



Ginger Oil AB

Buy

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Price: SEK 25

Ticker: GOIL OTCB

Listing: NGM, Stockholm

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We initiate our coverage of Ginger Oil AB with a buy recommendation and a 6 months target of 55 SEK. Ginger Oil AB is a Swedish-American exploration company with operations (largely) in Arkansas and Louisiana. The company is also in the process of acquiring some very promising leases in Ohio. In addition, the company has applied for 5 trenches of acreage in the UK 24th bid round, which could result in the beginning of the company's European operations.

Cash-flows from reserves indicate 84% upside

Our DCF estimate of the company's US operations indicate values of SEK 46/share – 84% up from today's market value. This estimate does not include any upside potential from increased reserves, nor cash flows from possible drilling programs in Ohio or the North Sea.

Our DCF analysis is based on own estimates combined with input from the company's management. Our assumed WTI oil price is \$70 for 2nd half 2006, \$65 for 2007, \$60 for 2008 and \$ 55 for 2009 and onwards. We assume a gas price of \$6/MCF.

The company's proven and probable reserves are today priced at less than \$3,5/bbl. This is less than half of most peers, supporting the DCF estimate. The P/E ratios are also appealing; 5,9x in 2007 and 4,1x in 2008.

Ohio and the North Sea could add further values to the company

Our sensitivity analysis indicates that the prospects in Ohio easily could be worth SEK 30/share, should the management complete the process of acquiring leases. We have not valued the possible block (s) in the North Sea as we do not have sufficient information to do so. It is however clear that successful allocation would serve as a positive trigger to the share price due to the company's small size.

Management and news-flow

Ginger Oil is a slim and dynamic organization, which is profitable even at very low production levels. The management also has a strong track-record, and has as a general rule delivered more than promised over the last years. Going forward, we also expect an exciting news flow from the company, both regarding its drilling programs as well as acquisition of leases in Ohio and in the North Sea.

Share price (SEK)	23,80	Share performance	1M	3M	12M
52-week range	7,25-34	Absolute	1,0	-2,2	15,7
Dividend yield	0%	Relative to OSEBX	3,7%	-8,7%	146%
Capitalisation (SEK)		Estimates/valuation	2006E	2007E	2008E
Marketcap	321m	Adjusted EPS (SEK)	0,2	3,6	5,1
Net debt 31.12.05	3,9m	P/E	121x	5,9x	4,1x
Free float	54,8%	EV/EBITDA	77,2	4,0	1,5
Outstanding shares	13,395m	P/CE	100	5,1	3,0

Company Description

Background

Ginger Oil AB was founded in 1997 when Hans Blixt and Don Neville merged their oil- and gas interests. Today the founders work as CEO and President of the US operations, and are both on the board of Ginger Oil AB.

Corporate Structure

GO AB has only one subsidiary; Ginger Oil Company Inc. (GO) that is located in Houston, USA. All operations are carried out through the US subsidiary.

As the company may enter the UK, it has also opened a branch office in London to serve as a base for its UK activities.

Business Model and Strategy

GO is a small exploration company with a solid basis of exploration and production assets in various parts of the USA. The portfolio is comprised of a good mix of high and low risk assets, which the coming years will generate substantial revenues. More than 99% of the company's proven and probable reserves are oil.

Being an exploration company, GO's focus is to acquire leases and form consortiums to develop the assets where the ultimate goal is to reach a sizable production. The new entrants in the consortiums typically make a commitment to cover certain (additional) expenses, or they simply pay to become partners. The "carry" that GO receives reduces uncertainty associated with future expenditures. In some cases it also brings valuable liquidity to the company.

GO does currently not operate its oil and gas interests. This is to a large extent a result of its historically low interests in prospects. Given the company's competences we do however see GO as a future operator. Till now, the founder's long experience and extensive networks has helped the company finding competent operators. This is to some extent reflected in GO's current lifting costs that are less than \$4/bbl.

GO has a slim organization and employs only 4 people in addition to its Swedish CEO. The company also utilizes a staff of a minimum of two to three consultants. The slim organization combined with the use of consultants creates a flexible organization with low fixed cost. This is one of the main reasons why the company already today is profitable, although the production in 1st half of 2006 was only 56 bblseq/day.

GO applies a number of techniques to evaluate current and potential assets. The techniques include geochemistry, airborne magnetics, electromagnetism (EM), gravity surveys and 2D and 3D seismic. The company normally starts off with the cheaper methodologies and then applies the pricier ones should the preliminary surveys be positive. Although many industry players have limited knowledge of, and thus less benefit from EM technology, we believe GO's management has a good command of utilizing this technology when evaluating and exploring assets.

