 diesel Hydraulic
- Derrick: NorMar Beam leg, DLC 1,100,000 lbs.
- Currently working for Marathon until mid 2008 on the Alvheim field. Thereafter a 3 year charter in direct continuation with Statoil until mid 2011 on Haltenbanken / Nordland.



## Songa Dee

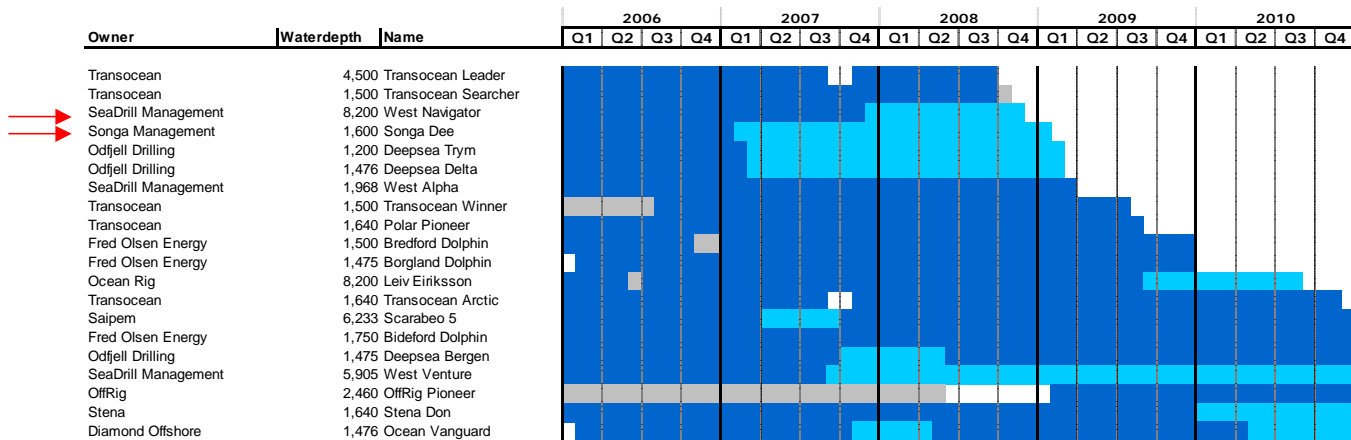
- Built 1984, upgraded in 2004
- Water depth capacity: 1,800 ft,
- SBOP capability for 6,000 ft
- Variable deck load (operating): 4,700 tonnes
- Mooring system: Anchored with truster assist
- 120 man accommodation
- BOP Stack: Cameron UII 18 3/4" 15,000psi
- Bareboat back to back with sellers until 08/09. Rig working for Hydro in Norway.





## Norway fleet

- Seadrill and Songa has now two of the first available rigs in Norway
- Transocean Leader is rumoured to have a LOI at 420'-460' USD/Day (depending on water depth) and will most likely be committed until early 2011
- Several units are available around 2008/2009 and this could press the day-rates on the units that are fixed first
- Note that several of the existing contracts are well-contracts and likely to slide in time



