



REPORT FOR THE SECOND QUARTER 2008 AND FOR THE FIRST HALF YEAR 2008

Songa Offshore ASA consolidated profit after tax for the second quarter 2008 was USD 25.5 million. Accumulated for the first six months of 2008 the after tax profit was USD 35.7 million.

Revenue for the second quarter was USD 82.7 million. Accumulated the revenue was USD 170.7 million.

Total expenses for the second quarter were USD 25.4 million, the low figure is due to a USD 16.2 million gain posted under "other gain and loss" in second quarter. The latter figure is split between gain on financial instruments (USD 16.8 million) and USD 0.6 million of allowance for doubtful debt. Accumulated the total expenses was USD 73.7 million of which USD 4.2 million was posted under "other gain and loss" as a gain.

EBITDA for the second quarter was USD 57.2 million. Accumulated EBITDA was USD 97.0 million.

Net financial expenses for the second quarter were USD 10.4 million. Accumulated net financial expenses were USD 21.9 million.

Earnings per share (EPS) for the second quarter were USD 0.29. Accumulated earnings per share (EPS) were USD 0.41. Diluted earnings per share (DEPS) for the second quarter were USD 0.26. Accumulated diluted earnings per share (DEPS) were USD 0.37.

Main events during the first half of 2008

In February Songa Offshore announced that the Songa Venus had been awarded a Letter of Intent from Australian Drilling Associates (ADA) for a drilling contract utilizing the semi-submersible for development and exploration drilling in Australia. ADA will be the main contract holder and manage the drilling operations on behalf of independent oil companies operating under an ADA coordinated consortium on the North Western Shelf and Timor Sea in Australia. The Letter of Intent was concluded into a drilling contract in July, for 376 days at a USD 400,000 dayrate plus an option on similar length at market rate.

In February the Board of Directors of Songa Offshore ASA proposed to relocate the Company to Cyprus. The relocation would be subject to two extraordinary general meetings to be held in 2008.

The Board of Directors resolved on 22 April to sign a merger plan whereby Songa Offshore ASA will merge with its subsidiary Songa Offshore Cyprus Plc, domiciled in Cyprus. Songa Offshore Cyprus Plc will be dissolved when the merger comes into effect. The new name of the Company will be Songa Offshore SE. In May the merger plan was approved by the annual general meeting (AGM).

In June Songa Offshore ASA entered into a contract with Deep Sea Rig AS ("DSR"), a company within the Odfjell Group, for lease and management of the Company's semisubmersible Deepsea Trym (the "LMA"). At the same time DSR has entered into an agreement with StatoilHydro ASA for an extension of the current contract between those two parties (the "Rental Contract"). The Rental Contract secures continued employment for Deepsea Trym for two years plus an optional third year. The total value of the fixed part of the extended contract is estimated to be USD 347million. In addition, a bonus system for efficient operations will apply. As to the LMA, DSR and the Company have agreed on a management fee to be paid to DSR. This will run at 10% of actual achieved fixed rate, i.e. both parties are exposed to downtime if any. The acquisition is expected finalized on August 25.

In June Songa Offshore ASA entered into an agreement with Odfjell Drilling to acquire the semisubmersible Deepsea Delta. The acquisition price is USD 428.5 million. The rig will continue to be operated by Odfjell Offshore, a company within the Odfjell Drilling Group for the remainder of the two contracts it is fixed for. For this Odfjell Offshore will receive a management fee equal to 5% of actual dayrate achieved. Currently the rig is on a contract with StatoilHydro Petroleum ASA, which is estimated to end in February 2009. The dayrate for this contract is approx. USD 170,000. Thereafter the rig has been fixed for three years to a group of two oil companies, Revus Energy ASA and Det Norske Oljeselskap ASA, at a dayrate of USD 435,000 plus cost escalation clauses.

The rigs

Songa Venus is operating offshore Western Australia. During the second quarter the rig achieved 96.6% operational efficiency. For July the figure was 92.6%.