Operations in the USA

Arkansas

This state is GO's most important area. GO's reserves in the state can be summarized as follows:

Reserves in Arkansas (\$61/bbl)

	Gross mbbls	Net to Ginger Oil		
		mbbls	undiscounted CF	PV10%, US\$
Proven	5 373	1 603	60 562	32 081
Probable	40 205	10 597	580 153	273 201
Possible	18 635	4 686	258 804	126 198

Source: Company information, Ralph E. Davis Associates Inc.

As can be seen, the cash-flow calculations assume a WTI-price of \$61/bbl. The present value of the cash flows is based on a relatively conservative drilling program. Should GO raise funds from a placement, the drilling program could be accelerated and the present value would increase.

GO's assets are all in the southern part of the state, not far from the border with Louisiana. GO conducted a 3D seismic program in the Lewisville area in Lafayette county¹(see map) and has assembled several leases where it has been prospecting using subsurface control with 2D and 3D seismic data. Although the net reserves total only about 1 mill bbls here, they are important as more than two thirds of them are proven. Furthermore, there is low risk associated with the production. As of today, GO has revenues from three wells in the county, but expects this number to climb to five by the end of the year.

The second 3D area, the Stephens project, is also interesting. Stephens covers part of Nevada, Columbia and Ouachita Counties (see map). GO has a relatively large share in this project, 36,2% working interest (WI) and 25,0% net revenue interest (NRI). Stephens contains considerable reserves; as much 6,2 mill bbls "probable" (net to GO). The pay thicknesses are as much as 60 meters and the target is at about 1525 meters, (5,000 ft) depth.

Stephens is considered to be a mature area and with limited risk. So far the reserves are supported by subsurface techniques and 2D seismic. GO started shooting 3D data last month, and aims for coverage of at least 77 km². It is in having the 3D seismic control that risk is lowered and expected reserve size can be more accurately predicted.

GO has approved a similar 3D program for its 3rd area, which is located in Lafayette and Nevada Counties (see map). GO expects the work to start in the fourth quarter this year. GO has a WI of 27% and a NRI of 18,5% of the area. The (net to GO) reserves here total 1,6 mill bbls, most of which also are "probable " reserves. From a geological point of view the area is similar to Stephens. When this third 3D program is finished GO plans to do a fourth survey.

¹ Searchy, Bonner, Cleveland, Montague, Windmill, North Branch and Taser

This survey has estimated net reserves to GO of 4,6 million barrels, but in the “possible” category. All 3D areas are between 70 and 100 km² in areal extent.

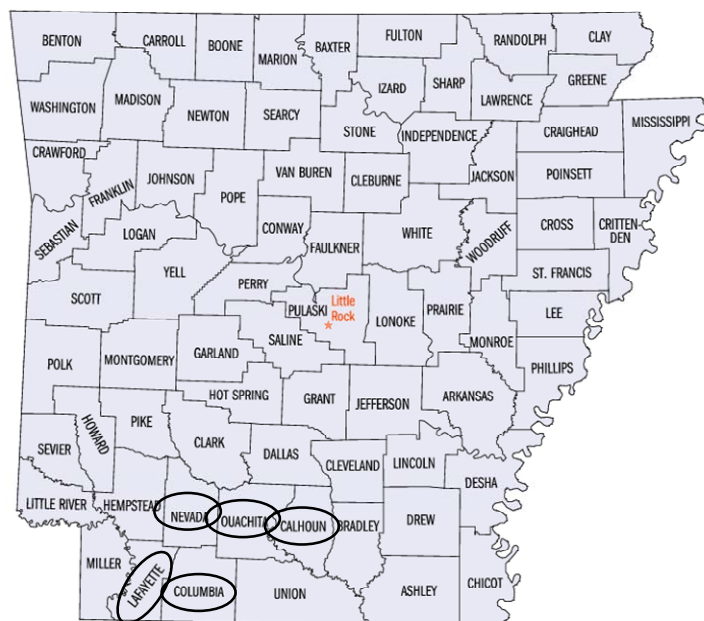
GO also has exciting opportunities in a separate but non-3d area in Ouachita County (see map) where it has a WI of 21,6% and a NRI of 16,2%. GO’s (net) reserves add up to about 1 mill bbls and are considered to be in the “probable” category. One of the partners has a commitment to drill the first well, and this should be done by November 2006.

Another prospect in the Ouachita and Calhoun Counties (see map) also represents good opportunities, not only because of its (net to GO) 1,9 mill bbls “probable” reserves, but also because GO has a WI of 90% (NRI 62%). This gives GO the opportunity to accelerate the drilling program should it wish to do so. However, Ginger does plan to bring in a partner to focus more on other exploration opportunities.