# Profit & Loss

## Songa Offshore Group

### Consolidated income statement

for the period

APR - JUN

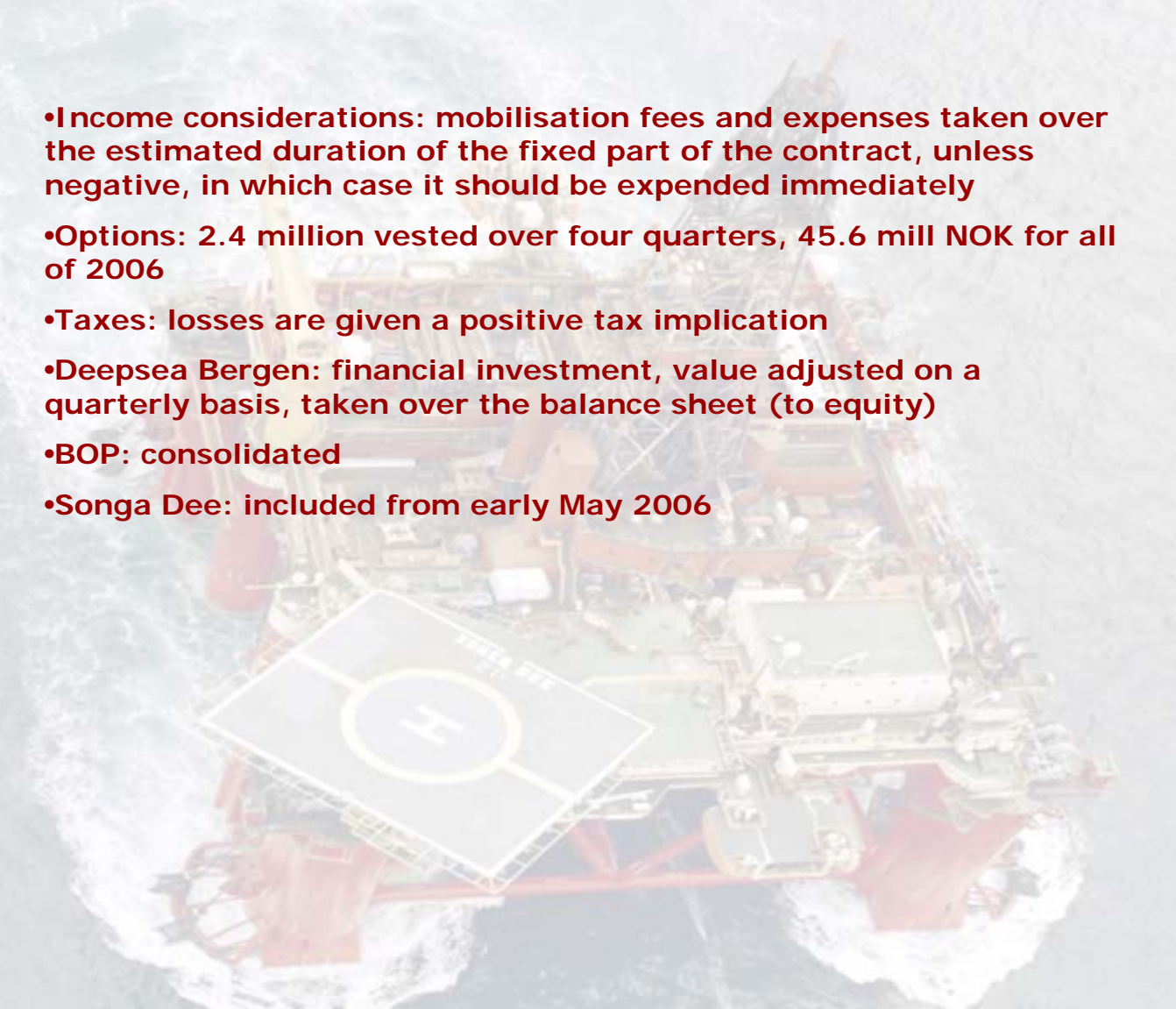
JAN - JUN

(IFRS - non audited figures)

Amounts in USD '000 (earnings per share in USD)	2006	2006
Revenue	1,360	3,961
Other operating costs	-4,894	-11,228
Depreciation	-2,464	-2,464
Finance costs	-4,753	-13,364
<b>Loss before tax</b>	<b>-10,751</b>	<b>-23,095</b>
Tax income*	2,991	6,447
<b>Loss for the period</b>	<b>-7,760</b>	<b>-16,648</b>
<b>Net earnings per share (USD):</b>		
<b>Basic</b>	<b>-0.10</b>	<b>-0.25</b>

\* Estimated tax for quarterly results is 28%

- **Income considerations:** mobilisation fees and expenses taken over the estimated duration of the fixed part of the contract, unless negative, in which case it should be expended immediately
- **Options:** 2.4 million vested over four quarters, 45.6 mill NOK for all of 2006
- **Taxes:** losses are given a positive tax implication
- **Deepsea Bergen:** financial investment, value adjusted on a quarterly basis, taken over the balance sheet (to equity)
- **BOP:** consolidated
- **Songa Dee:** included from early May 2006