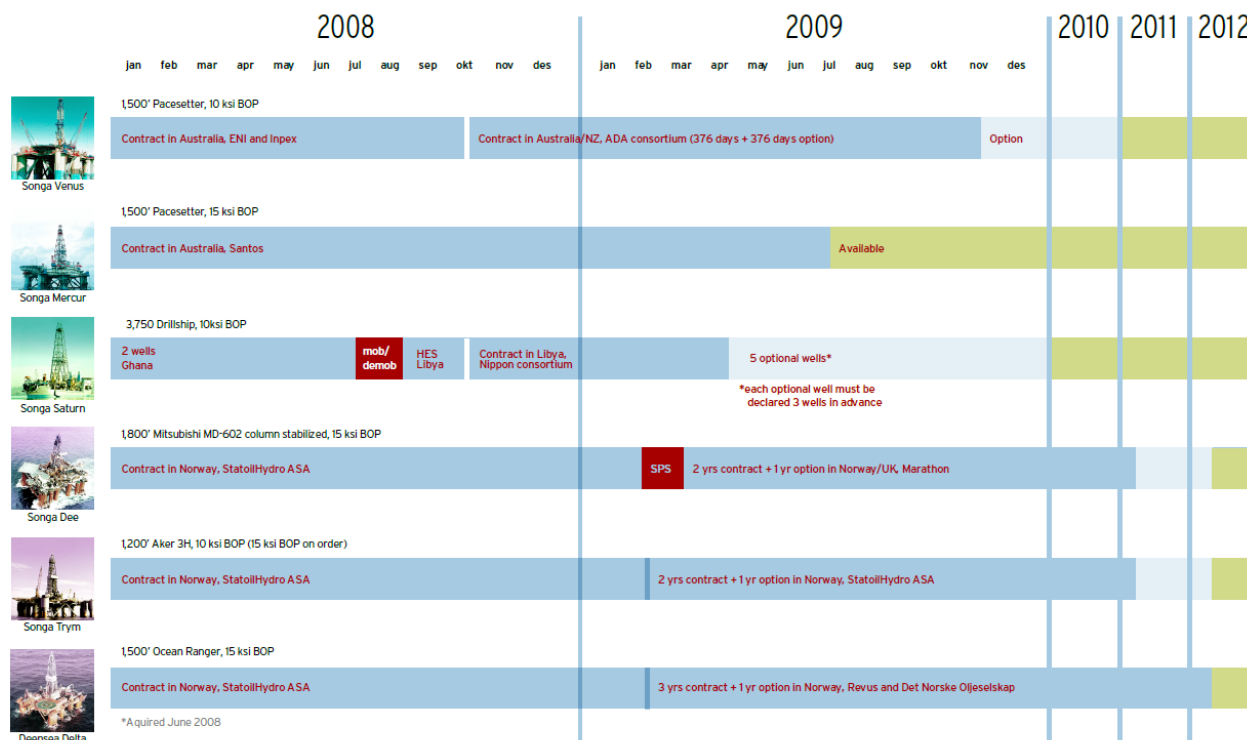
Songa Saturn has been drilling offshore Ghana during the second quarter. During the second quarter the drill ship achieved 87.5% operational efficiency. For July the operational efficiency came in at 98.7 % for the period up to July 21, when the operations were completed. It then had a 15 days work over before starting mobilization towards Libya for drilling operations offshore Libya under a contract with Hess.

Songa Mercur is operating offshore Western Australia. During the second quarter the rig achieved 90.4% operational efficiency. The figure for July was 98.3%. In July Santos exercised its final six months option the dayrate was set at USD 400,000. With this contract the rig is fixed until July 2009.

Songa Dee and Deepsea Trym are currently on bareboat contracts which comes to an end in Q1 2009. The Company is satisfied with the process of establishing an organization which will take care of the operation of Songa Dee in the Norwegian and UK sector of the North Sea. Offices and key personnel are in place in Stavanger and continuous recruitment will go on throughout 2008. As explained above Deepsea Trym will continue to be managed by the Odfjell Group, and will therefore not be manned by the Company.