In addition, GO has (net) more than 900,000 bbls proven reserves in a field in Columbia County (see map). GO still has 100% of the WI in the project (75% NRI) and may bring in a partner here. GO expects to start drilling first quarter 2007.

In addition to these areas GO also has some minor prospects in other parts of the state.

Areas of Interest in Arkansas



Source: Company information, Ralph E. Davis Associates Inc.

Ohio

GO is in the process of acquiring leases in some very promising areas in Ohio.

The first three areas are located in the north-eastern part of the state, and 2D seismic supported by subsurface surveys indicate that each of these areas could represent as much resources to GO as each of the company's 5-6 largest prospects in Arkansas (i.e. 1 mill bblseq +). In addition, GO is in the process of acquiring leases in another area that we believe could represent far larger resources. All the prospects in Ohio are gas.

As of today GO has no competition in acquiring leases, and we expect the acquisition process to be completed by the end of the year or early next year.

Louisiana and Texas

GO has a small stake of 3% (WI) in the Main Pass 57 block that lies offshore in Louisiana. The reserves (net to GO) add up to 350,000 bbls, most of which are "possible". The current (total) production stems from one well, and is only 40/bbls day. More wells could however be drilled.

GO also has a number of interests in Jefferson- and LaFourche Parish (see map). The largest is the Little Village prospect in Jefferson Parish where GO has a WI of 6,75% (NRI 4,5%). The reserves (net to GO) amount to 664,000 bblseq, and are defined as "possible". Most of the reserves are gas. GO expects the well to be up and running in November this year.

GO also has small interests in the smaller prospects Fleming Plantation and Bodenger in Jefferson Parish (both producing) and Kings Ridge in LaFourche Parish (expected to come into production later this year).

In addition GO also has small interests in the Broyles prospect in Colorado County in Texas.

Jefferson (grey) and LaFourche (black) Parish in Louisiana



Source: <http://www.parishmapslouisiana.com/>

The North Sea

GO recently applied for 5 trenches of acreage in the UK 24th bid round. The application has been made together with two other independent E&P companies, and GO holds a 30% share in the consortium. The applications were submitted in June this year, and the awards are expected to be announced in September 2006.

All of the applications are for "promote licenses" in the Southern North Sea. A "promote license" is for a two year period with the intent of performing technical analysis, after which a "drill-or-drop" decision has to be made. If a drilling decision is made, the license is prolonged with two additional years. Should the exploration well (s) be successful, a development plan must be submitted, which normally results in a further extension of the license.

The application is for three traditional Rotliegendes sand areas, one Carboniferous sand area and a Permian reef area. Each of the areas would, if successful, add substantial values to GO's portfolio. Some of the areas are supported by 3D seismic data. One of the areas has an indicated discovery from previous drilling

From both an operational and financial viewpoint the blocks represent fewer challenges than many other blocks in the North Sea as the waters are relatively shallow (less than 150 meters) and jack-up rigs can be used.

Management, Board & Shareholders

Hans Blixt, Chairman of the board and CEO of GO. Mr. Blixt is a reservoir-engineer with more than 30 years of reservoir-engineering and management experience from the oil and gas industry. Mr. Blixt has worked in a wide range of locations, both in the USA and internationally. Mr. Blixt has 750,000 A-shares and 1,538,319 B-shares. In addition, he has 95,000 options through option program 1. and 76,571 options through option program 2.

Don Neville, Board member and President of GO. Mr. Neville is a petroleum geologist with more than 30 years experience from the oil- and gas industry. Mr. Neville's experience spans over a range of areas within exploration, geophysics and development in addition to management. Also, he has considerable international experience. Mr. Neville owns 750,000 A-shares and 1,798,319 B-shares. He has 95,000 options through option program 1. and 76,571 options through option program 2.

Sven Erik Ahlstedt, Board member and CEO of Ginger Oil AB. Mr. Ahlstedt works on a consulting basis as CEO of Ginger Oil AB. He also performs consulting work for other companies. Mr. Ahlstedt is on the board of JLT Mobile Computers AB, Res- and Trafikmedia AB, Lundell & Zetterberg Holding AB and ESV Partner AB. He owns 53,000 shares in the company.

Stig Nordvall, Board member. Mr. Nordvall is former VP of Aktiespararna. He is today the chairman of Aktiespridning Sverige AB and a board member of TMG International AB. Mr. Nordvall holds 36,000 shares in the company.

Åke Andersson, Board member. Mr. Andersson works as an independent consultant and is in the boards of Bykrogen AB and Bykrogenhuset AB. He owns 8,000 shares in the company.

