



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 913 292 073
Organisasjonsform: Aksjeselskap
Foretaksnavn: SONGA OFFSHORE RIG 3 AS
Forretningsadresse: Maskinveien 26
4033 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Iain Inglis
Dato for fastsettelse av årsregnskapet: 02.07.2021

Grunnlag for avgivelse

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

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 14.07.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating income	2	319 498 000	323 497 000
Sum inntekter		319 498 000	323 497 000
Kostnader			
Right of use depreciation	12	145 555 000	136 835 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		157 591 000	
Other operating expenses	3	180 983 000	167 176 000
Sum kostnader		484 129 000	304 011 000
Driftsresultat		-164 631 000	19 486 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		2 259 000	9 615 000
Annen renteinntekt		80 000	428 000
Sum finansinntekter		2 339 000	10 043 000
Rentekostnad til foretak i samme konsern		881 000	3 471 000
Other financial expenses		-2 469 000	3 589 000
Lease interest expense		34 603 000	43 329 000
Sum finanskostnader		33 015 000	50 389 000
Netto finans		-30 676 000	-40 346 000
Ordinært resultat før skattekostnad		-195 307 000	-20 860 000
Tax on ordinary result	7	11 206 000	10 038 000
Ordinært resultat etter skattekostnad		-206 513 000	-30 898 000
Årsresultat		-206 513 000	-30 898 000
Overføringer og disponeringer			
Transferred to other equity	5	-206 513 000	-30 898 000
Sum overføringer og disponeringer		-206 513 000	-30 898 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Deferred mobilisation costs	9	19 817 000	29 301 000
Right of use asset	12	358 344 000	661 490 000
Sum finansielle anleggsmidler		378 161 000	690 791 000
Sum anleggsmidler		378 161 000	690 791 000
Omløpsmidler			
Varer			
Inventory	11	17 553 000	14 862 000
Sum varer		17 553 000	14 862 000
Fordringer			
Kundefordringer		23 551 000	53 684 000
Deferred mobilisation costs and other receivables	8, 9	10 162 000	9 588 000
Konsernfordringer	4	494 000	53 911 000
Sum fordringer		34 207 000	117 183 000
Bankinnskudd, kontanter og lignende			
Cash and bank deposits		26 794 000	12 679 000
Sum bankinnskudd, kontanter og lignende		26 794 000	12 679 000
Sum omløpsmidler		78 554 000	144 724 000
SUM EIENDELER		456 715 000	835 515 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	5	5 000	5 000



Balanse

Beløp i: USD	Note	2020	2019
Annen innskutt egenkapital	5	75 519 000	75 519 000
Sum innskutt egenkapital		75 524 000	75 524 000
Opptjent egenkapital			
Retained equity	5	-301 536 000	-95 023 000
Sum opptjent egenkapital		-301 536 000	-95 023 000
Sum egenkapital		-226 012 000	-19 499 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Right of use long term liability	12	326 880 000	474 845 000
Deferred mobilisation revenue	9	19 817 000	29 301 000
Sum annen langsiktig gjeld		346 697 000	504 146 000
Sum langsiktig gjeld		346 697 000	504 146 000
Kortsiktig gjeld			
Leverandørgjeld		1 357 000	1 322 000
Payable tax	7	41 599 000	30 393 000
Kortsiktig konserngjeld	4	130 012 000	159 842 000
Deferred mobilisation revenue and other current liabilities	6, 9	15 097 000	16 360 000
Right of use lease liability	12	147 965 000	142 951 000
Sum kortsiktig gjeld		336 030 000	350 868 000
Sum gjeld		682 727 000	855 014 000
SUM EGENKAPITAL OG GJELD		456 715 000	835 515 000



Skatteetaten

Vår dato 08.05.2019	Din/Deres dato 30.04.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Karl-Erik Johannessen	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5912686	Postadresse Postboks 9200 Grønland 0134 OSLO