Contract status

Songa Offshore ASA Contracts and availability



Market conditions and outlook

The demand for offshore drilling rigs has continued to be strong in all segments. Within the midwater segment, where all of the Company's rigs operate, there is tight supply and the number of newbuildings to be delivered over the next few years is limited. Over the last six months midwater dayrates internationally are estimated to have increased by 50 000-75 000 USD.

On the marketing side, focus is on Songa Mercur and Songa Saturn, which both are anticipated to be available for new employment from the summer of 2009. There are a number of good leads, and given the good performance of the rigs, the Board feels confident new contracts will be landed soon.

With well performing assets and the rigs rolling into contract extensions or new contracts at higher day rate levels, the Company's perceived leverage is declining. The management continues to screen the market for potential assets to acquire.

The Annual General Meeting held on 26 May approved the merger plan in connection with the relocation of Songa Offshore from Norway to Cyprus. An extraordinary general meeting will be held tentatively in September moving the seat to Cyprus and creditor notice period will commence and we expect to be relocated to Limassol in the beginning of 2009.

The relocation is believed to be attractive for a number of reasons: Cyprus is attractively located geographically and with a strong marine cluster, the Company will be able to pay quarterly dividends, there are no withholding taxes and the company will have the protection

and the stability of the European Union. More information will follow as the process moves forward.

Financing

During the quarter the Company has bought back USD 17.2 million of the USD 75 million bond loan. A loss of USD 1.8 million has been recognized in connection with the buy back. On average the company has paid 107.38% of the nominal value of the bond during the second quarter. To finance the repurchase the Company has entered into a Repurchase Agreement (REPO) with Nordea. The REPO is a form of short term financing and rolled forward every 30 days.

The Company's external debt at quarter end was USD 530 million on the bank loan facility (so called reducing revolver), USD 30.8 million of the USD 75 million bond loan which matures in March 2011, and is callable from March 2009, a USD 125 million convertible bond, two commercial papers in the amount of NOK 260 million (which is swapped to USD 50 million) and NOK 200 million (which is swapped to USD 38.4 million) and a REPO which per 30 June was USD 47.2 million.

The company is in the process of refinancing the bank loan and most of the facility mentioned above with a new bank facility of USD 1.050 million. This will also secure the funding for the acquisition of Deepsea Delta. The latter transaction is to be completed by 25 August.

Share capital issues

During the second quarter a total of 4,678,513 shares were issued following conversion of freely tradable warrants. The conversion price was USD 1.50 and the warrant program expired on 8 June 2008.

Songa Offshore ASA has renewed or rolled over its total return swaps (TRS) with Nordea Bank Norge ASA for 2,395,000 shares and with Carnegie Investment Bank AB Norway Branch for 3,074,965 shares. The new TRS agreements expire on 15 October 2008 and 19 December 2008 respectively.

As of 30 June 2008 total outstanding shares in the Company was 94,707,538. Weighted average number of shares in the second quarter was 90,937,440 shares. Adjusted weighted average number of shares, as defined in IFRS for the second quarter, was 100,286,729.

The USD 125 million convertible bond loan is convertible into common shares in the Company. The total number of shares, if converted, is 9,349,289, i.e. strike at USD 13.37 per share.

The BoD has allocated share options to the top management of the Company based on the resolution made at the Annual General Meeting 26 May 2008. The total number of options granted is 900,000 and the strike price is according to the resolution set at NOK 74.75 per share.

Assuming all options and convertibles mentioned above are converted, the Company would on a fully diluted basis have 104,956,827 shares.

FINANCIAL STATEMENTS

1 General information

Songa Offshore ASA ("the Company") and its subsidiaries (together, "the Group") are engaged in the business of owning and operating offshore drilling rigs and other vessels to be used in the exploration and production of crude oil. The Group owns four semi-submersible rigs and one drill ship. An agreement to acquire another drilling rig has been signed. With a highly experienced management team, the Company's vision is to provide a flexible and reliable drilling service to its customers.