Arne Hall, Board member. Mr. Hall is CEO of Baltic Offshore (USA) Inc., a company that owns and operates speciality vessels for offshore oil installations. He is also a member of the boards of Navitank AB and Seawat Heavy Lifting Engineering B.V. Mr. Hall owns 208,000 shares and 16,000 options in the company.

Helge Ringdal, Board member. Mr Ringdal is a board member of the oil company Rocksource ASA. He is also on the boards of his own companies Merchant Holding in Oslo and its subsidiary Merchant Bankers Corporation in Houston. He has wide experience as broker, entrepreneur, consultant and investor in the energy industry. Mr. Ringdal has 40,000 shares in the company.

Richard B. Brubaker, Controller and CFO. Mr. Brubaker has a BSc degree with major in accounting and is also an Accredited Petroleum Accountant. His more than 25 years of work experience with small and independent E & P companies has given him a good insight into other operational areas such as land, engineering and exploration. Mr. Brubaker currently has 100,000 options though option program 1. and 50,000 options though option program 2.

Dan Bendig, VP Exploration. Mr. Bendig previously worked as a consultant for GO in the company's office in Columbus, Ohio. Mr. Bendig has more than 20 years of work experience from Conoco-Phillips where he amongst other was Chief Geophysicist in the UK, overseeing the company's seismic programs in the North Sea. He has degrees in Physics, Geology and Stratigraphy. Mr. Bendig has 50,000 options though option program 2.

Shareholders

Shareholders	A-shares	B-shares	equity	votes
Wilhelm. Don Neville	750 000	1 697 884	18,3 %	34,2 %
Hans Blixt	750 000	1 431 488	16,3 %	33,2 %
Dexia Bil Customer Account		271 000	2,0 %	1,0 %
Erik Joseph Blixt		266 393	2,0 %	1,0 %
Lars Åke Doverwall		208 000	1,6 %	0,8 %
Arne Hall		208 000	1,6 %	0,8 %
Roland Sindby		205 000	1,5 %	0,8 %
Kent Hahne		205 000	1,5 %	0,8 %
Convexa Capital V		178 000	1,3 %	0,7 %
Hans Ståhlgren		168 000	1,3 %	0,6 %
Swedish energy Alliance AB		167 310	1,2 %	0,6 %
Tyfon		149 600	1,1 %	0,6 %
Ole Aunaas		140 000	1,0 %	0,5 %
Sten Carlgren		130 000	1,0 %	0,5 %
Swedish Energy Alliance Aktiebolag		118 600	0,9 %	0,4 %
Sum	1 500 000	5 544 275	52,6 %	76,4 %
Remainder			47,4 %	23,6 %
Total			100,0 %	100,0 %

Source: Company information, CAR Research

Risks

Geological: there is uncertainty associated with the size of the company's reported reserves. Even the size of "proven reserves" is not certain as one only needs a 90% probability of successful commercial production to state reserves as "proven".

Operational: there are numerous operational risks associated with drilling and producing oil. Time delays are common and the production may be volatile due to operational (and geological) reasons.

Environmental: the company may not manage to comply with governmental regulations. Possible consequences of this may be that it loses some of its current reserves, experiences difficulties in acquiring new reserves or is sentenced to pay fines or charges. Environmental hazards such as hurricanes may also affect the company's operations and earnings.

Oilprice: the oil price is volatile, and today's high prices are no guarantee for high prices in the future. The volatile oil price adds uncertainty to GO's earnings. The company does not attempt to hedge this risk.

Currency exposure: Virtually all of GO's revenues are in USD. Although many of the expenses are in the same currency, investors operating in other currencies than the USD expose themselves to the USD by investing in GO.

Key personnel: the company heavily relies on a few key persons, particularly the founders, and would suffer a great loss should any of these leave the company.

Financials

A- and B-Shares

As can be seen from the overview of the shareholders, there exist both "A-shares" and "B-shares" in Ginger Oil AB. The so-called "A-shares" have 1 vote/share, whereas the "B-shares" have 0.1 vote/share. The currently traded shares are the B-shares.

The company is planning to become listed on the Oslo Stock Exchange, and as a part of that process, the two classes of shares will be converted to one single class of shares (both classes of shares will have the same value/right in this process).

Option Programs

There are two bulks of options in the market. The first lot adds up to 961,563 (call) options with a strike price of 5,09 SEK. These options can be exercised between 1. Nov and 31 Dec this year. The options were given to subscribers of a former issue. These options have previously been described as "option program 1".

