



REPORT FOR THE THIRD QUARTER 2009

Songa Offshore SE ("Songa") consolidated profit after tax for the third quarter 2009 was USD 105.0 million.

Revenue for the third quarter was USD 228.7 million. This includes mobilization revenue of USD 1.2 million. Deferred mobilization revenue at quarter end is USD 2.2 million.

Total expenses for the third quarter were USD 101.0 million, the figure includes a non operational loss of USD 2.7 million posted under "other gain and loss". The loss is split between loss on flippable swap with USD 2.2 million, USD 0.8 million in currency loss and USD 0.3 in gain on disposal of assets.

EBITDA for the third quarter was USD 127.6 million. This figure is after taking into effect "other gain and loss".

Net financial expenses for the third quarter were USD 12.8 million.

Earnings per share (EPS) for the third quarter were USD 0.77. Diluted earnings per share (DEPS) for the third quarter were USD 0.77.

The company has recorded a tax income of USD 23.5 million in the quarter in relation to the exit from Norway to Cyprus. See "accounting issues" below for further details.

Main events during the third quarter

In the beginning of September the Company signed a new contract with Woodside for a drilling campaign of 1 + 2 wells on the North Western Shelf of Australia for Songa Mercur. The total contract duration is estimated at up to 75 days with possible additional extensions thereafter. The start up of the contract was 30 September and the rate per day is USD 280k. Woodside is currently drilling the first of the two option wells.

Late September another contract for Songa Mercur was concluded with Oilex for drilling in the Joint Petroleum Development Area (JPDA) between Timor Leste and Australia. The contract covers a drilling campaign of 2 wells plus 1 optional well in the JPDA, with a mobilization and de-mobilization element included into the agreement. Total estimated contract duration for drilling operations is 50 days plus an additional 25 days if the optional well is exercised. The day rate for the two contracts is USD 280k per day, reducing to USD 250k applying if the combined Woodside and Oilex contract period exceeds an agreed period of 120 days.

The rigs

Songa Venus has achieved operational efficiency of 97.3%, 99.6% and 95.9% in July, August and September respectively. During the quarter the rig has been working for the ADA consortium offshore North West Australia.

Songa Mercur has achieved operating efficiency of 93.5%, 99.3% and 100% in July, August and September respectively. During the quarter the rig has been working for Santos and Woodside offshore North West Australia.