SONGA OFFSHORE SE
Postboks 8200
4069 STAVANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 30. april 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Songa Offshore Rig AS	org.nr. 992 839 449
Songa Offshore Rig 2 AS	org.nr. 913 222 334
Songa Offshore Rig 3 AS	org.nr. 913 292 073
Songa Offshore Equipment Rental AS	org.nr. 913 978 250
Songa Offshore Services AS	org.nr. 988 186 228
Songa Offshore SE nuf	org.nr. 994 147 870

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

Eneste eier i SO selskapene er Songa Offshore SE (100%) som er et internasjonalt holdingselskap basert på Kypros.

Songa konsernet ble i første kvartal 2018 oppkjøpt av Transocean. Det vises til at Transocean Services AS er morselskap for flere selskaper som inngår i Transocean konsernet og som er registrert i Norge, og at alle disse selskapene har fått tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk. Transocean også kjøpt Ocean Rig konsernet i fjerde kvartal 2018. Og all norsk selskapene i Ocean Rig konsernet har også fått denne tillatelse.

Bransjen selskapet opererer i er internasjonalt. Eneste arbeidsspråk er engelsk. Både kunder og leverandører av selskapene er komfortable med å forholde seg til engelskspråklig finansiell informasjon. I mange tilfeller er dette også påkrevd, noe som innebærer at finansiell informasjon må oversettes og dermed dupliseres.

Selskapets finansiering og garantistillelse er mot utenlandske selskaper og finansinstitusjoner. All dokumentasjon knyttet til dette er på engelsk.



Skattedirektoratets vurdering

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."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., 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.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er eid av et utenlandsk selskap. Selskapets virksomhet er internasjonal. Øvrige konsernselskap har dispensasjon. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Statsautoriserte revisorer
Ernst & Young AS

Markens gate 9, NO-4610 Kristiansand
Postboks 184, NO-4662 Kristiansand

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 Songa Offshore Rig 3 AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Songa Offshore Rig 3 AS, which comprise the balance sheet as at 31 December 2020, the income statement, the statements of other comprehensive income and statements 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 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 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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 Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 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.



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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 International Standards on Auditing (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 law, regulations and generally accepted auditing principles 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, 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 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, the going concern assumption, and proposal for the allocation of the result 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - Songa Offshore Rig 3 AS

A member firm of Ernst & Young Global Limited

Penneo DokumentID: 5ZNVH-IX3FZ-AND17-8T8XZ-60MX4-CC45Y



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Kristiansand, 5 July 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Espen Fyllingen
State Authorised Public Accountant (Norway)

Penneo DokumentID: 5ZNVH-IX3FZ-AND17-8T8XZ-60MX4-CC45Y

Independent auditor's report - Songa Offshore Rig 3 AS

A member firm of Ernst & Young Global Limited



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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Espen Fyllingen

Oppdragsansvarlig partner

Serienummer: 9578-5999-4-2137889

IP: 88.89.xxx.xxx

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Songa Offshore Rig 3 AS

Annual Report

31 December 2020



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Songa Offshore Rig 3 AS

Org. No. 913 292 073

Board of Directors' report

Type of business

Songa Offshore Rig 3 AS was incorporated on 10 January 2014 and the company is based in Stavanger. The company is owned 100% by Songa Offshore SE. The business of the company consists of renting drilling rigs for subleasing to operators. Operational activities commenced in the second and third quarter of 2016.

Going concern

The board recognizes that the company's equity is negative as at 31 December 2020 and will seek means to rectify the situation. To support the going concern assumptions the board has secured a letter of support from its ultimate parent Transocean Inc. This support is valid for a period of 12 months from the Annual General Meeting to be held in 2021 in order to approve the 2020 financial statements.

The going concern assumption in accordance with Norwegian Accounting Act § 3-3 (accounting law) is present and the financial statements have been prepared under this assumption. The board confirms the going concern assumptions are valid.

