



REPORT FOR THE THIRD QUARTER 2008

Songa Offshore ASA ("Songa") consolidated loss after tax for the third quarter 2008 was USD 27.5 million. Accumulated for the first nine months of 2008 the after tax loss was USD 1.8 million.

Revenue for the third quarter was USD 87.5 million. USD 5.6 million in mobilization revenue received this quarter is capitalized and will be recognized next quarter together with the corresponding opex. Accumulated the revenue was USD 250.6 million.

Total expenses for the third quarter were USD 80.9 million, the high figure is due to a non operational loss of USD 33.8 million posted under "other gain and loss". The loss is split between loss on financial instruments with USD 29.6 million, USD 2.1 million in allowance for doubtful debt, USD 1.4 million in currency loss and USD 0.7 in loss on buy back of bonds. Accumulated the total expenses were USD 154.6 million of which USD 29.6 million was posted under "other gain and loss" as a loss.

EBITDA for the third quarter was USD 6.6 million. This figure is after taken into effect "other gain and loss" and deferred mobilization fee mentioned above. Accumulated EBITDA was USD 96.1 million.

Net financial expenses for the third quarter were USD 18.8 million. This figure includes a write off of USD 5.1 million in fees on the old bank facility in connection with the refinancing in August. Accumulated net financial expenses were USD 43.3 million.

Earnings per share (EPS) for the third quarter were USD -0.28. Accumulated earnings per share (EPS) were USD 0.00. Diluted earnings per share (DEPS) for the third quarter were USD -0.28. Accumulated diluted earnings per share (DEPS) were USD 0.00.

The results for the first nine months of 2008 have been restated. The financial expenses in the first quarter have been adjusted with USD 2.6 million due to changes in how certain loans are amortized. Further, discussions with customers on the drilling campaign in Equatorial Guinea and Ghana for Songa Saturn led to adjustments in day rates based on lower tax estimates; this has led to a reduction of revenues with USD 6.0 million in the first quarter and USD 1.5 million in the second quarter. A complete set of restated financial statements for all three quarters can be found at the end of this document.

Main events during the third quarter

In July the earlier announced letter of intent from Australian Drilling Associates (ADA) was concluded into a drilling contract utilizing the semi-submersible Songa Venus for development and exploration drilling in Australia. ADA will be the main contract holder and manage the drilling operations on behalf of the independent oil companies operating under an ADA coordinated consortium on the North Western Shelf, Timor Sea and Bass Straight in Australia. The contract is scheduled to commence in direct continuation of Songa Venus current contract with ENI Australia and Inpex Browse in Q4 2008, and has a primary term of 376 days with a secondary term of another 376 days thereafter. The day rate for the primary term is USD 400,000 and the contract value for the primary term is approximately USD 150 million. The secondary term is at market rate to be mutually agreed. The last well

under the current contract with Inpex/ENI is farmed out to Santos and has a day rate of USD of 425,000 from October 25, up from USD 225,500. This farm out well is scheduled to be finalized 15-20 November, and Venus will subsequently start on the ADA contract.

Santos has exercised its third and final option available on the Songa Mercur contract for work on the Western Shelf of Australia. The exercised option period runs for an additional six months from 17 January 2009 until 17 July 2009. The day rate for this new period is USD 400,000.

On 25 August, Songa took delivery of DeepSea Delta from Odfjell. The final acquisition price ended up at USD 431,250,000 compared to the USD 428,500,000 announced in the report for the previous quarter. The price was slightly increased due to the rig being delivered after 30 June and Songa paid a compensation of USD 50,000 per day for the 55 days delayed delivery, adding up to the extra USD 2,750,000 paid for the rig. In connection with taking over DeepSea Delta, Songa entered into a new bank facility in the amount of USD 1,050 million as discussed below.

In late September Songa announced the signing of a contract with CNOOC Africa Ltd for a one well program offshore Equatorial Guinea. The contract will commence after the current drilling campaign in Libya which is expected to be completed in late 2009. The contract has a day rate of USD 450,000 and a mobilization rate of USD 350,000 per day plus fuel. Further, the contract has demobilization alternatives for both West Africa and Mediterranean.

Before starting the mobilization, Songa Saturn will complete the long planned upgrade of the rig from 3300 ft to 3800 ft water depth capacity. This work is likely to be carried out in Malta directly after the ongoing campaigns in Libya.

