



REPORT FOR THE SECOND QUARTER 2009

Songa Offshore SE ("Songa") consolidated profit after tax for the second quarter 2009 was USD 77.7 million.

Revenue for the second quarter was USD 208.6 million. This includes mobilization revenue of USD 1.2 million. Deferred mobilization revenue at quarter end is USD 3.5 million.

Total expenses for the second quarter were USD 80.0 million, the figure includes a non operational gain of USD 12.6 million posted under "other gain and loss". The gain is split between a gain realised on TRS agreements when such were terminated with USD 6.3 million, gain on flippable interest swaps with USD 0.9 million, USD 0.3 million in allowance for doubtful debt, USD 0.8 million in currency loss and USD 6.5 in gain on buy back and settlement of bonds.

EBITDA for the second quarter was USD 128.6 million. This figure is after taking into effect "other gain and loss".

Net financial expenses for the second quarter were USD 13.9 million.

Earnings per share (EPS) for the second quarter were USD 0.72. Diluted earnings per share (DEPS) for the second quarter were USD 0.72.

Main events during the second quarter and third quarter to date

On 11 May the Register of Companies in Cyprus approved the move from Norway to Cyprus and the Company became a Cypriot incorporated company from same date.

From the same date the Company's headquarters are considered to be in Limassol, where we have built up an office with approximately 25 employees since the summer of 2008.

Songa Dee finalized its SPS in early June and immediately entered into the two year contract with Lundin and Marathon. Further Songa's Norwegian organization obtained the AoC from the Norwegian regulatory body, Petroleumstilsynet.

During the second quarter the Company entered into an agreement with its syndicate of banks to postpone USD 40 million of the scheduled down payment of USD 50 million which was due in May 2009. More details can be found below.

On 11 June the Company made a successful exchange offer to the bondholders of the USD 125 million convertible bond. The bond holders accepted to exchange their current bond with a USD 62.5 million, 3 year, high yield bond (USD Libor + 1,200bp) without conversion rights, plus shares worth USD 50 million (13,460,000 shares). More details can be found below.

Following the successful exchange offer, on the same day the Company made a private placement of 18,080,000 shares raising gross proceeds of USD 67 million. The placement was substantially oversubscribed.

On July 30 the Extraordinary General resolved to increase the Company's authorised capital from EUR 15,053,236 (136,847,600 shares with nominal value EUR 0.11) to EUR 33,000,000 (300,000,000 shares).

The rigs

Songa Venus has achieved operational efficiency of 99.5%, 100% and 97.3% in April, May and June respectively. During the quarter the rig has been working for Shell Australia offshore North West Australia.

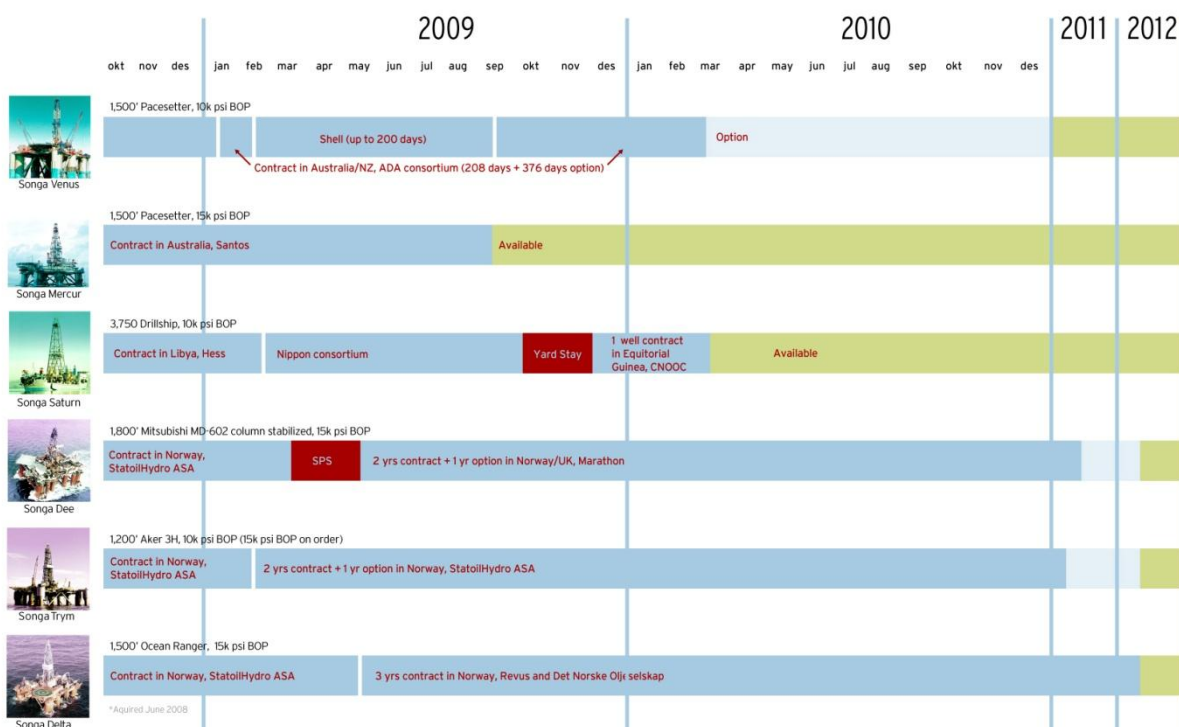
Songa Mercur has achieved operating efficiency of 96.9%, 98.8% and 99.5% in April, May and June respectively. During the quarter the rig has been working for Santos offshore North West Australia.