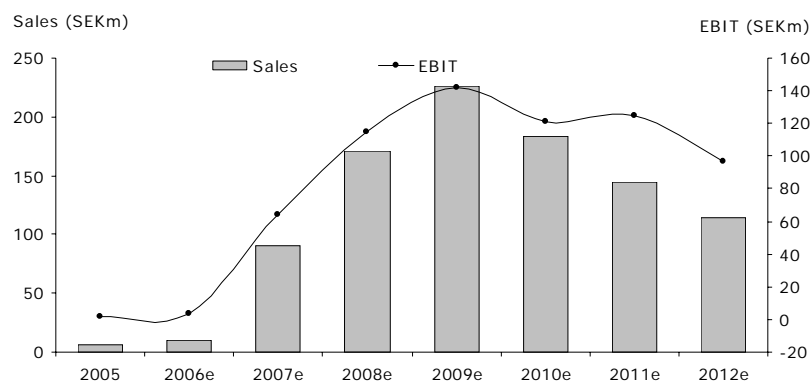
In addition, the Board recently decided to issue 750,000 options that would be sold to management and key personnel. These options can be exercised between 1. Nov and 31. Dec 2008. The strike price of the options is 25 SEK and the options will be paid for (price will be estimated by using Black-Scholes). We have in our valuation assumed an option price of 5,2 SEK (40% vol).

In our valuation we assume that all options are exercised.

Estimated Financial Data from US Operations

We expect GO's existing drilling program to deliver strong results the coming years:

EBIT and Revenues Development

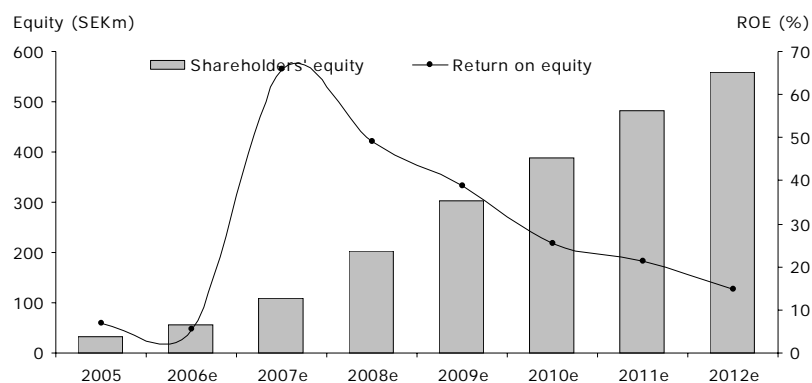


Source: Company information, CAR Research

With today's reserves, we estimate production and revenues to peak at 1800 bbls/day in April 2009. In practice, we expect GO to increase its "proven" and "probable" reserves and to extend the revenues-growth accordingly. This potential is however not included in our DCF analysis.

Our model assumes that profits accumulate as "shareholders equity". We also expect a very high return on the equity, although this falls as we do not assume the funds to be reinvested (nor paid as dividends):

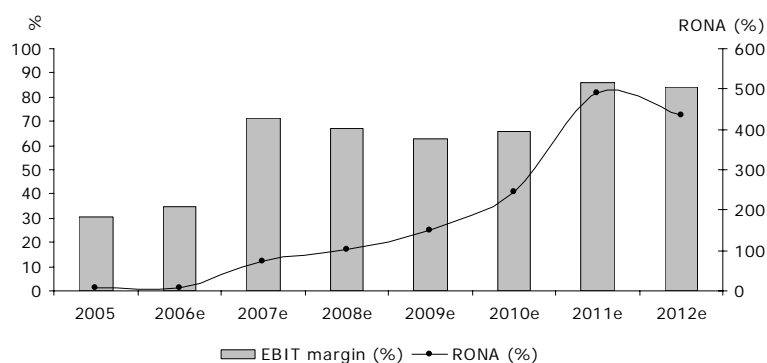
Shareholders Equity and ROE



Source: Company information, CAR Research

Ginger Oil's business model (focus on exploration and not production, and a slim and dynamic organization) combined with high energy prices yields high EBIT margins and impressive RONA figures (return on net operating assets):

Shareholders Equity and ROE



Source: Company information, CAR Research

Valuation and triggers

Discounting Cash Flows

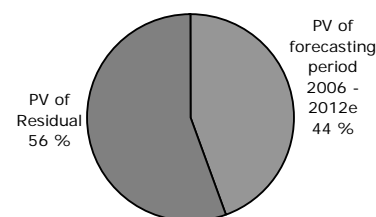
Our valuation of Ginger Oil – excluding opportunities in Ohio and the North Sea – indicates values of SEK 46/share:

Valuation

Output (in mSEK)