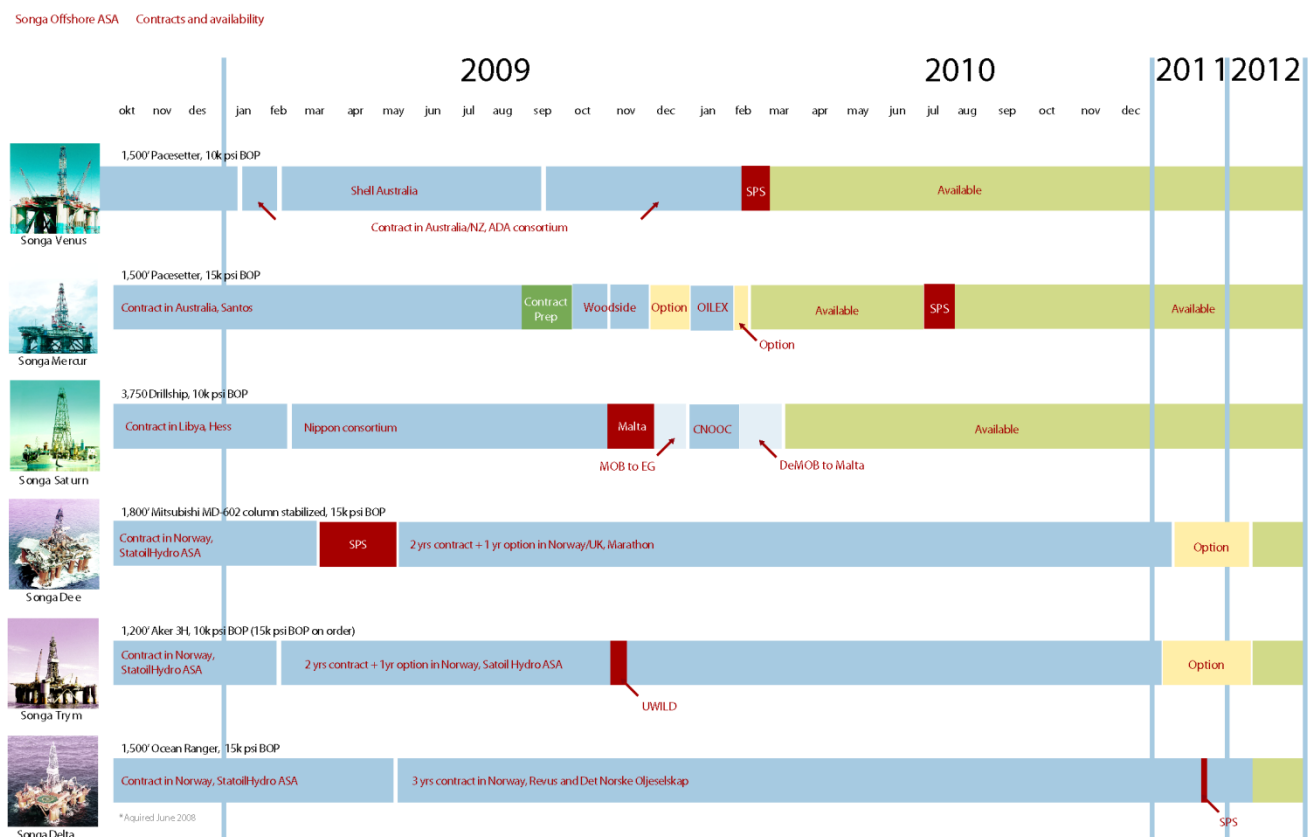
Songa Saturn has achieved operating efficiency of 97.0%, 89.9% and 91.0% in July, August and September respectively. During the quarter the rig has been working for the Nippon led consortium in Libya. The rig is estimated to conclude the Libyan campaign mid November. The rig is then to undertake a yard stay in Malta to upgrade its water depth capacity and go through an intermediate survey (UWILD), before mobilising to Equatorial Guinea for works for CNOOC.

Songa Delta has achieved operating efficiency of 97.9%, 97.7% and 96.5% in July, August and September respectively. The rig has been operating for Wintershall / Det norske oljeselskap on the Grosbeak field and the Fongen field.

Songa Trym has achieved operating efficiency of 97.9%, 95.0% and 96.2% in July, August and September respectively. During the quarter the rig has been operating for StatoilHydro on the Troll Field.

Songa Dee has achieved operating efficiency of 95.5%, 96.6% and 97.4% in July, August and September respectively. During the quarter the rig has been operating for Lundin at the AEGIS Field and Marathon at the Alvhheim Field.

Contract status



Financing

During the quarter the Company has settled the last commercial paper (NOK 300 million) of which NOK 106.5 million was remaining.

The Company's external debt at quarter end was a USD 865.3 million bank loan facility, USD 24.8 million of the USD 75 million bond loan which matures in March 2011 and a high yield bond USD 62.0 million (the new bond replacing the former convertible bond). Total external debt at quarter end was USD 952.1 million measured at amortized cost.

At quarter end there was USD 69.8 million in cash and USD 12.2 million in unutilized drawing rights.

Share capital issues

Songa Offshore SE held an extraordinary general meeting on 30 July where the share holders resolved to increase the authorized share capital of the company to EUR 33,000,000 divided into 300,000,000 shares.

As of 30 September 2009 total outstanding shares in the Company was 136,847,544. Weighted average number of shares in the third quarter was 136,847,544 and adjusted weighted average number of shares, as defined in IFRS in the third quarter was 136,847,544.