Work environment and personnel

There are no employees in Songa Offshore Rig 3 AS. The company acquired services from Transocean Offshore (North Sea) Limited up to 30 June 2020 and from Transocean Norway Operations AS from 1 July 2020 for the operations of the drilling rigs. The Board of Directors currently consists of two men and one woman.

Equal treatment

There are no employees in Songa Offshore Rig 3 AS. The company adheres to the state of conduct stating that there shall be no discrimination on the background of race, religion or gender.

Environmental reporting

Songa Offshore Rig 3 AS operations does not affect the environment negatively above and beyond what is common in the industry. For further information about the groups environmental policy, please refer to the group webpage. No polluting spills were registered by the Transocean group during 2020.

Future development

Songa Offshore Rig 3 AS' income is from oil companies and the future development of the company is dependent on the oil industry generally and the oil price specifically. A continued high activity level is expected going forward. The company will continue to operate two drilling rigs, the Transocean Enabler and the Transocean Encourage. Both have a fixed contract concluding in March 2024 and November 2023 respectively.

The board of directors would like to clarify that there is normally a great level of uncertainty associated with prediction of the future operating environment of the company.



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Songa Offshore Rig 3 AS

Org. No. 913 292 073

Result, cash flows, investments, financing and liquidity

The company operated two drilling rigs, the Transocean Enabler and the Transocean Encourage in 2020. The company's total operating income including amortization of deferred income was USD 319.5 million in 2020 (2019: USD 323.5 million).

The net operating loss for 2020 was USD 164.6 million compared to a net operating profit of USD 19.5 million in 2019. The rise in costs for 2020 is due to asset impairments being recognized on the Right of Use assets.

Total cash flows of the company were positive USD 14.1 million (2019: negative USD 10.4 million). The company purchased inventory during the year and recognizes an inventory balance of USD 17.6 million at 31 December 2020 (2019: 14.9 million). Change in accounts receivable is a decrease of USD 30.1 million (2019: decrease of USD 0.6 million). Loss before taxes is USD 195.3 million (2019: USD 20.9 million). Tax charge for the year is USD 11.2 million (2019: USD 10.0 million). This is mainly related to uncertain tax position identified.

The company's short-term debt was at year end 49.2% (2019: 41.0%) of the total debt in the company.

The total assets at year end are USD 456.7 million (2019: USD 835.5 million).

The equity at 31.12.2020 is negative USD 226.0 million (2019: negative USD 19.5 million).

Financial risk

Interest risk

The company is financed by associated group companies. The internal interest cost charged from the associated group companies is equal to the interest the company is expected to obtain through external financing. The interest is subject to an annual assessment, or more often if the circumstances so require.

Currency risk

The development of exchange rates entails both a direct and indirect economic risk for the company. Songa Offshore Rig 3 AS has part of its income in Norwegian kroner and parts in USD. The majority of the costs are in Norwegian kroner (NOK) with the exception of the bareboat rig rental which is in USD.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises principally from the company's receivables from customers and intercompany.

The company's exposure to credit risk is influenced mainly by individual factors associated with each counterparty. The risk associated with internal counterparties is considered to be low.

Liquidity risk

Liquidity risk is the risk that the company will not be able to settle its financial commitments as they fall due. With regular prognoses and liquidity analysis, the company will, as far as possible, ensure that sufficient access to funds is made available in order to settle commitments on the due date without unacceptable losses or risks of damaging the company's reputation. Songa Offshore Rig 3 AS is included in the Group's overall liquidity evaluation.



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Songa Offshore Rig 3 AS

Org. No. 913 292 073

Oil price risk

Our business depends on the level of activity in oil and gas exploration, development and production in offshore areas worldwide. Demand for our services depends on oil and natural gas industry activity and expenditure levels that are directly affected by trends in oil and, to a lesser extent, natural gas prices.

