



> First quarter 2005

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### KEY FINANCIAL FIGURES

(Figures in brackets refer to the corresponding period of 2004)

Operating profit for the first quarter amounted to USD 19.6 million (USD 21.5 million).

Pre-tax profit came to USD 14.7 million (USD 14 million), and fully-diluted earnings per share were USD 0.43 (USD 0.41).

Prosafes had a bond loan at 31 December 2004 of NOK 500 million falling due in March 2007. During the first quarter, the company redeemed NOK 411 million of this loan and issued a new bond loan for the same amount which falls due in March 2010. A new bond loan of USD 50 million falling due in March 2012 was also raised, while an extraordinary repayment of USD 48.1 million was made on the ordinary bank debt. The total cost of refinancing the bond loan and issuing a new loan came to USD 2 million. In return, the new bond loans have a significantly longer term and lower interest margin. In connection with repayment of the bank loan, a tax provision of USD 1.6 million has been made for a realised currency gain in the parent company (USD against NOK). This gain has not been recorded in the group accounts, which are compiled in USD.

The total balance sheet at 31 March was USD 986 million (USD 957.7 million), while the equity ratio was 47.1 per cent (45.6 per cent).

The accounts for the first quarter of 2005 have been prepared in accordance with the International Financial Reporting Standards (IFRS), and accord with International Accounting Standard (IAS) 34 for interim reporting. Prosafes has previously reported in accordance with Norwegian generally-accepted accounting principles (NGAAP). Figures for 2004 have been recalculated to the IFRS in order to be comparable. The effect on equity and results is shown in connection with the profit and loss account and balance sheet in this report, and in a separate stock exchange announcement issued on 26 April 2005. Prosafes has taken advantage of the oppor-

tunity to implement IAS 32 and 39 relating to financial instruments with effect from 1 January 2005, so that the comparative figures for 2004 are based on NGAAP. From 1 January 2005, financial instruments are recorded at market value in the balance sheet and the change in value is recorded in the profit and loss account. The positive effect on book equity at the implementation date was USD 1.9 million. A gain of USD 3.5 million from the increased market value of financial instruments was recorded for the first quarter.

### OFFSHORE SUPPORT SERVICES

Operating profit for the first quarter was USD 10.6 million (USD 13 million). The utilisation factor for the rig fleet was 86 per cent (87 per cent). The reduction in operating profit reflects lower utilisation of MSV *Regalia* and a 15-day period without day rate during January for *Safe Caledonia*, which operates off west Africa, in order to replace equipment.

All five of the rigs working in the Gulf of Mexico were in regular operation throughout the first quarter. *Safe Scandinavia* was also on contract off Tunisia from the beginning of February until mid-April, while MSV *Regalia* has operated on Visund from mid-February.

### FLOATING PRODUCTION

Operating profit for the first quarter was USD 9.2 million (USD 7.4 million). This improvement reflects the upgrading project for FPSO *Espoir Ivoirien* and reduced depreciation for FSO *Endeavor* and FPSO *Petróleo Nautipa*.

### DRILLING SERVICES

Operating profit for the first quarter was USD 0.7 million (USD 2 million). One-off expenses of USD 0.7 million were charged to the accounts as a result of differences between NGAAP and the IFRS with regard to maintenance provisions. The rest of the decrease can primarily be attributed to the loss of the Tampen contracts and the fact that Rubicon was not in ordinary operation until mid-March. The first quarter is normally the weakest of the year for this division.

### PROSPECTS

In **Offshore Support Services**, the company has won a contract during 2005 for MSV *Regalia* worth a total of USD 6.5 million. This has secured 85 per cent fleet utilisation for 2005, 82 per cent in 2006, 62 per cent in 2007 and 34 per cent in 2008. Only two of the company's rigs have spare capacity in 2005 and 2006. Contract opportunities have been identified which could increase the utilisation factor in this period. Long-term market prospects for accommodation and service rigs are also positive. The company accordingly takes a positive view of opportunities for continued profitable development of the division.

All units in **Floating Production** are under contract. During 2005, the company has secured contract extensions with an estimated total value of USD 51 million for FPSO *Petróleo Nautipa* and FSO *Madura Jaya*. This means that all the units owned by the company have been secured employment until at least the summer of 2007. The company is also working on a possible renewal of the operating agreement for FPSO *Al Zaafarana*, which expires in the autumn of 2005.

On the market side, the number of possible new FPSO project awards in 2005 is significantly higher than in the two previous years. A good cost structure, high operating regularity and upgrading projects for existing units also ensure good results in periods without new conversion projects.