Accounting issues

The ultimate parent of the Songa Offshore Group, Songa Offshore SE, has relocated from Norway to Cyprus effective 11 May 2009. The relocation is done under the EU's SE directive and the Company is not considered liquidated nor are the assets considered realised for neither tax nor accounting purposes according to the directive.

Under existing Norwegian tax regulations, an SE-company which emigrates and ceases to be tax resident in Norway will be subject to an exit tax of 28%. The exit tax is calculated on any potential gain related to the assets, rights and liabilities which the Company owned at the day preceding the relocation from Norway to Cyprus. The capital gain/loss will be calculated as if the assets etc. were realized for tax purposes at the day before the exit.

The Company is of the opinion that the Norwegian exit tax regulations are in conflict with the EEA Agreement with respect to the principle of freedom of establishment, and that no exit taxation should apply on the relocation of the Company to Cyprus for tax purposes. The Company has therefore filed a complaint with the EFTA Surveillance Authority (ESA), and may also decide to bring the case before a Norwegian court.

The outcome of the tax dispute the Company has with Norwegian authorities is not yet finalized and can therefore not be known with certainty; it is considered a contingent liability. It is not yet certain if there will be an outflow of resources and the Company is confident that it is more likely than not that such outflow never will occur.

Accordingly the Company has accounted as if the exit tax will not be levied. This has resulted in a tax income of USD 23.5 recognized in the quarter.

In the unlikely event that the Company will have to pay exit tax, the estimated total tax cost is USD 147.6 million. This cost will to a large extent be offset by unrecognized losses carried forward (USD 132 million). Further it is assumed that the estimated profit related to the rigs can be transferred to a profit and loss account and a profit of 20% will be recognized each year and netted against losses carried forward.

The Company is not likely to come in a tax payable position in Norway before 2011 even if the Company ends up paying exit tax.

Market conditions and outlook

With the decline in the price of crude from USD 140-150 last year to the current level of USD 70-80 per barrel, the tender processes for drilling rigs stopped up. Oil companies had to redo their assessments and assumptions. Since early summer we have seen activity coming back.

On the marketing side, we are focusing on Songa Mercur, Songa Venus and Songa Saturn. All three rigs are anticipated to be available for new employment from late Q1 2010 or early Q2 2010. There are a number of good leads.

With well performing assets 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.

Limassol, 30 October, 2009

Board of Directors
Songa Offshore SE

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 hydrocarbons. 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 September 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 address of the registered headquarters 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 September 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 September 2009

(IFRS non audited figures)

Amounts in USD '000	Q3 2009	Q2 2009	Q3 2008	Jan-Sep 2009	Jan-Dec 2008
Continuing operations					
Operating revenue	218,589	197,084	85,090	556,095	369,621
Reimbursables	9,113	10,958	1,863	26,908	11,105
Other revenue	962	557	507	3,332	806
Revenues	228,664	208,599	87,460	586,335	381,532
Operating expenses	(75,132)	(70,408)	(36,294)	(195,468)	(137,702)
Reimbursables	(9,072)	(10,933)	(1,855)	(26,757)	(11,005)
General and administrative expenses	(14,092)	(11,351)	(8,963)	(37,386)	(34,589)
Other gain and loss	(2,736)	12,645	(33,782)	547	(63,215)
Total expenses	(101,032)	(80,047)	(80,894)	(259,064)	(246,511)
EBITDA	127,632	128,552	6,566	327,271	135,021
EBITDA %	56%	62%	8%	56%	35%
Depreciation and amortization	(23,197)	(20,636)	(17,432)	(64,246)	(60,838)
EBIT	104,435	107,916	(10,866)	263,025	74,183
EBIT %	46%	52%	-12%	45%	19%
Finance income	116	140	239	327	1,784
Finance costs	(12,884)	(14,051)	(19,029)	(41,175)	(62,046)
Profit (loss) before tax	91,667	94,005	(29,656)	222,177	13,921
Income tax (charge) credit	13,276	(16,290)	2,191	(16,147)	(3,825)
Profit (loss) for the period from continuing operations	104,943	77,715	(27,465)	206,030	10,096
Earnings (loss) per share (USD) from continuing operations					
Basic	0.77	0.72	-0.28	1.76	0.14
Diluted	0.77	0.72	-0.28	1.76	0.12