Demand for our services is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital spending by, oil and natural gas companies, including national oil companies. Prolonged reductions in oil and natural gas prices could depress the immediate levels of exploration, development and production activity.

Perceptions of longer-term lower oil and natural gas prices by oil and gas companies could similarly reduce or defer major expenditures given the long-term nature of many large-scale development projects. Lower levels of activity result in a corresponding decline in the demand for our services, which could have a material adverse effect on our revenue and profitability. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, increases in near-term commodity prices do not necessarily translate into increased offshore drilling activity since customers' expectations of longer-term future commodity prices typically have a greater impact on demand for our rigs.

Consistent with this dynamic, customers may delay or cancel many exploration and development programs, resulting in reduced demand for our services. Also, increased competition for customers' drilling budgets could come from, among other areas, land-based energy markets worldwide. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development and political and regulatory environments also affect customers' drilling campaigns. Worldwide military, political and economic events have often contributed to oil and gas price volatility and are likely to do so in the future.

Subsequent Events

The global COVID-19 pandemic continues following its outbreak in March 2020. A detailed statement addressing this matter is referenced in the 2020 Annual Report (Form 10K) of Transocean Limited which is available for download from www.deepwater.com.

The financial statements have been prepared based on conditions existing at 31 December 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. We cannot accurately quantify the ultimate impact of the ongoing pandemic.



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Songa Offshore Rig 3 AS

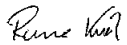
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Result and allocations

The board proposes to allocate the annual loss of USD 206,513 thousand as follows:

- Other equity USD'000 (206,513)

Stavanger,
2 July 2021

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AF8D3DAFC4F34B9...
Rune Kval
Chairman of the board
and General Manager

DocuSigned by:

7768BDFAB9924EB...
Iain Inglis
Board member

DocuSigned by:

CFCF8B86896F4D3...
Inger Aase
Board member



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Songa Offshore Rig 3 AS

Org. No. 913 292 073

Income statement

For the year ended 31 December

Amounts in USD 1000	Note	2020	2019
Operating income	2	319,498	323,497
Total operating income		319,498	323,497
Other operating costs	3	(180,983)	(167,176)
Right of use depreciation	12	(145,555)	(136,835)
Asset Impairment		(157,591)	-
Total operating costs		(484,129)	(304,011)
Operating loss		(164,631)	19,486
Other interest income		80	428
Interest income from group companies		2,259	9,615
Other interest costs		-	-
Other financial costs		2,469	(3,589)
Interest costs to group companies		(881)	(3,471)
Lease interest expense		(34,603)	(43,329)
Net financial items		(30,677)	(40,346)
Loss before income taxes		(195,307)	(20,860)
Income tax (charge)/income	7	(11,206)	(10,038)
Loss after tax		(206,513)	(30,898)
Statement of other comprehensive income for the year ended 31. December			
Amounts in USD 1000	Note	2020	2019
Loss after tax		(206,513)	(30,898)
Items which will not be reclassified over profit and loss, net of tax		-	-
Items which may be reclassified over profit and loss, net of tax		-	-
Total comprehensive loss		(206,513)	(30,898)
Allocated to other equity	5	(206,513)	(30,898)
Total allocation		(206,513)	(30,898)



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Songa Offshore Rig 3 AS

Org. No. 913 292 073

Statement of financial position

as at 31 December

Amounts in USD 1000	Note	2020	2019
Assets			
Long term receivables			
Deferred mobilisation costs	9	19,817	29,301
Right of use asset	12	358,344	661,490
Total long term receivables		378,161	690,791
Current assets			
Receivables			
Accounts receivable		23,551	53,684
Group receivables	4	494	53,911
Inventory	11	17,553	14,862
Deferred mobilization costs and other receivables	8, 9	10,162	9,588
Cash and cash equivalents		26,794	12,679
Total current assets		78,554	144,724
Total assets		456,715	835,515