The rigs

Songa Venus has achieved operational efficiency of 93%, 98% and 94% in July, August and September respectively. The rig has in the period completed its last well for Inpex on the Western Shelf of Australia under the current contract, thereafter the rig has been farmed out by Inpex and completed a one well program for OMV before entering into a second farm out well for Santos in the same area. The ongoing well is the last well under current Inpex/ENI contract before starting up with the ADA led consortium.

Songa Mercur has achieved operating efficiency of 99%, 85% and 97% for July, August and September respectively. The Company is marketing the rig for employment. Songa Mercur's day rate increased from USD 300,000 to USD 400,000 from July 17.

Songa Saturn operated for 21 days in July. Thereafter it spent 16 days completing a mini upgrade at Takoradi, Ghana, according to the planned schedule. The rig then transited to Malta and arrived on August 28 for final commissioning of upgrades, and to undertake client audits and receive client equipment load outs. The Malta period was compensated with 50% of operational day rate for duration of the stay. Songa Saturn then departed for Libya on September 9 starting on its contract with HESS. The rig anchored at location for the first well for Hess on 11 September in 2800 ft of water, this being the first deepwater well offshore Libya. Operational efficiency was 100%, 100% and 96% for July, August and September respectively.

Songa Dee and DeepSea Trym, which currently are on bareboat charters, have operated normal during the quarter. Songa is working with Stena on the Special Periodic Survey (SPS) preparation for Songa Dee that will take place before start up under direct Songa management for Lundin and Marathon in Norway towards the end of Q1 2009.

The Company took delivery of the DeepSea Delta on August 25. The rig operated at a utilization level of 100% in September.

Financing

During the quarter the Company has refinanced its USD 650 million bank facility, replacing it with a new facility of USD 1,050 million. The increased amount represents the financing of the acquisition of DeepSea Delta, take-out of USD 51 million of the USD 75 million bond and the USD 50 million commercial paper that matured in September. The new facility is a so called senior secured credit facility consisting of a term loan facility of USD 910 million and a revolving credit facility of USD 140 million. The interest rate is USD Libor + a margin of 175-225 basis points.

The Company has issued an open commercial paper with a limit of NOK 300 million, at 11.5% interest rate and 1 year term, of which NOK 128 million is placed at quarter end.

The Company's external debt at quarter end was USD 1,028 million of the bank facility, USD 24 million outstanding under 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 200 million (which is swapped to USD 39 million) and NOK 128 million (USD 22 million).

In addition to the above mentioned facilities the company has also entered into an agreement with its lead bank, Nordea, for a credit facility of USD 35 million, of which nothing has been drawn down.

Share capital issues

No new shares were issued during the quarter.

Total outstanding shares in the Company at 30 September and average number of shares in the third quarter 2008 was 94,707,538 shares. Weighted average number of shares for the first nine months was 91,802,310 shares.

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.

In addition there are share options to top management of the Company outstanding. 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 per Q3 2008. Adjusted weighted average number of shares, as defined in IFRS for the third quarter, was 104,056,827 shares and for the first nine months 101,151,599 shares.

