



REPORT FOR THE FOURTH QUARTER 2008

Songa Offshore SE ("Songa") consolidated profit after tax for the fourth quarter 2008 was USD 19.4 million. Accumulated for the year 2008 the after tax profit was USD 17.5 million.

Revenue for the fourth quarter was USD 136.0 million. This includes mobilization fee of USD 5.6 million. The accumulated revenue was USD 386.6 million.

Total expenses for the fourth quarter were USD 88.0 million, the high figure is due to a non operational loss of USD 30.4 million posted under "other gain and loss". The loss is split between loss on TRS agreements with USD 30.1 million, loss on flippable swap with USD 8.0 million, USD 0.9 million in allowance for doubtful debt, USD 8.5 million in currency gain and USD 0.1 in gain on buy back of bonds. Accumulated the total expenses were USD 243.2 million of which USD 60.0 million was posted under "other gain and loss" as a loss.

EBITDA for the fourth quarter was USD 48.0 million. This figure is after taking into effect "other gain and loss" and deferred mobilization fee mentioned above. Accumulated EBITDA was USD 144.1 million.

Net financial expenses for the fourth quarter were USD 16.9 million. Accumulated net financial expenses were USD 60.3 million.

Earnings per share (EPS) for the fourth quarter were USD 0.19. Accumulated earnings per share (EPS) were USD 0.22. Diluted earnings per share (DEPS) for the fourth quarter were USD 0.18. Accumulated diluted earnings per share (DEPS) were USD 0.20.

Main events during the fourth quarter

Songa Offshore ASA was in December transformed from a Norwegian Limited Liability Public Company (ASA) to a Public European Limited Liability Company (often referred to as an "SE" or "Societas Europaea"). The new official name of the company is Songa Offshore SE. The transformation is a result of the merger with Songa Offshore Cyprus Plc, a company owned 99.65% by Songa Offshore ASA. The transformation of the Company to an SE Company forms part of the Company's plan to relocate its head offices to Limassol, Cyprus.

The rigs

Songa Venus has achieved operational efficiency of 97%, 93% and 95% in October, November and December respectively. The rig has been on a farm out from Inpex to Santos on the Western Shelf of Australia during the quarter. The contract with the ADA led consortium started up 9 January 2009. From late October until the end of the quarter the day rate has been increased from USD -225,500 per day to USD 425,000 per day.

Songa Mercur has achieved operating efficiency of 100%, 100% and 86% in October, November and December respectively, excluding a planned under water survey in November and December resulting in six and a half days of off hire. The rig has been working for Santos on the Western Shelf of Australia during the quarter. The Company is marketing the rig for employment from July 2009.

Songa Saturn has achieved operating efficiency of 97%, 99% and 100% in October, November and December respectively. The rig has been operating for HESS offshore Libya during the quarter.

Deepsea Delta has achieved operating efficiency of 98%, 100% and 100% in October, November and December respectively. The rig has been operating for StatoilHydro on the Norwegian continental shelf.

Songa Dee and DeepSea Trym have been on bareboat charters and 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 of the contract with Lundin and Marathon in Norway towards the end of Q1 2009. Deepsea Trym was on bareboat until 2 February, at which time the rig started operating at a regular dayrate of USD 475,000 per day with StatoilHydro.

Financing

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

Further 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. The remaining 2,845,965 underlying shares have been transferred to Nordea and renewed or rolled over. The new TRS expires on 19 March 2009. The remaining TRS was set at NOK 14.11.

The Company's external debt at quarter end was USD 978 million of the USD 1,050 million 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 and two commercial papers in the amount of NOK 200 million (which is swapped to USD 39 million) and NOK 128 million (USD 22 million) which are due in June and September respectively.

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. There is also USD 22 million undrawn capacity remaining under the bank facility.

The strike price of the USD 125 million convertible bond has been changed due to the issue of new equity in October mentioned below. The strike price has been adjusted from USD 13.37 to USD 13.05.