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Songa Offshore Rig 3 AS

Org. No. 913 292 073


Statement of financial position

as at 31 December

Amounts in USD 1000	Note	2020	2019
Equity and Liabilities			
Equity			
Paid-in equity			
Share capital	5	5	5
Other paid-in equity	5	75,519	75,519
Total paid in equity		75,524	75,524
Retained equity			
Other equity	5	(301,536)	(95,023)
Total retained equity		(301,536)	(95,023)
Total equity		(226,012)	(19,499)
Liabilities			
Deferred mobilization revenue	9	19,817	29,301
Other long term deferred revenue	-	-	-
Right of use long term lease liability	12	326,880	474,845
Total long term liabilities		346,696	504,146
Current liabilities			
Account payables		1,357	1,322
Current liabilities to group companies	4	130,012	159,842
Payable tax	7	41,599	30,393
Deferred mobilization revenue and other current liabilities	6, 9	15,097	16,360
Right of use lease liability	12	147,965	142,951
Total current liabilities		336,031	350,868
Total liabilities		682,727	855,014
Total liabilities and equity		456,715	835,515

Stavanger,
2 July 2021

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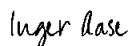
Rune Kval
Chairman of the board
and General Manager

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Iain Inglis
Board member

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Inger Aase
Board member



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Songa Offshore Rig 3 AS

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Cash flows statement

for the year ended 31 December

Amounts in USD 1000	2020	2019
Cash flows from operating activities:		
Loss before income taxes	(195,307)	(20,860)
Adjustments for:		
Financial items without cash effect	(142,952)	(179)
Financial items without cash effect - Depreciation	145,555	
Financial items without cash effect - Impairment	157,591	
Purchase of inventory	(2,691)	(1,683)
Change accounts receivables	30,133	635
Change account payables	35	(1,209)
Change in other current assets and liabilities	(1,837)	1,596
Change in liabilities and receivables group	23,587	11,510
Change in long term deferred revenue	-	(248)
Net cash flows from operating activities	14,115	(10,438)
Cash flows from investments:		
Investments in fixed assets	-	-
Net cash flows from investments	-	-
Net change in cash	14,115	(10,438)
Cash and cash equivalents at beginning of period	12,679	23,117
Cash at end of period	26,794	12,679

Cash and cash equivalents at 31 December 2020 and 31 December 2019 included no restricted bank deposits.



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Songa Offshore Rig 3 AS

Org. No. 913 292 073

Notes to the financial statements

Note 1

Accounting principles

Basis of preparation

In the preparation of the accounts for Songa Offshore Rig 3 AS the company has used simplified IFRS in accordance with the Norwegian accounting act section 3-9. This means that the valuation principles of IFRS have been used, while at the same time using the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP) for the presentation of the notes.

In accordance with the administrative regulations for the use of simplified international accounting standards of 21 January 2008, the Company has implemented the following principles and assessments in accordance with IFRS:

IAS 10.12 and IAS 10.13 have not been followed as the treatment of dividends and group contributions have been treated in accordance with NGAAP.

Income

Income is recognized when it is probable that the transaction will generate future economic benefits that will be received by the company and the size of the benefit can be reasonably estimated. Revenues have been presented net of VAT and discounts.

In the accounts the company's income and costs in connection with the mobilization of the drilling rigs Songa Encourage and Songa Enabler have been included. The income and costs is amortized over the contract periods.

Currency

The accounts have been prepared in the currency considered as the most important economic environment in which the company operates (its functional currency). In the accounts the result and balance sheet are presented in USD, which is the company's functional currency and presentational currency.

In the preparation of the accounts transactions are translated from foreign currency to USD at the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate on the date of the balance sheet.



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Songa Offshore Rig 3 AS

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Taxes

Deferred tax is calculated based on differences between the book value of assets and debt and corresponding tax values. Deferred tax is recognized on the balance sheet for all temporary differences and a deferred tax asset is recognized to the extent it is likely the company will be able to utilize the asset based on projected future profits. Such assets and liabilities are not recognized in the balance sheet if the temporary difference arises on initial recognition (except related to business combinations) of other assets or debt in a transaction which does not affect either the taxable income or the accounting earnings.