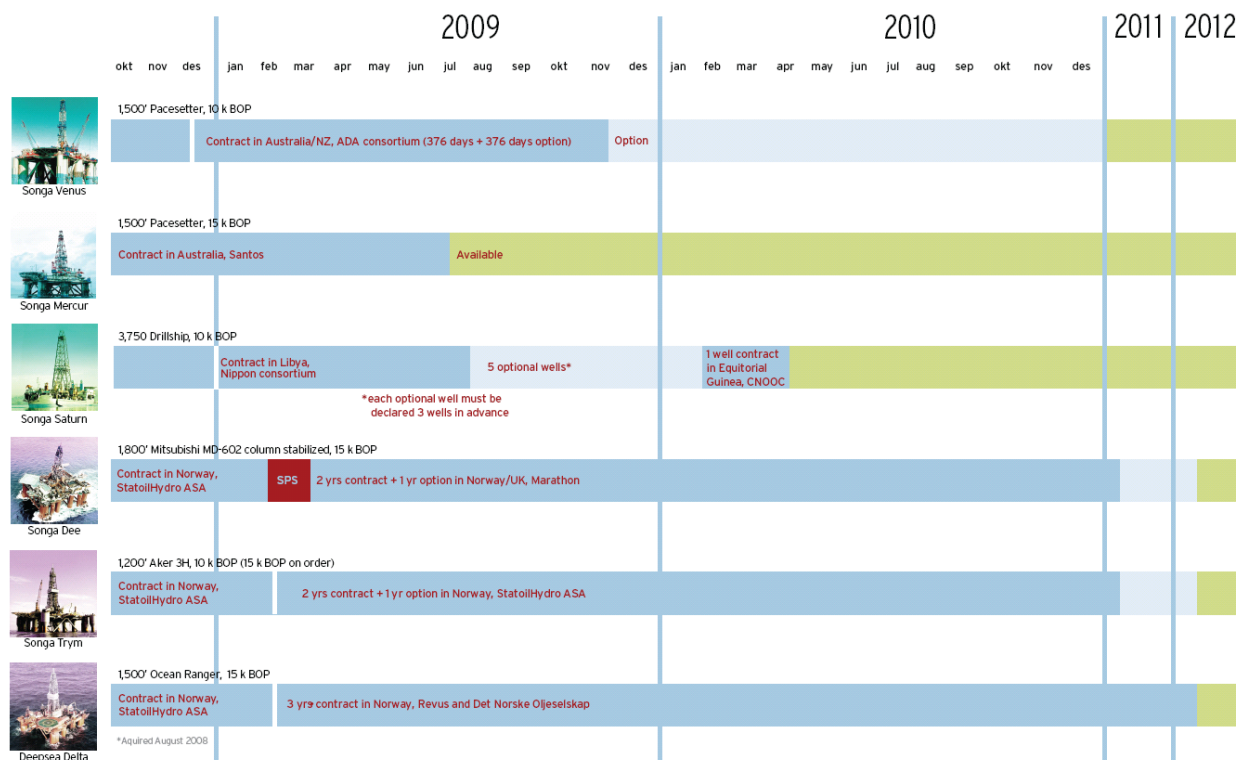
On October 16, after the quarter end, a total of 10,600,000 shares were issued following a private placement. The subscription price was set to NOK 25.00 per share, giving gross proceeds of approximately NOK 265 million. The purpose of the private placement is to finance the Company's short term liquidity requirements, including debt repayment, cash calls from total return swaps and increase in Company's cash holdings.

The total issued share capital in Songa Offshore has increased from NOK 94,707,538 to NOK 105,307,538 as a consequence of this private placement. The total number of shares has increased from 94,707,538 to 105,307,538. After this increase assuming all options and convertibles above are converted, the Company would on a fully diluted basis have 115,556,827 shares.

Further the same day, Songa Offshore cancelled the total return swap (TRS) with Nordea Bank Norge ASA for 2,395,000 shares. The TRS was settled at NOK 25 per share. The TRS

with Carnegie Investment Bank AB Norway Branch has been reduced by 229,000 shares, the settled part was done at NOK 25 per share. Remaining underlying shares under the TRS with Carnegie Investment Bank AB Norway Branch is after this 2,845,965.

Contract status



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 newbuilds to be delivered over the next few years is limited. Despite the turmoil in the financial markets there has been no indication of day rates levelling off

On the marketing side, we are focusing on Songa Mercur, Songa Venus and Songa Saturn, which all are anticipated to be available for new employment during at twelve month period 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.

The rigs have continued to post high operational efficiency rates so far in the fourth quarter. Operational efficiency for October was 98%, 99%, 97% and 98% for Venus, Mercur, Saturn and DeepSea Delta respectively.

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. However given the recent turmoil in the financial markets the board is of the opinion that deleveraging as quickly as possible in the short term should be given priority. The implication of this is that the anticipated first dividends will not materialize until late 2009 or early 2010.

The earlier announced extraordinary general meeting to be held tentatively in September deciding to move the seat to Cyprus, has been delayed due to the bureaucracy in Cyprus. The meeting will most likely be held in December and then the creditor notice periods will

commence and we expect, for legal purposes, to be relocated in Limassol by late first quarter of 2009. Our office has already opened in Limassol, Cyprus.

Oslo, 6 November, 2008

Board of Directors
Songa Offshore ASA

Questions should be directed to:

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

Jarl E. Markussen, Deputy CFO +357 9777 0858

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 five semi-submersible rigs and one drill ship. 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, Limassol - Cyprus and Tripoli - Libya.