The Group is headquartered in Oslo, Norway, and the rig operations are run from Singapore, Perth – Australia and Libya.

Per 30 June 2008 the Group had operations in the North Sea, offshore West/North Africa and offshore Western Australia. The Company has been listed on Oslo Stock Exchange since 26 January 2006. Ticker: "SONG".

Songa Offshore ASA is a public limited company, incorporated in Norway, the address of the registered headquarters is: Haakon VIIs gate 1, 0161 Oslo, Norway. Enterprise no. 988 124 923.

2 Basis for preparation

This condensed interim financial information for the period ended 30 June 2008 has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The interim financial statements are prepared in accordance with IAS 34 "Interim financial reporting". The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in the annual financial statements for the year ended 31 December 2007.

4 Risk exposure and risk management

The risk exposure and the risk management will be consistent with the ones described in the financial statements for the year ended 31 December 2007. No new exposure to operational risk, credit risk, market risk, financial risk or liquidity risk has been identified during the first half of 2008.

5 Major related parties transactions

No new major related parties' transactions are identified during the first half of 2008 compared to the financial statements ended 31 December 2007.

Songa Offshore Group

Consolidated income statement

for the period

(IFRS non audited figures)

Amounts in USD '000	Q2 2008	Q1 2008	Q2 2007	Jan-Jun 2008	Jan-Dec 2007
Revenues	82,666	87,991	67,081	170,657	304,860
Rig operating expenses	(32,944)	(28,144)	(21,682)	(61,088)	(94,566)
Reimbursables	(762)	(965)	(1,875)	(1,727)	(4,905)
General and administrative expenses	(7,918)	(7,117)	(6,986)	(15,035)	(28,698)
Other gain and loss	16,178	(11,980)	963	4,198	(1,285)
Depreciation and amortization	(15,116)	(14,822)	(14,005)	(29,938)	(54,666)
Finance income	476	596	1,540	1,072	2,220
Finance costs	(10,910)	(12,116)	(19,215)	(23,026)	(61,020)
Profit/(loss) before tax	31,670	13,443	5,821	45,113	61,940
Tax income/(expense)	(6,193)	(3,187)	3,000	(9,380)	(13,730)
Profit/(loss) for the year	25,477	10,256	8,821	35,733	48,210
Net earnings per share (USD):					
Basic	0.29	0.12	0.10	0.41	0.59
Diluted	0.26	0.11	0.10	0.37	0.52

Songa Offshore Group

Consolidated balance sheet at

(IFRS - non audited figures)

<i>(USD '000)</i>	30/06/08	31/12/07
ASSETS		
Non-current assets		
Rigs, machinery and equipment	969,997	981,894
Deferred tax assets	9,265	13,900
Other long term assets	129	174
Total non-current assets	979,391	995,968
Current assets		
Trade and other receivables	49,406	33,943
Prepayments	17,199	4,154
Incurring revenue	18,089	29,199
Other assets	23,325	7,018
Cash and cash equivalents	70,803	64,207
Total current assets	178,822	138,521
TOTAL ASSETS	1,158,213	1,134,489

Songa Offshore Group

Consolidated balance sheet at

(IFRS - non audited figures)

<i>(USD '000)</i>	30/06/08	31/12/07
EQUITY AND LIABILITIES		
Capital and reserves		
Issued capital	15,113	13,666
Share premium	85,072	62,869
Paid in not registered share capital	-	14,754
Reserves	14,074	13,683
Other equity	210,854	172,266
Total equity	325,113	277,238
Non-current liabilities		
Deferred tax liability	1,355	1,105
Bank loan	402,810	465,565
Bond loans	141,694	186,453
Other liabilities	644	467
Total non-current liabilities	546,503	653,590
Current liabilities		
Bank loans	120,000	120,000
Other external financing	137,528	30,248
Trade and other payables	7,227	34,344
Derivative financial instruments	4,574	3,327
Deferred revenues	841	7,815
Other liabilities	16,427	7,927
Total current liabilities	286,597	203,661
Total liabilities	833,100	857,251
TOTAL EQUITY AND LIABILITIES	1,158,213	1,134,489