The increased risk premiums and lack of liquidity in the finance markets is closely monitored by the Company. In addition to regular quarterly repayments under the bank facility, the Company has to plan for retiring the two commercial papers due in June and September instead of rolling them over for new periods.

Share capital issues

In December Songa Offshore SE issued 6 shares to the shareholders in Songa Offshore Cyprus Plc as remuneration for their shares in the merger between the two, see above for details on the merger.

On 16 October Songa Offshore ASA completed a private placement for a total of 10,600,000 new Shares. 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 was 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 increased from NOK 94,707,538 to NOK 105,307,544. The total number of shares increased from 94,707,538 to 105,307,544. Weighted average number of shares in the fourth quarter 2008 was 103,560,287 shares. Weighted average number of shares for the year was 94,741,710 shares.

The USD 125 million convertible bond loan is convertible into common shares in the Company. The total number of shares, if converted, is 9,578,544, i.e. strike at USD 13.05 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 and after the share issue mentioned above adjusted to NOK 72.15 per share.

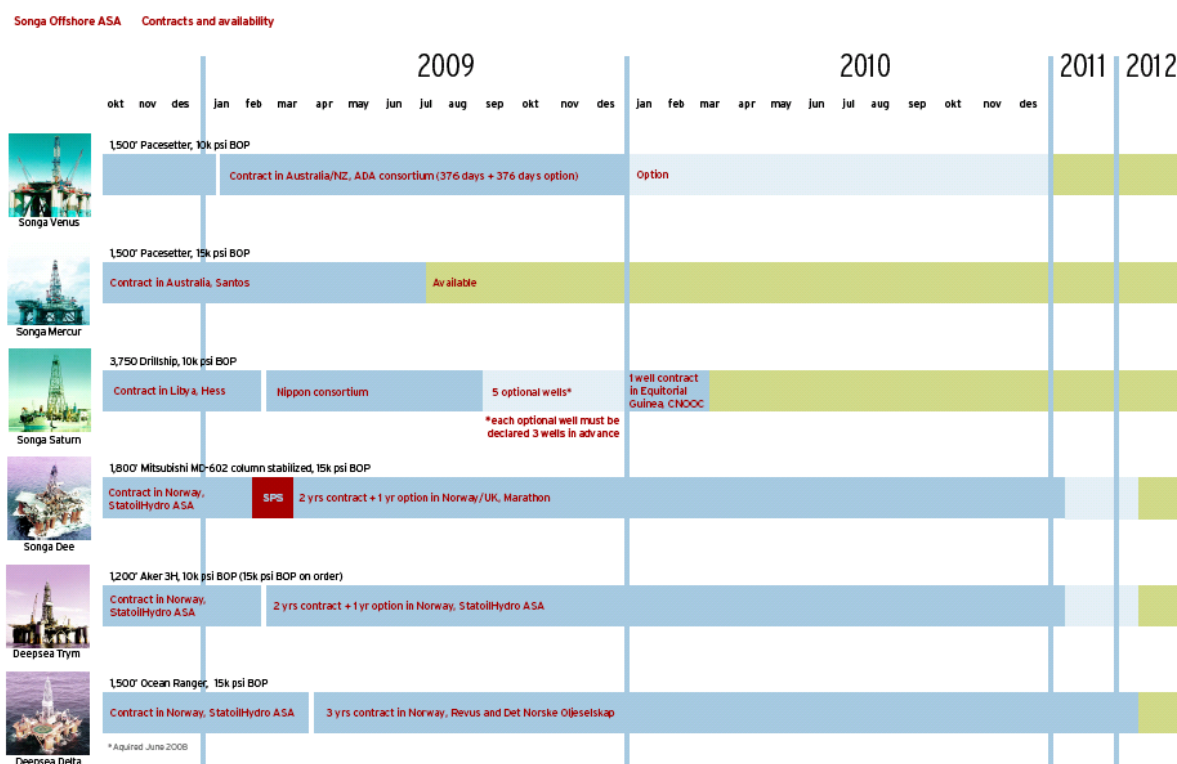
Assuming all options and convertibles mentioned above are converted, the Company would on a fully diluted basis have 115,786,088 shares per Q4 2008. Adjusted weighted average number of shares, as defined in IFRS for the fourth quarter, was 113,138,831 shares and for the full year 104,320,254 shares.