The balance sheet value of a deferred tax asset is assessed at each year end and is reduced to the extent it is no longer probable that future taxable income will be available to allow for utilization of the tax asset.

Deferred tax and deferred tax asset is measured using the expected future tax rate which is expected to be applicable in the period the debt is to be settled or the asset realized, based on tax rates (and tax law) which has been enacted or substantially enacted at the balance sheet date. The valuation of deferred tax and deferred tax asset reflects the tax position that will arise in accordance with the company's expectation, at the balance sheet date, to utilize or settle the carrying value of the assets or liabilities in the balance sheet.

Deferred tax assets and deferred tax is set off against each other when in accordance with current law and when they relate to taxes imposed by the same tax authorities and the company has the intention of setting of the tax asset and liability.

Payable tax and deferred tax is recognized as a cost or income in the profit & loss statement, except when related to items entered directly against equity, then the tax is also entered directly against equity, or when they arise as a consequence of an initial balance sheet entry related to a business combination. In cases of business combinations the tax effect is included in the calculation of any excess value for the buyer when calculating the net fair market value of identifiable assets, debt and contingent debt over costs.

IFRIC 23 requires an entity to reflect uncertainty over income tax treatments in the recognition and measurement of current and deferred tax assets or liabilities, applying the requirements in IAS 12.

Provisions

Provisions are recognized on the balance sheet when the company has an existing legal obligation or an implied obligation, as a consequence of a previous event, when it is likely that an economical transfer is required to meet the obligation and that one reliably can estimate the size of the obligation.

Account receivables

Account receivables are recognized at cost less losses on receivables.

Inventory

Inventory is held at the lower of cost or net realisable value. When the associated rig is in operation, these costs are carried by the rig operating company. When the associated rig is cold stacked, these costs are carried by the rig owning company.



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Events following the balance sheet date

Events following the balance sheet date have been considered in the accounts. Events following the balance sheet date which does not affect the company on the balance sheet date but will affect the company in the future have been commented on if considered material.

Presentation of cash flows

The presentation of the cash flows has been prepared in accordance with the indirect method.

Cash and cash equivalents consists of cash, bank deposits and easily transferable assets which immediately can be converted to fixed cash amounts, and which are only exposed to immaterial changes in value.

Note 2

Operating income

USD 1000	2020	2019
Drilling Operations	311,073	306,352
Amortized deferred mobilization revenue	-	9,484
Recharged costs	8,425	7,661
Operating income	319,497	323,497

Songa Offshore Rig 3 AS operates the drilling rigs the Transocean Enabler and the Transocean Encourage. The drilling rigs started operations on the Norwegian shelf in the second and third quarter of 2016.



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Note 3

Operating costs, personnel cost, employees, benefits, loan to employees and audit fees

The company operates the drilling rigs the Transocean Enabler and the Transocean Encourage from the second and third quarter of 2016.

USD 1000	2020	2019
Maintenance expenses	23,377	18,832
Other operating expenses	157,606	148,344
Other operating costs	180,983	167,176

There are no employees in the company and therefore not required to have a pension (Defined Contribution Plan). Personnel were hired from Transocean Offshore (North Sea) Ltd and Transocean Norway Operations AS.

No remuneration has been paid to the board members. No loans or security have been provided for the general manager, board chairman or other related parties.