# Balance Sheet

**Consolidated balance sheet at**  
 (IFRS - non audited figures)

	30 Jun	31 Dec
Amounts in USD '000	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
Deferred tax	10 961	4 384
Rigs and fixtures	564 670	222 462
Investments	47 150	34 056
Other long term assets	3 809	-
<b>Total non-current assets</b>	<b>626 590</b>	<b>260 902</b>
Accounts receivable	1 239	1 039
Prepayments	2 650	417
Other receivables	2 654	962
Cash and cash equivalents	11 338	2 220
<b>Total current assets</b>	<b>17 881</b>	<b>4 638</b>
<b>Total assets</b>	<b>644 471</b>	<b>265 540</b>

## Balance Sheet (cont.)

<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	12 141	9 006
Share premium	145 592	76 232
Paid in, not registered share capital	-	276
Other equity	(25 878)	(24 946)
<b>Total equity</b>	<b>131 855</b>	<b>60 568</b>
<b>Non-current liabilities</b>		
Bank loan	225 304	45 902
Bond loan	184 811	108 142
Other long term debt	7 913	11 106
<b>Total non-current liabilities</b>	<b>418 028</b>	<b>165 150</b>
<b>Current liabilities</b>		
Accounts payable	7 058	5 303
Accrued interest expense	10 513	3 675
Accrued operating expense	7 879	-
Bank loan	51 600	19 840
Prepaid revenues	11 750	-
Other short term liabilities	5 788	11 004
<b>Total current liabilities</b>	<b>94 588</b>	<b>39 822</b>
<b>Total liabilities</b>	<b>512 616</b>	<b>204 972</b>
<b>Total Equity and Liabilities</b>	<b>644 471</b>	<b>265 540</b>

# Appendix



## Company Overview

### Shares

- Number of outstanding shares: 77.934.113
- Number of options to management and board: 2.500.000 at strike NOK 30
- BOP investors may convert 15,3 mUSD at NOK 35 per share, which equal to approximately 2.740.886 shares.
- Remaining 6,897,540 warrants, strike USD 1.50.
- Number of shares totally diluted: 90.072.539.

### Loan

- USD 290 million bank loan with Nordea - 1st priority mortgage in all rigs. Interest rate: LIBOR + 1,75%. Quarterly repayment starting 31/12-2006, ending 27 months thereafter.
- USD 110 million (gross) bond loan. 2nd priority mortgage in Venus and Mercur. Interest rate: 9%. Maturity date: 2010.
- USD 75 million (gross) bond loan. 2nd priority mortgage in Dee. Interest rate: 9,75 %. Maturity date: March 2011. Callable in 2009 at 106%.

Management and operation is in place



## Changes in Equity

### Songa Offshore ASA

#### Statement of changes in equity

(IFRS - non audited figures)

Amounts in USD '000

	Share capital	Share premium reserve	Paid in, not registered capital	Other equity	Total equity
<b>Equity at 31.12.05</b>	<b>9,254</b>	<b>75,984</b>	<b>276</b>	<b>-24,946</b>	<b>60,568</b>
Issue of share capital	956	52,825			<b>53,781</b>
Conversion of warrants not registered at 12/31 2005	28	248	-276		<b>0</b>
Conversion of warrants Jan - Jun	1,903	16,535	0		<b>18,438</b>
Employee option plan				2,622	<b>2,622</b>
Change in fair value of financial investment				13,094	<b>13,094</b>
Profit (loss) for the period				-16,648	<b>-16,648</b>
<b>Equity as at 30.06.2006</b>	<b>12,141</b>	<b>145,592</b>	<b>0</b>	<b>-25,878</b>	<b>131,855</b>

# Statement of Cash Flow

## Songa Offshore Group

Consolidated statement of cash flows at  
(IFRS - non audited figures)

	30 June
Amounts in USD '000	2006
<b>Operating profit (loss) before tax</b>	<b>(23 095)</b>
<b>Cash flows from operating activities</b>	
Adjustment for:	
Change in receivables	(7 934)
Change in payables	10 425
Depreciation	2 463
Decrease in fair value of BOP option	(3 590)
<b>Net cash flow from operating activities</b>	<b>(21 731)</b>
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(356 943)
<b>Net cash flow used in investing activities</b>	<b>(356 943)</b>
<b>Cash flows from financing activities</b>	
Proceeds from issue of share capital	72 220
Proceeds from issue of bonds and new bank loan raised	315 572
<b>Net cash flow from financing activities</b>	<b>387 792</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9 118</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2 220</b>
<b>Cash and cash equivalents at end of period</b>	<b>11 338</b>