Songa Saturn has achieved operating efficiency of 95.8%, 99.2% and 84.5% in April, May and June respectively. During the quarter the rig has been working for the Nippon led consortium in Libya. The rig is estimated to conclude the Libyan campaign by early October. The rig is then to undertake a yard stay in Malta to upgrade its water depth capacity, before mobilising to Equatorial Guinea for works for CNOOC.

Songa Delta has achieved operating efficiency of 100%, 99.6% and 94.0% in April, May and June respectively. The rig has been operating for StatoilHydro on the Norwegian continental shelf at the Tune Field. The rig finalized its contract with StatoilHydro on 26 May and then immediately started on the three year contract with Wintershall / Det norske oljeselskap with a day rate of USD 447,000.

Songa Trym has achieved operating efficiency of 97.2%, 96.6% and 98.3% in April, May and June respectively. During the quarter the rig has been operating for StatoilHydro at the Troll Field.

Songa Dee completed the SPS on 7 June and went as mentioned earlier on contract from the same day. The operating efficiency for June was 95.2%.



Contract status

The Company is working with Clients and market in general to secure extensions of existing contracts and new contracts as these become available in our market segments. Increased interest from clients has been seen during the last months and several opportunities for extensions as well as new contracts are currently under discussion, conclusions to some of these are expected shortly.

Financing

In order to improve the short term cash balance the Company entered into an agreement with its syndicate of banks to reduce the down payment on the major bank facility in May 2009 from USD 50 million to USD 10 million. The reduction of USD 40 million is to be repaid with equal amounts in the period from November 2009 to May 2010. As part of the agreement the interest margin is increased to 3.25%; when the deferred amount is repaid the margin will fall back to 2.5%.

On 11 June, the Company announced it had made a successful exchange offer to the bondholders in the 3.25% Songa Offshore ASA Senior Unsecured Convertible Bond Issue 2007/2010. The exchange offer caused an overall debt reduction for Songa Offshore in the amount of USD 62.5 million through a conversion of bonds into 13,460,000 new shares. In addition, the remaining USD 62.5 million of the mentioned bond issue was exchanged into a LIBOR+12% senior unsecured bond issue with maturity June 2012.

Following the successful exchange offer the Company conducted a private placement directed towards professional Norwegian and international investors 11 June. The private placement amounted to 18,080,000 new shares issued at NOK 23.70 per share. The TRS

with Nordea, with 2,845,965 underlying shares, was also cancelled in connection with this private placement. The total gross proceeds from the private placement and the cancellation of the TRS were NOK 496 million.

The commercial paper of NOK 200 million (which was swapped to USD 26 million) was settled 11 June. During the quarter the amount outstanding under the NOK 300 million commercial paper due September 2009, was reduced from NOK 128 million to NOK 106.5 million after a buy back of NOK 21.5 million.

The Company's external debt at quarter end amounted to USD 937.4 million under the bank facility, USD 24.2 million outstanding under the USD 75 million bond loan which matures in March 2011, the new high yield bond amounting to USD 62.5 million and a commercial paper in the amount of NOK 300 million of which NOK 106.5 million is outstanding (NOK 100 million is swapped to USD, the total loan value in USD equals 18.1 million). Total external debt at quarter end sums up to USD 1,041.7 million, at amortized cost.

Share capital issues

The Company was allocated a new ISIN number after the move to Cyprus. The Cyprus Stock Exchange allocated a new ISIN number, CY0100962113, for the Songa Offshore SE shares (old ISIN: NO0010268451).