Auditor

The 2020 audit fee was USD 34 thousand (excluding VAT)

Amounts in USD 1000	2020	2019
Audit fee	34	33



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Songa Offshore Rig 3 AS

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Note 4

Intercompany liabilities and receivables

Current assets (due within one year)		
Amounts in USD 1000	2020	2019
Songa Offshore Enabler Ltd	222	10,159
Songa Offshore Encourage Ltd	-	8,989
Songa Offshore Equinox Ltd	2	2
Transocean Offshore Ventures Inc.	4	4
Songa Offshore SE	-	34,751
Transocean Inc	-	6
Transocean Offshore (North Sea) Limited, Norway	237	-
Songa Offshore Rig 2 AS	27	-
Deepwater Pacific 1 Inc	2	-
Total	494	53,911
Current liabilities (due within one year)		
Amounts in USD 1000	2020	2019
Transocean Onshore Support Services Limited	3,964	2,187
Songa Offshore Equipment Rental AS	-	27
Songa Offshore Rig 2 AS	-	6,579
Songa Offshore Rig AS	-	126
Songa Offshore SE	33,248	53,969
Songa Offshore SE, Cayman	-	50
Transocean Deepwater Holdings Limited	22	22
Transocean Inc.	10	-
Transocean Offshore Deepwater Drilling Inc.	21,485	3,573
Transocean Services AS	14,924	2,884
Transocean Enabler Limited	18,270	20,514
Transocean Encourage Limited	21,160	22,102
Resource Rig Supply Inc.	515	738
Transocean Offshore (North Sea) Limited	-	42,290
Sedco Forex Offshore Int'l Ltd	104	108
Transocean Offshore Ventures Inc, Louisiana	258	89
Transocean Norway Operations AS	16,052	4,584
Total	130,012	159,842

No part of the liabilities has a maturity longer than 5 years. The company does not have any receivables which mature later than 1 year. The company does not have any debt secured by collateral.



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Songa Offshore Rig 3 AS

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Note 5

Share capital and shareholders

Share capital

USD 1000	Shares	Nominal value	Booked
Share capital	30	0.17	5

NOK 1000	Shares	Nominal value	Booked
Share capital	30	1	30

Shareholders

Songa Offshore SE owned 100 % of the shares in the company as of 31.12.20.

USD 1000	Share capital	Other paid-in equity	Other equity	Sum equity
Balance 1 January 2020	5	75,519	(95,023)	(19,499)
Annual profit / (loss)			(206,513)	(206,513)
Balance 31 December 2020	5	75,519	(301,536)	(226,012)

The company's ultimate parent undertaking is Transocean Ltd., a company registered in Switzerland.

The consolidated accounts of Transocean Ltd. are those of the smallest and the largest group of which the company is a member and for which group accounts are prepared. Copies of these accounts can be obtained from www.deepwater.com.

Note 6

Other liabilities

The company has as at 31.12.2020 current payables from incurred but not invoiced costs and current part of the mobilization income of USD 15.1 million.

USD 1000	2020	2019
Incurring costs	5,613	6,850
Deferred mobilization revenue	9,484	9,510
Total	15,097	16,360



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Note 7

Taxes

Amounts in USD 1000	2020	2019
Net temporary differences	140,522	(16,014)
Tax losses carried forward	73,577	43,904
Basis for deferred tax	214,100	27,890
Deferred tax	47,102	6,136
Not recognised deferred tax	(47,102)	(6,136)
Recognised deferred tax	-	-
Basis for the tax cost		
Earning before tax	(195,307)	(20,860)
Permanent and translation differences	9,907	19,018
Basis for tax cost	(185,400)	(1,842)
Change in temporary differences	157,001	(17,381)
Basis for tax in the accounts	(28,399)	(19,223)
Rendered group contribution	-	-
Taxable income (basis for tax payable)	(28,399)	(19,223)
Allocation of the tax cost		
Payable tax	-	-
Total payable tax	-	-
Translation differences	-	-
IAS 12 adjustment - current year	10,630	9,189
IAS 12 adjustment - prior year	576	849
Tax cost	11,206	10,038
Payable tax on balance sheet		
Tax payable in tax cost	41,598	30,393
Payable tax on balance sheet	41,598	30,393
Tax charge reconciliation		
Profit/(loss) before tax	(195,307)	(20,860)
Tax at 22%	(42,968)	(4,589)
Permanent differences	2,180	9,473
Change in tax rate	-	-
Deferred tax not recognised	40,788	405
Foreign exchange	-	(5,289)
Group contribution	-	-
IAS 12 adjustment	10,630	10,038
Prior year current tax adjustment	576	-
Total	11,206	10,038

As of 31 December 2020 the Company had recorded a provision for identified uncertain tax positions of USD 41.6 million.