PV of forecasting period 2006 - 2012e	289
PV of Residual	362
Enterprise value	651
Other financial assets	12
Minority interests	-
Value of operations	663
Interest bearing debt	4
Value of equity	660

Free cash flow projection



Value per share (SEK)	46
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Explicit forecasts

	2006e	2007e	2008e	2009e	2010e	2011e	2012e
Cash flow from operations							
EBIT	3	65	115	142	121	125	97
EBIT Margin Adjustments (%)	-	-	-	-	-	-	-
EBIT Adjustment Value	-	-	-	-	-	-	-
Net interest	(1)	(1)	2	6	12	16	20
Depreciation/amortisation	1	12	36	59	40	1	1
Taxes paid	-	(10)	(40)	(50)	(45)	(48)	(39)
Cash earnings	3	65	113	156	128	94	77
Change in WC	1	0	(1)	(7)	0	1	1
Operating cash flow	4	66	112	150	128	95	78
Cash flow from investments							
Investments in operations	(35)	(41)	(42)	(9)	-	-	-
Acquisitions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Cash flow from investments	(35)	(41)	(42)	(9)	-	-	-
Free cash flow	(31)	25	70	140	128	95	78
Adjustments to Free Cash Flow	-	-	-	-	-	-	-
Adjusted free cash flow	(31)	25	70	140	128	95	78
Residual							710

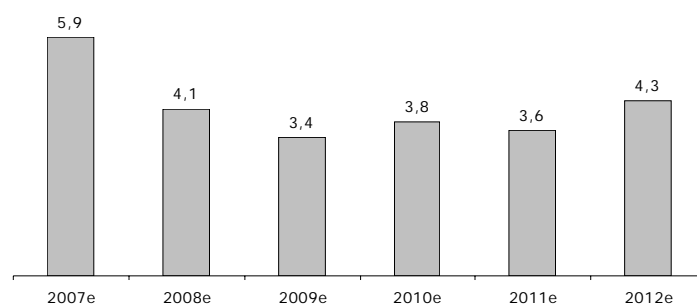
Source: Company information, CAR Research

The residual is our estimated market value of the remaining proven and probable reserves in 2012. As mentioned, no increase in reserves is assumed during the years 2006-2012. Each bbl is valued at \$10 and then discounted to find a present value.

Financial Ratios

The development of the Ginger Oil's P/E ratio supports the DCF valuation:

P/E multiple development



Source: Company information, CAR Research

Likewise, the "market capitalization/reserves" ratio indicates that GO is considerably undervalued. The ratio (using proven- and probable reserves) is 3,5, implying that each bbl of GO's reserves is valued (implicitly through GO's share price) at \$3,5. This is 64% less than the company's peer group, which has an average ratio of \$9,9/bbl:

Peer Comparison

	Proven and probable reserves (mill bbls)	Market capitalization (mill NOK)	Market capitalization / reserves (USD/bbl)
Norse Energy Corp.	63,5	1 428	3,6
PA Resources	123,3	5 335	6,9
Questerre Energy Corp.	6	671	17,8
DNO	140	9 591	10,9
InterOil	11,8	642	8,6
Trefoil	23,7	1 761	11,8
Mean			9,9

Source: CAR Research

Sensitivity Analysis

So far we have not included any of the upside we see in the potential leases in Ohio. As there is (still) no competition in acquiring leases and extensive 2D seismic and surface tests indicate very large resources, we believe it is appropriate to run a sensitivity analysis. In the new scenario we have added a total of 5 mill bblseq (gas) production from 2007-2012 and a corresponding drilling campaign to the previous DCF analysis. Although this represents a large production (up to 4000 bblseq/day) we believe this is a relatively conservative estimate of what one could produce from such gas fields. In our calculations we assume that the gas can be sold with a \$2 premium per MCF. We did not add new reserves to the terminal value, although this might be a useful exercise.

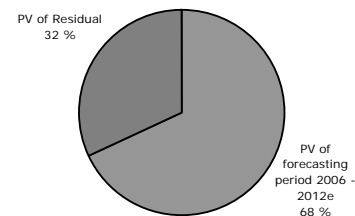
As can be seen, the share price increases by as much as SEK 33. If we assume a probability of success of 30%, this implies additional values of SEK 10/share.