Accounting issues

During the quarter the three last acquired rigs have been grouped for depreciation purposes in the fixed asset register in accordance with IFRS, this has resulted in a change of estimate of USD 7.5 million and lower depreciations recognized this quarter. The quarterly depreciations going forward are estimated to USD 22.6 million.

For the 900,000 share options to senior management there has been a change in the way of settlement. The share options are now accounted for as cash settled instead of equity settled.

Contract status



Market conditions and outlook

With the decline in the price of crude from USD 140-150 to the current level of USD 40-50 per barrel, the tender processes for drilling rigs stopped up. Oil companies had to redo their assessments and assumptions. During the recent weeks we have seen activity coming back, however the psychology is obviously changed from six months ago.

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 a twelve month period from the summer of 2009. There are a number of good leads..

The rigs have continued to post high operational efficiency rates so far in the first quarter. Operational efficiency for January was 91%, 100%, 100% and 100% 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 Board of Directors has called for an extraordinary general meeting on 17 February. The main item on the agenda is to vote for the Board of Directors' proposal to move the Company's seat from Oslo to Limassol, Cyprus. Assuming the proposal passes, then a two month creditor notification period will commence, and we expect for legal purposes to be relocated to Cyprus by late April. Our main office is already established in Limassol with 25 employees. As an element in the proposal to transfer the registered office of the Company to Cyprus a proposal is put forward that a new Board of Directors is elected. Oslo, 13 February, 2009

Board of Directors
Songa Offshore ASA

Questions should be directed to:

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FINANCIAL STATEMENTS

1 General information

Songa Offshore SE ("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, Stavanger – Norway and Tripoli - Libya.

Per 31 December 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 SE is a public limited liability company, incorporated in Norway, the address of the registered headquarters is: Haakon VII's gate 1, 0161 Oslo, Norway. Enterprise no. 988 124 923.

2 Basis for preparation

This condensed interim financial information for the period ended 31 December 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)

Amounts in USD '000	Q4 2008	Q3 2008	Q4 2007	Jan-Dec 2008	Jan-Dec 2007
Revenues	135,986	87,460	109,855	386,620	304,860
Rig operating expenses	(40,320)	(36,294)	(33,490)	(137,702)	(94,566)
Reimbursables	(7,423)	(1,855)	(812)	(11,005)	(4,905)
General and administrative expenses	(10,591)	(8,963)	(9,196)	(34,589)	(28,698)
Other gain and loss	(30,364)	(33,782)	(83)	(59,948)	(1,285)
Depreciation and amortization	(13,468)	(17,431)	(11,169)	(60,838)	(54,666)
Finance income	473	239	679	1,784	2,220
Finance costs	(17,395)	(19,029)	(14,928)	(62,046)	(61,020)
Profit/(loss) before tax	16,898	(29,655)	40,856	22,276	61,940
Tax income/(expense)	2,449	2,191	(17,417)	(4,740)	(13,730)
Profit/(loss) for the year	19,347	(27,464)	23,439	17,536	48,210
Net earnings per share (USD):					
Basic	0.19	-0.28	0.28	0.22	0.59
Diluted	0.18	-0.28	0.24	0.20	0.52

Songa Offshore Group

Consolidated balance sheet at

(IFRS - non audited figures)

<i>(USD '000)</i>	31/12/08	31/12/07
ASSETS		
Non-current assets		
Rigs, machinery and equipment	1,403,197	981,894
Deferred tax assets	13,470	13,900
Other long term assets	48	174
Total non-current assets	1,416,715	995,968
Current assets		
Trade and other receivables	44,489	33,943
Prepayments	18,547	4,154
Incurred revenue	11,130	29,199
Other assets	3,660	7,018
Cash and cash equivalents	58,501	64,207
Total current assets	136,327	138,521
TOTAL ASSETS	1,553,042	1,134,489