The new ISIN number was effective for trading on Oslo Børs from Wednesday 13 May 2009.

As of 30 June 2009 total issued shares in the Company was 136,847,544. Weighted average number of shares in the second quarter was 107,718,211 and adjusted weighted average number of shares, as defined in IFRS in the second quarter was 107,718,211.

Accounting issues

During the quarter the Company carried through a successful exchange offer for the USD 125 million convertible bond. The old convertible bond recognised at USD 117 million was derecognised, and replaced with a USD 62.5 million bond and USD 50 million in equity. The accounting treatment leads to recognition of a gain of USD 6.5 million.

Market conditions and outlook

With the decline in the price of crude from USD 140-150 per barrel to the current level of USD 60-70 per barrel, the tender processes for drilling rigs stopped up. Oil companies had to redo their assessments and assumptions. During the recent months we have seen activity returning, however the psychology is obviously changed from last year.

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.

Moving towards the end of July we can say that operating utilisation for all rigs has been good in July.

With well performing assets, and having all the rigs rolled into contract extensions or new contracts at higher day rate levels, the Company's perceived leverage is declining. Since the previous report the Company has managed to restructure its convertible bond as described above, partly converting debt to equity, partly extending its maturity. Further, cash has been raised in the amount of USD 67 million, and the remaining TRS was cancelled. All this has helped to deleverage the Company. The board is still of the opinion that deleveraging as quickly as possible in the short term should be given priority.

Limassol, 30 July, 2009

Board of Directors
Songa Offshore SE

Questions should be directed to:

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Jarl E. Markussen, Deputy CFO +357 2520 7781 / +357 9777 0858

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 Limassol, Cyprus, and the rig operations are run from Singapore, Perth – Australia, Limassol – Cyprus, Stavanger – Norway and Tripoli - Libya.

Per 30 June 2009 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 Cyprus, the registered address of the Company is: 8, John Kennedy Street, IRIS House, Off. 740B. Visiting address is: 25 Kolonakiou Street, Zavos Kolonakiou Centre, Block B, Flat 101.

2 Basis for preparation

This condensed interim financial information for the period ended 30 June 2009 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 2008.

3 Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in the annual financial statements for the year ended 31 December 2008.

Songa Offshore Group

Condensed consolidated statement of comprehensive income

for the period ended 30 June 2009

(IFRS non audited figures)

Amounts in USD '000	Q2 2009	Q1 2009	Q2 2008	Jan-Jun 2009	Jan-Dec 2008
Continuing operations					
Operating revenue	197,084	140,422	79,992	337,506	369,621
Reimbursables	10,958	6,837	781	17,795	11,105
Other revenue	557	1,813	438	2,370	806
Revenues	208,599	149,072	81,211	357,671	381,532
Operating expenses	(70,408)	(49,928)	(32,944)	(120,336)	(137,702)
Reimbursables	(10,933)	(6,752)	(762)	(17,685)	(11,005)
General and administrative expenses	(11,351)	(11,943)	(7,918)	(23,294)	(34,589)
Other gain and loss	12,645	(9,362)	16,178	3,283	(63,215)
Total expenses	(80,047)	(77,985)	(25,446)	(158,032)	(246,511)
EBITDA	128,552	71,087	55,765	199,639	135,021
EBITDA %	62%	48%	69%	56%	35%
Depreciation and amortization	(20,636)	(20,413)	(15,117)	(41,049)	(60,838)
EBIT	107,916	50,674	40,648	158,590	74,183
EBIT %	52%	34%	50%	44%	19%
Finance income	140	71	476	211	1,784
Finance costs	(14,051)	(14,240)	(10,910)	(28,291)	(62,046)
Profit (loss) before tax	94,005	36,505	30,214	130,510	13,921
Income tax (charge) credit	(16,290)	(13,133)	(6,193)	(29,423)	(3,825)
Profit (loss) for the period from continuing operations	77,715	23,372	24,021	101,087	10,096
Earnings (loss) per share (USD) from continuing operations					
Basic	0.72	0.23	0.27	0.95	0.14
Diluted	0.72	0.21	0.25	0.95	0.12

Songa Offshore Group

Condensed consolidated statement of financial position at 30 June 2009

(IFRS - non audited figures)