Scenario with Ohio drilling program

Output (mSEK)

PV of forecasting period 2006 - 2012e	768
PV of Residual	362
Enterprise value	1 130
Other financial assets	12
Minority interests	-
Value of operations	1 142
Interest bearing debt	4
Value of equity	1 139

Free cash flow projection



Value per share (SEK)	79
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Explicit forecasts (mSEK)

	2006e	2007e	2008e	2009e	2010e	2011e	2012e
Cash flow from operations							
EBIT	2	65	248	444	531	548	472
EBIT Margin Adjustments (%)	-	-	-	-	-	-	-
EBIT Adjustment Value	-	-	-	-	-	-	-
Net interest	(1)	(2)	0	8	20	35	51
Depreciation/amortisation	3	21	32	39	40	34	29
Taxes paid	(0)	(21)	(85)	(154)	(187)	(198)	(178)
Cash earnings	3	63	197	337	403	419	374
Change in WC	1	0	(1)	(15)	(6)	(0)	3
Operating cash flow	4	63	196	321	398	419	377
Cash flow from investments							
Investments in operations	(33)	(88)	(96)	(75)	(46)	(0)	(0)
Acquisitions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Cash flow from investments	(33)	(88)	(96)	(75)	(46)	(0)	(0)
Free cash flow	(29)	(25)	100	247	352	418	377
Adjustments to Free Cash Flow	-	-	-	-	-	-	-
Adjusted free cash flow	(29)	(25)	100	247	352	418	377
Residual							710

Source: Company information, CAR Research

News-flow and Triggers

This fall and winter should be exciting for the company's shareholders. The Department of Trade and Industry in the UK will probably announce winners of leases already next month. After the announcement, if GO and its partners gain any leases, GO will probably give out more information about the partners, the 3D seismic surveys and an estimated schedule for the project.

News about the acquisition of leases in Ohio will also be a massive trigger, and will potentially result in a complete re-valuation of the company's market value. News can be expected this fall or early next year.

In addition, GO has an aggressive drilling program, and updates from this, as well as strengthened financial results should also serve as a good trigger.

Key Financial Data

Operating data (SEKm)	2004	2005	2006e	2007e	2008e	2009e	2010e	2011e	2012e
Sales	3	6	10	90	171	226	183	145	115
Gross profit (1)	1	4	7	84	159	209	169	134	106
EBITA (1)	(1)	2	3	65	115	142	121	125	97
EBITDA (1)	(0)	2	4	76	151	201	161	126	97
EBIT (1)	(1)	2	3	65	115	142	121	125	97
Reported pre-tax profit	(1)	1	2	64	116	148	132	141	116
Adjusted pre-tax profit (2)	(1)	1	2	64	116	148	132	141	116
Cash earnings (5)	(0)	2	3	65	113	156	128	94	77
Free cash flow I (3)	(5)	(11)	(31)	25	70	140	128	95	78
Free cash flow II (4)	1	(1)	3	54	76	91	88	94	78
Gross capital investments	7	11	35	41	42	9	-	-	-
- Of which acquisitions	-	-	-	-	-	-	-	-	-
Capex (organic investments)	7	11	35	41	42	9	-	-	-
- Investments as % of sales	270	184	366	45	24	4	-	-	-
- Investments as % of deprec	1 046	1 531	3 748	345	116	16	-	-	-
Margins (%)	2004	2005	2006e	2007e	2008e	2009e	2010e	2011e	2012e
Gross profit margin (1)	32,6	64,6	76,1	93,6	93,0	92,3	92,4	92,4	92,3
EBITA (1)	(30,2)	30,2	35,0	71,6	67,2	62,8	65,9	85,8	84,3
EBITDA (1)	(4,4)	42,3	44,7	84,6	88,1	88,8	87,9	86,6	84,8
EBIT (1)	(30,2)	30,2	35,0	71,6	67,2	62,8	65,9	85,8	84,3
Adjusted pre-tax profit (2)	(38,8)	20,4	25,0	70,8	68,1	65,5	72,2	96,9	101,3
Return on capital (%)	2004	2005	2006e	2007e	2008e	2009e	2010e	2011e	2012e
Adjusted ROE (6)	nm	6,8	5,5	65,8	49,2	38,7	25,3	21,3	14,7
ROCE (7)	nm	6,2	6,4	77,4	113,7	171,0	292,6	631,8	545,7
ROA (8)	nm	5,1	6,2	68,0	67,0	54,6	36,8	31,4	21,9
Balance sheet (SEKm)	2004	2005	2006e	2007e	2008e	2009e	2010e	2011e	2012e
Shareholders' equity	16	32	55	108	204	302	389	482	558
Net debt	6	4	14	(11)	(100)	(240)	(368)	(463)	(542)
Net financial gearing (%) (9)	35	11	26	(10)	(49)	(80)	(95)	(96)	(97)
Capital employed (10)	22	36	69	98	104	62	21	19	17
Total assets	28	44	66	125	225	320	405	496	572
Net working capital/sales (%)	(82)	(1)	(8)	(1)	-	3	4	4	4
Per share data (SEK)	2004	2005	2006e	2007e	2008e	2009e	2010e	2011e	2012e
EPS (11)	(0,1)	0,1	0,2	3,7	5,4	6,5	5,8	6,1	5,1
Adjusted EPS (12)	(0,1)	0,1	0,2	3,7	5,4	6,5	5,8	6,1	5,1
Adjusted EPS (full dilution) (13)	(0,1)	0,1	0,2	3,6	5,1	6,5	5,8	6,1	5,1
Dividend	-	-	-	-	-	-	-	-	-
Book value	1,5	2,5	3,8	7,5	13,5	20,0	25,8	31,9	37,0
Cash earnings (full dilution)	(0,0)	0,1	0,2	4,3	7,5	10,4	8,5	6,2	5,1
Free cash flow I (full dilution)	(0,5)	(0,8)	(2,1)	1,7	4,6	9,3	8,5	6,3	5,2
Free cash flow II (full dilution)	0,1	(0,1)	0,2	3,6	5,0	6,0	5,8	6,2	5,1
Number of shares (year-end)	10,7	12,9	14,4	14,4	15,1	15,1	15,1	15,1	15,1
Average number of shares (m)	10,7	12,9	13,1	14,4	14,4	15,1	15,1	15,1	15,1
Number of shares (full dilution)	11,7	13,8	15,1	15,1	15,1	15,1	15,1	15,1	15,1
Growth data (%)	2004	2005	2006e	2007e	2008e	2009e	2010e	2011e	2012e
Sales	nm	121	62	844	89	32	(19)	(21)	(21)
Adjusted EPS (full dilution)	nm	nm	33	nm	43	27	(11)	6	(17)
Dividend per share	-	-	-	-	-	-	-	-	-
Book value per share	nm	64	52	98	79	48	29	24	16