Per 30 September 2008 the Group had operations in the North Sea, offshore West/North Africa and offshore North/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 September 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.

Songa Offshore Group

Consolidated income statement

for the period

(IFRS non audited figures)

RESTATED

Amounts in USD '000	Q3 2008	Q2 2008	Q3 2007	Jan-Sep 2008	Jan-Dec 2007
Revenues	87,460	81,211	87,250	250,634	304,860
Rig operating expenses	(36,294)	(32,944)	(25,188)	(97,382)	(94,566)
Reimbursables	(1,855)	(762)	(1,287)	(3,582)	(4,905)
General and administrative expenses	(8,963)	(7,918)	(7,790)	(23,998)	(28,698)
Other gain and loss	(33,782)	16,178	(4,427)	(29,584)	(1,285)
Depreciation and amortization	(17,431)	(15,116)	(17,767)	(47,370)	(54,666)
Finance income	239	476	5	1,311	2,220
Finance costs	(19,029)	(10,910)	(13,159)	(44,651)	(61,020)
Profit/(loss) before tax	(29,655)	30,215	17,637	5,378	61,940
Tax income/(expense)	2,191	(6,193)	(2,502)	(7,189)	(13,730)
Profit/(loss) for the year	(27,464)	24,022	15,135	(1,811)	48,210
<u>Net earnings per share (USD):</u>					
Basic	-0.28	0.27	0.17	0.00	0.59
Diluted	-0.28	0.25	0.16	0.00	0.52

Songa Offshore Group

Consolidated balance sheet at

(IFRS - non audited figures)

<i>(USD '000)</i>	30/09/08	31/12/07
ASSETS		
Non-current assets		
Rigs, machinery and equipment	1,397,425	981,894
Deferred tax assets	23,571	13,900
Other long term assets	49	174
Total non-current assets	1,421,045	995,968
Current assets		
Trade and other receivables	54,566	33,943
Prepayments	15,297	4,154
Incurred revenue	13,045	29,199
Other assets	2,584	7,018
Cash and cash equivalents	54,235	64,207
Total current assets	139,727	138,521
TOTAL ASSETS	1,560,772	1,134,489

Songa Offshore Group

Consolidated balance sheet at

(IFRS - non audited figures)

<i>(USD '000)</i>	30/09/08	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	14,992	13,683
Other equity	165,067	172,266
Total equity	280,244	277,238
Non-current liabilities		
Deferred tax liability	1,355	1,105
Bank loan	815,980	465,565
Bond loans	138,033	186,453
Other liabilities	717	467
Total non-current liabilities	956,085	653,590
Current liabilities		
Bank loans	210,000	120,000
Other external financing	56,929	30,248
Trade and other payables	12,048	34,344
Tax payable	9,176	-
Derivative financial instruments	19,495	3,327
Deferred revenues	1,238	7,815
Other liabilities	15,557	7,927
Total current liabilities	324,443	203,661
Total liabilities	1,280,528	857,251
TOTAL EQUITY AND LIABILITIES	1,560,772	1,134,489

Songa Offshore Group

Consolidated statement of changes in equity for the quarter ended 30 September 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 as at 1 January 2007	12,791	27,469	-	14,838	106,500	161,598
Translation adjustments	-	-	-	-	4,800	4,800
Net expenses recognised directly in equity	-	-	-	-	4,800	4,800
Profit for the period					24,771	24,771
Total recognised expense for the year	-	-	-	-	29,571	29,571
Issue of share capital	822	26,018		-	-	26,840
Conversion of warrants Jan - Sep	50	430		-	-	480
Recognition of share-based payments	-	-		3,480	-	3,480
Recognition of convertible bond loan	-	-		-	20,815	20,815
Balance as at 30 September 2007	13,663	53,917	-	18,318	156,886	242,784
Balance at 1 January 2008	13,666	62,869	14,754	13,683	172,266	277,238
Translation adjustments					(5,388)	(5,388)
Profit for the period					(1,811)	(1,811)
Issue of share capital	276	14,478		-	-	14,754
Pain in not registered share capital	-	-	(14,754)	-	-	(14,754)
Recognition of share-based payments				1,309		1,309
Conversion of warrants Jan - Jun	1,171	7,725		-	-	8,896
Balance at 30 September 2008	15,113	85,072	-	14,992	165,067	280,244

Songa Offshore Group

Consolidated statement of cash flows

(IFRS - non audited figures)