<i>(USD '000)</i>	30/06/2009	31/12/08
ASSETS		
Non-current assets		
Rigs, machinery and equipment	1,411,245	1,403,197
Deferred tax assets	22,784	14,385
Other long term assets	8	48
Total non-current assets	1,434,037	1,417,630
Current assets		
Trade and other receivables	77,412	44,489
Prepayments	29,511	18,547
Incurring revenue	37,346	11,130
Deferred costs	4,908	2,515
Other assets	8,297	3,660
Cash and cash equivalents	99,384	58,501
Total current assets	256,858	138,842
TOTAL ASSETS	1,690,895	1,556,472

Condensed consolidated statement of financial position at 30 June 2009

(IFRS - non audited figures)

<i>(USD '000)</i>	30/06/2009	31/12/08
EQUITY AND LIABILITIES		
Capital and reserves		
Issued capital	21,476	16,630
Share premium	230,273	120,496
Paid in not registered share capital	-	-
Reserves	17,249	15,585
Other equity	281,734	182,578
Total equity	550,732	335,289
Non-current liabilities		
Deferred tax liability	-	-
Bank loan	657,360	755,708
Bond loans	86,253	139,441
Other long term liabilities	1,316	713
Total non-current liabilities	744,929	895,862
Current liabilities		
Bank loans	280,000	220,000
Other external financing	18,093	46,992
Trade and other payables	27,098	10,394
Tax payable	30,651	2,167
Derivative financial instruments	12,805	26,584
Deferred revenues	3,276	-
Other liabilities	23,311	19,184
Total current liabilities	395,234	325,321
Total liabilities	1,140,163	1,221,183
TOTAL EQUITY AND LIABILITIES	1,690,895	1,556,472

Songa Offshore Group

Condensed consolidated statement of changes in equity for the period ended 30 June 2009

(IFRS - non audited figures)

Amounts in USD '000

Note	Share capital	Share premium	Paid in, not registered share capital	Equity-settled employee benefits reserve	Recognition of convertible bond loan	Other equity	Total equity
Balance as at 1 January 2008	13,666	62,869	14,754	13,683	20,815	151,451	277,238
Adjustments recognized directly to equity						2,855	2,855
Profit for the period						35,733	35,733
Issue of share capital	276	14,478		-		-	14,754
Paid in not registered share capital paid in prior year	-	-	(14,754)	-		-	(14,754)
Recognition of share-based payments				391			391
Conversion of warrants Jan - Jun	1,171	7,725	-	-		-	8,896
Balance as at 30 June 2008	15,113	85,072	-	14,074	20,815	190,039	325,113
Balance as at 1 January 2009	16,630	120,496	-	15,585	20,815	161,763	335,289
Adjustments recognized directly to equity						-	-
Profit for the period						101,088	101,088
Issue of share capital	4,846	109,777		-		-	114,623
Derecognition of convertible bond	-	-	-	-	(20,815)	18,882	(1,933)
Recognition of share-based payments				1,664			1,664
Balance as at 30 June 2009	21,476	230,273	-	17,249	-	281,733	550,732

Songa Offshore Group

**Condensed consolidated statement of cash flows for the period
ended 30 June 2009**

(IFRS - non audited figures)

Amounts in USD '000	30/06/2009	30/06/2008
Cash flows from operating activities:		
Profit before tax	130,510	45,113
Adjustment for:		
Depreciation	41,049	29,938
Cost of option plans	1,664	391
Finance costs	28,291	23,026
Other gain/loss	4,986	3,293
Change in receivables	(70,103)	(33,705)
Change in payables	16,704	(27,117)
Change in other liabilities	(12,476)	8,500
Prepaid revenue		(6,974)
Taxes paid	(11,394)	-
Interest and fees paid	(26,938)	(26,957)
Net cash generated by operating activities	102,293	15,508
Cash used in investing activities:		
Purchase of property, plant and equipment	(49,546)	(18,041)
Proceeds from sale of property, plant and equipment and investment contributions	-	290
Net cash used in investing activities	(49,546)	(17,751)
Cash generated by financing activities:		
Proceeds from issue of share capital	114,636	8,896
Proceeds from issue of bonds and new bank loan raised	(126,500)	(57)
Net cash generated by financing activities	(11,864)	8,839
Net increase/(decrease) in cash and cash equivalents	40,883	6,596
Cash and cash equivalents at 1 January	58,501	64,207
Cash and cash equivalents at 30 June	99,384	70,803

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 2009 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.

Limassol 30 July 2009

Arne Blystad
(Chairman)

Nancy Charalambous
(Board member)

Erik Østbye
(Board member)

Valborg Lundegaard
(Board member)

Trond Christensen
(Board member)

Asbjørn Vavik
(Chief Executive Officer)