1. Excluding associated income and non-recurring items.

2. Excluding non-recurring items.

3. Defined as EBIT + depreciation/amortisation - net financial items +/- change in working capital - taxes paid - investments in operations.

4. Defined as EBIT - net financial items +/- change in working capital - taxes paid. This cash flow calculation is built on the assumption that depreciation is a proxy for the ongoing reinvestment requirement in the company; in other words, this free cash flow measure is concerned with sustainable cash flow.

5. Defined as EBIT + depreciation/amortisation - net financial items - taxes paid.

6. Defined as net profit adjusted for non-recurring items net of taxes divided by average shareholders' equity.

7. Defined as EBIT including associated income divided by average capital employed.

8. EBIT including associated income and financial income divided by average total balance.

9. Defined as net debt (including pension liabilities) divided by shareholders' equity and minority interests.

10. Defined as the sum of shareholders' equity, minority interests and net debt.

11. Defined as net profit divided by average number of shares outstanding.

12. Defined as net profit adjusted for non-recurring items divided by average number of shares outstanding.

13. Defined as (12) divided by the fully diluted number of shares.

Source: Company information, CAR Research

General Information

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We, Gunnar Holen and Tor Klaveness, hereby confirm that the views in this report accurately reflect our personal view about the companies and securities covered. We further confirm that we have not been, nor are or will be, receiving direct or indirect compensation in exchange for expressing a specific view or recommendation.

Definition of ratings

Buy – Attractive valuation based on estimates and perceived risks. Expected investment return > 15%.
 Trading Buy – News flow or other short-term effects are expected to trigger short-term share appraisal.
 Trading Sell – News flow or other short term effects are expected to trigger negative short-term share movement.
 Sell – Demanding valuation based on estimates and perceived risks. Expected investment return < 15%.

The market price of the security in question is the price at close the business day before the research report is published.

Recommendation distribution as of 26/06 - 2006

	All recommendations			Inv. banking clients prev. 12 months	
	#	%		#	%
Buy	53	65	Buy	15	83
Trading Buy	0	-	Trading Buy	0	0
Trading Sell	4	5	Trading Sell	0	0
Sell	25	30	Sell	3	17
Total	82	100	Total	18	100

Share ownership,	InterOil Exploration & Production ASA
Analyst	-
Employees CAR	-
CAR	-
Total	-

Information regarding coverage of Ginger Oil AB

Date	Recommendation	Target (SEK)	Share Price
30.08.2006	Buy	55,0	25,0

CAR intends to publish research updates on a quarterly basis, or when news with a major impact on the share price is known. Updates will be published in company reports or as part of *CAR Morgananalyse*. CAR has corporate relations with Ginger Oil AB. The report was presented to the issuer before proliferation in order to avoid factual errors.