Songa Offshore Group

Consolidated statement of changes in equity for the quarter ended 30 June 2008

(IFRS - non audited figures)

Note	Share capital	Share premium	Paid in, not registered share capital	Equity-settled employee benefits reserve	Other equity	Total equity
Balance at 1 January 2007	12,791	27,469	-	14,838	106,500	161,598
Translation adjustments	-	-	-	-	(3,259)	(3,259)
Net expenses recognised directly in equity	-	-	-	-	(3,259)	(3,259)
Profit for the year					48,210	48,210
Total recognised income and expense for the year	-	-	-	-	44,951	44,951
Issue of share capital	775	33,595		-	-	34,370
Pain in not registered share capital	-	-	14,754	-	-	14,754
Conversion of warrants Jan - Dec	100	1,805	-	-	-	1,905
Recognition of share-based payments	-	-	-	(1,155)	-	(1,155)
Recognition of convertible bond loan	-	-	-	-	20,815	20,815
Balance at 31 December 2007	13,666	62,869	14,754	13,683	172,266	277,238
Translation adjustments					2,855	2,855
Profit for the period					35,733	35,733
Issue of share capital	276	14,478		-	-	14,754
Pain in not registered share capital	-	-	(14,754)	-	-	(14,754)
Recognition of share-based payments				391		391
Conversion of warrants Jan - Jun	1,171	7,725	-	-	-	8,896
Balance at 30 June 2008	15,113	85,072	(0)	14,074	210,854	325,113

Songa Offshore Group

Consolidated statement of cash flows

(IFRS - non audited figures)

Amounts in USD '000	1st half 2008	1st half 2007	2007
Cash flows from operating activities:			
Profit/(loss) before tax	45,113	(6,018)	61,940
Adjustment for:			
Depreciation	29,938	25,695	54,666
Cost of option plans	391	1,327	5,872
Finance costs	23,026	40,881	61,020
Other gain/loss	3,293	(3,045)	1,285
Change in receivables	(33,705)	12,753	(24,095)
Change in payables	(27,117)	(4,388)	12,278
Change in other liabilities	8,500	5,475	(18,700)
Prepaid revenue	(6,974)	(11,691)	(16,846)
Taxes paid	-	-	(15,269)
Interest and fees paid	(26,957)	(41,257)	(73,027)
Net cash generated by operating activities	15,508	19,732	49,124
Cash used in investing activities:			
Purchase of property, plant and equipment	(18,041)	(291,116)	(324,228)
Proceeds from sale of property, plant and equipment	290	-	-
Net cash used in investing activities	(17,751)	(291,116)	(324,228)
Cash generated by financing activities:			
Proceeds from issue of share capital	8,896	12,096	51,029
Proceeds from issue of bonds and new bank loan raised	(57)	218,937	197,661
Net cash generated by financing activities	8,839	231,033	248,690
Net increase/(decrease) in cash and cash equivalents	6,596	(40,351)	(26,414)
Cash and cash equivalents at the beginning of the financial period	64,207	90,621	90,621
Cash and cash equivalents at the end of the financial period	70,803	50,270	64,207

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2008 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the Group`s assets, liabilities, financial position and profit as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Oslo 14 August 2008

Sign.

Arne Blystad
(Chairman)

Sign.

Jon Chr. Syvertsen
(Board member)

Sign.

Gunnar Hvammen
(Board member)

Sign.

Valborg Lundegaard
(Board member)

Sign.

Anette Mellbye
(Board member)

Sign.

Asbjørn Vavik
(Chief Executive Officer)

Questions should be directed to:

Tom E. Jebsen, CFO +47 23 01 14 31 / +47 90 74 79 97

Jarl E. Markussen, Deputy CFO +47 23 01 14 25 / +47 48 02 32 14