## 20 largest shareholders

Date: 16.08.2006

13 782 997	17,64 SPENCER ENERGY AS		NOR
4 054 656	5,19 GOLDMAN SACHS INTERN EQUITY NONTREATY CUS	NOM	GBR
3 618 257	4,63 MORGAN STANLEY AND C CLIENT EQUITY ACCOUN	NOM	GBR
3 159 700	4,04 LEHMAN BROTHERS INC. EBOC-CUSTOMER SEGREG	NOM	USA
2 376 725	3,04 STATE STREET BANK & CLIENT OMNIBUS D	NOM	USA
1 729 840	2,21 BANK OF NEW YORK, BR S/A NATEXIS BANQUES		GUM
1 525 121	1,95 CREDIT SUISSE SECURI (EUROPE) PRIME BROKE	NOM	GBR
1 495 000	1,91 DEUTSCHE BANK (SUISS		CHE
1 422 946	1,82 UBS AG, LONDON BRANC EQUITIES/CORPORATE A		CHE
1 418 000	1,81 JPMORGAN CHASE BANK CLIENTS TREATY ACCOU	NOM	GBR
1 278 200	1,64 CREDIT SUISSE SECURI (EUROPE) LTD./FIRMS		GBR
1 100 000	1,41 LAUVHEIM HOLDING AS C/O NRP INVESTORSERV		NOR
1 029 019	1,32 SKANDINAVISKA ENSKIL A/C CLIENTS ACCOUNT	NOM	SWE
913 816	1,17 MELLON BANK AS AGENT MELLON BANK NA A/C MELLON NOMINEE 1	NOM	USA
831 000	1,06 JPMORGAN CHASE BANK S/A BANK OF AMERICA		GBR
605 800	0,78 UBS AG, LONDON BRANC S/A IPB SEGREGATED C	NOM	GBR
599 757	0,77 NORDEA BANK DENMARK S/A NORDEA (DK) CCA	NOM	DNK
596 200	0,76 BANK OF NEW YORK, BR BNY GCM CLIENT ACCOU	NOM	CYM
574 697	0,74 BANK OF NEW YORK, BR S/A AIB FBO GLG/EURO		IRL
540 000	0,69 UTHALDEN A/S V/HARALD MORÆUS HANS		NOR
<b>42.651.731</b>	<b>54,58</b>		

## 20 largest warrant holders

Date: 16.08.2006

2 207 666	33,03 SPENCER ENERGY AS		NOR
1 666 667	24,93 CREDIT SUISSE SECURI (EUROPE) PRIME BROKE	NOM	GBR
1 000 000	14,96 VESLIK AS		NOR
568 665	8,51 MUSLIK AS		NOR
270 000	4,04 SYNECO AS		NOR
200 000	2,99 LAUVHEIM HOLDING AS C/O NRP INVESTORSERV		NOR
156 667	2,34 JASTO A/S		NOR
144 444	2,16 MP PENSJON		NOR
125 000	1,87 ADRIAN SHIPPING		NOR
77 778	1,16 MELTZERS HØYSKOLEFON L. V/FORRETNINGSFØRER		NOR
50 000	0,75 NORSEMETER HOLDING A		NOR
39 000	0,58 SØLVBERG ULRIKA T		NOR
35 000	0,52 WISTH GRETE NICOLE TEFRE		NOR
33 333	0,5 STAUBO KARL ERIK		NOR
30 000	0,45 NORDEA ISSUER SERVIC SAMLEKONTO EMISJONER	FOR	NOR
25 000	0,37 F G H INVEST A/S		NOR
20 000	0,3 EVENSEN JAN E.		NOR
15 000	0,22 TEFRE PER		NOR
12 500	0,19 GOLTEN TRULS		NOR
10 000	0,15 ARETHUSA AS		NOR
<b>6.686.720</b>	<b>100</b>		

Share:  
OSE ticker "SONG"

ISIN NO 001 0268451

Warrant:  
OTC ticker "SONW"

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