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Note 8

Other receivables

The company has as at 31.12.2020 prepaid costs and a planned 12-month amortization of deferred mobilization costs of USD 102 million.

USD 1000	2020	2019
Prepayments and other receivables	679	78
Deferred mobilization costs	9,484	9,510
Total	10,162	9,588

Note 9

Deferred mobilization revenue and deferred mobilization costs

The company has as at 31.12.2020 remaining USD 19.8 million of long-term mobilization income and USD 19.8 million of long-term mobilization costs will be respectively entered as deferred income and recognized as deferred costs over the contract periods. USD 9.5 million have been estimated to be recognized as income and costs over the next 12 months.

Correspondingly the company had as at 31.12.2019 remaining USD 29.3 million of long-term mobilization income and USD 29.3 million of long-term mobilization costs which will be respectively recognized as deferred income and deferred costs over the contract period. USD 9.5 million is estimated entered as income and costs of the next 12 months.

Note 10

Revenue

Revenue represents net amounts invoiced excluding value added tax. The revenue is attributable to the principle activity of the company.

Analysis of revenue by geographical market is given below:

Amounts in USD 1000	2020	2019
Norway	319,497	323,497
Total	319,497	323,497

Note 11

Inventory

Amounts in USD 1000	2020	2019
Enabler rig	9,371	7,677
Encourage rig	8,182	7,185
Total	17,553	14,862



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Note 12

Right of use asset

USD 1000	BBC Enabler	BBC Encourage	Simulator Enabler	Simulator Encourage	Total
Cost:					
At 1 January 2020	419,189	378,658	244	234	798,325
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 December 2020	419,189	378,658	244	234	798,325
Depreciation and impairments:					
At 1 January 2020	68,466	68,244	62	63	136,835
Depreciation	72,918	72,512	62	63	145,555
ROU Impairment	80,199	77,392	-	-	157,591
ROU Disposals	-	-	-	-	-
At 31 December 2020	221,583	218,148	124	126	439,981
Net book value:					
At 31 December 2020	197,606	160,510	119	109	358,344
At 1 January 2020	350,723	310,414	181	172	661,490

Set out below are the carrying amounts of lease liabilities and the movements during the period:

USD 1000	BBC Enabler	BBC Encourage	Simulator Enabler	Simulator Encourage	Total
Lease liability recognition	(192)	(182)	(327,947)	(289,474)	(617,795)
Interest	(10)	(9)	(18,580)	(16,003)	(34,603)
Lease payments	72	72	91,390	86,019	177,552
Closing balance	(131)	(119)	(255,137)	(219,459)	(474,845)
Current	(66)	(67)	(75,117)	(72,714)	(147,965)
Non-current	(64)	(53)	(180,020)	(146,744)	(326,880)
Closing balance	(130)	(120)	(255,137)	(219,458)	(474,845)

Lease liabilities – minimum lease payments maturity

USD 1000	Less than 12 months	2 - 5 years	Greater than 5 years	Total
Lease liabilities	(147,965)	(326,880)	-	(474,845)



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Songa Offshore Rig 3 AS

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Note 13

Subsequent Events

The global COVID-19 pandemic continues following its outbreak in March 2020. A detailed statement addressing this matter is referenced in the 2020 Annual Report (Form 10K) of Transocean Limited which is available for download from www.deepwater.com.

The financial statements have been prepared based on conditions existing at 31 December 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. We cannot accurately quantify the ultimate impact of the ongoing pandemic.