Songa Offshore Group

Consolidated balance sheet at

(IFRS - non audited figures)

<i>(USD '000)</i>	31/12/08	31/12/07
EQUITY AND LIABILITIES		
Capital and reserves		
Issued capital	16,630	13,666
Share premium	120,496	62,869
Paid in not registered share capital	-	14,754
Reserves	15,585	13,683
Other equity	179,708	172,266
Total equity	332,419	277,238
Non-current liabilities		
Deferred tax liability	-	1,105
Bank loan	765,708	465,565
Bond loans	139,441	186,453
Other liabilities	713	467
Total non-current liabilities	905,862	653,590
Current liabilities		
Bank loans	210,000	120,000
Other external financing	46,992	30,248
Trade and other payables	10,394	34,344
Tax payable	7,389	-
Derivative financial instruments	23,317	3,327
Deferred revenues	(2,515)	7,815
Other liabilities	19,184	7,927
Total current liabilities	314,761	203,661
Total liabilities	1,220,623	857,251
TOTAL EQUITY AND LIABILITIES	1,553,042	1,134,489

Songa Offshore Group

Consolidated statement of changes in equity for the quarter ended 31 December 2008

(IFRS - non audited figures)

	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	-	-	-	-	(3,259)	(3,259)
Net expenses recognised directly in equity	-	-	-	-	(3,259)	(3,259)
Profit for the period					48,210	48,210
Total recognised expense for the year	-	-	-	-	44,951	44,951
Issue of share capital	775	33,595		-	-	34,370
Paid in not registered share capital			14,754			14,754
Conversion of warrants Jan - Sep	100	1,805	-	-	-	1,905
Recognition of share-based payments	-	-	-	(1,155)	-	(1,155)
Recognition of convertible bond loan	-	-	-	-	20,815	20,815
Balance as at 31 December 2007	13,666	62,869	14,754	13,683	172,266	277,238
Balance at 1 January 2008	13,666	62,869	14,754	13,683	172,266	277,238
Adjustments recognized directly to equity					(10,094)	(10,094)
Profit for the period					17,536	17,536
Issue of share capital	1,793	49,902		-	-	51,695
Pain in not registered share capital	-	-	(14,754)	-	-	(14,754)
Recognition of share-based payments				1,902		1,902
Conversion of warrants Jan - Jun	1,171	7,725	-	-	-	8,896
Balance at 31 December 2008	16,630	120,496	-	15,585	179,708	332,419

Songa Offshore Group

Consolidated statement of cash flows

(IFRS - non audited figures)

Amounts in USD '000	31/12/2008	31/12/2007
Cash flows from operating activities:		
Profit/(loss) before tax	22,276	61,940
Adjustment for:		
Depreciation	60,838	54,666
Cost of option plans	2,057	5,872
Finance costs	62,046	61,020
Other gain/loss	12,192	1,285
Change in receivables	(21,581)	(24,095)
Change in payables	(23,950)	12,278
Change in other liabilities	31,456	(18,700)
Prepaid revenue	(10,330)	(16,846)
Taxes paid	(9,444)	(15,269)
Interest and fees paid	(54,041)	(73,027)
Net cash generated by operating activities	71,519	49,124
Cash used in investing activities:		
Purchase of property, plant and equipment	(483,227)	(324,228)
Proceeds from sale of property, plant and equipment	290	-
Net cash used in investing activities	(482,937)	(324,228)
Cash generated by financing activities:		
Proceeds from issue of share capital	45,837	51,029
Proceeds from issue of bonds and new bank loan raised	359,875	197,661
Net cash generated by financing activities	405,712	248,690
Net increase/(decrease) in cash and cash equivalents	(5,706)	(26,414)
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	58,501	64,207