Amounts in USD '000	30/09/2008	30/09/2007
Cash flows from operating activities:		
Profit/(loss) before tax	5,378	21,084
Adjustment for:		
Depreciation	47,370	45,050
Cost of option plans	1,309	3,480
Finance costs	44,651	51,930
Other gain/loss	17,554	(3,045)
Change in receivables	(27,332)	(257)
Change in payables	(24,151)	(895)
Change in other liabilities	7,880	(26,392)
Prepaid revenue	(6,577)	(6,120)
Taxes paid	-	-
Interest and fees paid	(39,358)	(58,246)
Net cash generated by operating activities	26,724	26,589
Cash used in investing activities:		
Purchase of property, plant and equipment	(464,558)	(315,773)
Proceeds from sale of property, plant and equipment	290	-
Net cash used in investing activities	(464,268)	(315,773)
Cash generated by financing activities:		
Proceeds from issue of share capital	8,896	38,194
Proceeds from issue of bonds and new bank loan raised	418,676	197,604
Net cash generated by financing activities	427,572	235,798
Net increase/(decrease) in cash and cash equivalents	(9,972)	(53,386)
Cash and cash equivalents at the beginning of the financial period	64,207	90,621
Cash and cash equivalents at the end of the financial period	54,235	37,235

Songa Offshore Group

Consolidated income statement

for the period

(IFRS non audited figures)

	RESTATED	RESTATED	YTD
	Q3	Q2	Total
Amounts in USD '000	2008	2008	2008
Revenues	87,460	81,211	250,634
Riq operating expenses	(36,294)	(32,944)	(97,382)
Reimbursables	(1,855)	(762)	(3,582)
General and administrative expenses	(8,963)	(7,918)	(23,998)
Other gain and loss	(33,782)	16,178	(29,584)
Depreciation and amortization	(17,431)	(15,117)	(47,370)
Finance income	239	476	1,311
Finance costs	(19,029)	(10,910)	(44,651)
Profit/(loss) before tax	(29,655)	30,214	5,378
Tax income/(expense)	2,191	(6,193)	(7,189)
Profit/(loss) for the year	(27,464)	24,021	(1,811)
Net earnings per share (USD):			
Basic	-0.28	0.27	0.00
Diluted	-0.28	0.25	0.00

Songa Offshore Group
Consolidated balance sheet at
(IFRS - non audited figures)

		RESTATED	RESTATED
<i>(USD '000)</i>	30/09/08	30/06/08	31/03/08
ASSETS			
Non-current assets			
Rigs, machinery and equipment	1,397,425	969,997	970,206
Deferred tax assets	23,571	9,265	19,537
Other long term assets	49	129	129
Total non-current assets	1,421,045	979,391	989,872
Current assets			
Trade and other receivables	54,566	49,406	19,550
Prepayments	15,297	17,199	13,789
Incurred revenue	13,045	18,089	25,750
Other assets	2,584	23,325	3,778
Cash and cash equivalents	54,235	70,803	51,453
Total current assets	139,727	178,822	114,320
TOTAL ASSETS	1,560,772	1,158,213	1,104,192
EQUITY AND LIABILITIES			
<i>(USD '000)</i>			
	30/09/08	30/06/08	31/03/08
Capital and reserves			
Issued capital	15,113	15,113	14,180
Share premium	85,072	85,072	78,986
Paid in not registered share capital	-	-	-
Reserves	14,992	14,074	13,683
Other equity	165,067	200,775	172,312
Total equity	280,244	315,034	279,161
Non-current liabilities			
Deferred tax liability	1,355	1,355	1,175
Bank loan	815,980	405,406	435,293
Bond loans	138,033	141,694	157,207
Other liabilities	717	644	438
Total non-current liabilities	956,085	549,099	594,113
Current liabilities			
Bank loans	210,000	120,000	120,000
Other external financing	56,929	137,528	61,862
Trade and other payables	12,048	7,227	10,366
Tax Payable	9,176	-	-
Derivative financial instruments	19,495	4,574	9,541
Deferred revenues	1,238	841	2,938
Other liabilities	15,557	23,910	26,211
Total current liabilities	324,443	294,080	230,918
Total liabilities	1,280,528	843,179	825,031
TOTAL EQUITY AND LIABILITIES	1,560,772	1,158,213	1,104,192