Songa Offshore Group

Condensed consolidated statement of financial position at 30 September 2009

(IFRS - non audited figures)

<i>(USD '000)</i>	30/09/2009	31/12/08
ASSETS		
Non-current assets		
Rigs, machinery and equipment	1,415,233	1,403,197
Deferred tax assets	46,709	14,385
Other long term assets	-	48
Total non-current assets	1,461,942	1,417,630
Current assets		
Trade and other receivables	126,001	44,489
Prepayments	26,363	18,547
Incurred revenue	24,041	11,130
Deferred costs	3,774	2,515
Other assets	2,843	3,660
Cash and cash equivalents	69,809	58,501
Total current assets	252,831	138,842
TOTAL ASSETS	1,714,773	1,556,472

Condensed consolidated statement of financial position at 30 September 2009

(IFRS - non audited figures)

<i>(USD '000)</i>	30/09/2009	31/12/08
EQUITY AND LIABILITIES		
Capital and reserves		
Issued capital	21,476	16,630
Share premium	230,118	120,496
Reserves	17,993	15,585
Other equity	386,669	182,578
Total equity	656,256	335,289
Non-current liabilities		
Bank loan	597,529	755,708
Bond loans	86,813	139,441
Other long term liabilities	1,277	713
Total non-current liabilities	685,619	895,862
Current liabilities		
Bank loans	267,800	220,000
Other external financing	-	46,992
Trade and other payables	24,911	10,394
Tax payable	40,959	2,167
Derivative financial instruments	11,650	26,584
Other liabilities	27,578	19,184
Total current liabilities	372,898	325,321
Total liabilities	1,058,517	1,221,183
TOTAL EQUITY AND LIABILITIES	1,714,773	1,556,472

Songa Offshore Group

Condensed consolidated statement of changes in equity for the period ended 30 September 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						(5,388)	(5,388)
Profit for the period						(1,811)	(1,811)
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				1,309			1,309
Conversion of warrants Jan - Jun	1,171	7,725	-	-		-	8,896
Balance as at 30 September 2008	15,113	85,072	-	14,992	20,815	144,252	280,244
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						206,023	206,023
Issue of share capital	4,846	109,622		-		-	114,468
Derecognition of convertible bond	-	-	-	-	(20,815)	18,882	(1,933)
Recognition of share-based payments				2,408			2,408
Balance as at 30 September 2009	21,476	230,118	-	17,993	-	386,668	656,256

Songa Offshore Group

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

(IFRS - non audited figures)

Amounts in USD '000	30/09/2009	30/09/2008
Cash flows from operating activities:		
Profit before tax	222,177	5,378
Adjustment for:		
Depreciation	64,246	47,370
Cost of option plans	2,408	1,309
Finance costs	41,175	44,651
Other gain/loss	4,356	17,554
Change in receivables	(102,239)	(27,332)
Change in payables	14,517	(24,151)
Change in other liabilities	(1,010)	7,880
Prepaid revenue		(6,577)
Taxes paid	(17,387)	-
Interest and fees paid	(40,650)	(39,358)
Net cash generated by operating activities	187,593	26,724
Cash used in investing activities:		
Purchase of property, plant and equipment	(77,478)	(464,558)
Proceeds from sale of property, plant and equipment and investment contributions	354	290
Net cash used in investing activities	(77,124)	(464,268)
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	(213,797)	418,676
Net cash generated by financing activities	(99,161)	427,572
Net increase/(decrease) in cash and cash equivalents	11,308	(9,972)
Cash and cash equivalents at 1 January	58,501	64,207
Cash and cash equivalents at 30 September	69,809	54,235