Market prospects in **Drilling Services** are positive, with demand for technical services and hire of drilling equipment showing a particular increase. Despite the delayed start-up of Rubicon in March and the loss of the Tampen contracts, the company expects an operating profit in 2005 which is on a par with last year. In the longer term, the company sees good opportunities for further profitable growth based on additional services relating to drilling operations, technical services, drilling equipment hire and underbalanced operations.

Oslo, 27 April 2005

The board of directors of Prosafes ASA

## > Main figures

| <b>PROFIT AND LOSS ACCOUNT</b>              |              |              |              |               |
|---|--------------|--------------|--------------|---------------|
| (Unaudited figures in USD million)          | <b>Q1 05</b> | <b>Q4 04</b> | <b>Q1 04</b> | <b>2004</b>   |
| Operating revenues                          | 106.8        | 105.9        | 107.3        | 470.3         |
| Operating expenses                          | (71.3)       | (71.4)       | (70.3)       | (315.7)       |
| <b>Operating profit before depreciation</b> | <b>35.5</b>  | <b>34.5</b>  | <b>37.0</b>  | <b>154.6</b>  |
| Depreciation                                | (15.9)       | (16.3)       | (15.5)       | (63.4)        |
| <b>Operating profit</b>                     | <b>19.6</b>  | <b>18.2</b>  | <b>21.5</b>  | <b>91.2</b>   |
| Interest income                             | 0.8          | 0.6          | 0.4          | 1.9           |
| Interest expenses                           | (3.8)        | (4.7)        | (4.5)        | (18.1)        |
| Other financial items                       | 1.9          | 5.8          | (1.4)        | 1.4           |
| <b>Net financial items</b>                  | <b>(1.1)</b> | <b>1.7</b>   | <b>(5.5)</b> | <b>(14.8)</b> |
| <b>Profit before taxes</b>                  | <b>18.5</b>  | <b>19.9</b>  | <b>16.0</b>  | <b>76.4</b>   |
| Taxes                                       | (3.8)        | (1.6)        | (2.0)        | (6.2)         |
| <b>Net profit</b>                           | <b>14.7</b>  | <b>18.3</b>  | <b>14.0</b>  | <b>70.2</b>   |
| <b>EPS (USD)</b>                            | <b>0.43</b>  | <b>0.54</b>  | <b>0.41</b>  | <b>2.06</b>   |
| <b>EPS fully diluted (USD)</b>              | <b>0.43</b>  | <b>0.54</b>  | <b>0.41</b>  | <b>2.06</b>   |

| <b>RECONCILIATION OF NET PROFIT IFRS VS. NGAAP</b> |  |  |              |
|--|--|--|--------------|
|  |  |  | <b>Q1 04</b> |
| <b>Net profit NGAAP</b>                            |  |  | <b>12.8</b>  |
| Goodwill amortisation                              |  |  | 1.9          |
| Borrowing costs                                    |  |  | (0.7)        |
| <b>Net profit IFRS</b>                             |  |  | <b>14.0</b>  |

| <b>BALANCE SHEET</b>                   |                   |                   |                   |  |
|--|-------------------|-------------------|-------------------|--|
| (Unaudited figures in USD million)     | <b>31.03.2005</b> | <b>01.01.2005</b> | <b>31.03.2004</b> |  |
| Goodwill                               | 128.9             | 128.9             | 128.9             |  |
| Rigs                                   | 394.0             | 397.5             | 405.2             |  |
| Ships                                  | 183.3             | 187.6             | 201.4             |  |
| Other fixed assets                     | 40.8              | 45.8              | 35.0              |  |
| <b>Total fixed assets</b>              | <b>747.0</b>      | <b>759.8</b>      | <b>770.5</b>      |  |
| Other current assets                   | 93.1              | 101.9             | 79.7              |  |
| Cash and deposits                      | 146.1             | 121.6             | 107.5             |  |
| <b>Total current assets</b>            | <b>239.2</b>      | <b>223.5</b>      | <b>187.2</b>      |  |
| <b>Total assets</b>                    | <b>986.2</b>      | <b>983.3</b>      | <b>957.7</b>      |  |
| Share capital                          | 44.7              | 44.7              | 44.7              |  |
| Other equity                           | 419.7             | 405.8             | 392.3             |  |
| <b>Total equity</b>                    | <b>464.4</b>      | <b>450.5</b>      | <b>437.0</b>      |  |
| Interest-free long-term liabilities    | 31.1              | 35.9              | 30.3              |  |
| Interest-bearing long-term liabilities | 385.9             | 392.8             | 408.7             |  |
| <b>Total long-term liabilities</b>     | <b>417.0</b>      | <b>428.7</b>      | <b>439.0</b>      |  |
| Interest-free current liabilities      | 85.2              | 86.7              | 78.3              |  |
| Interest-bearing current liabilities   | 19.6              | 17.4              | 3.4               |  |
| <b>Total current liabilities</b>       | <b>104.8</b>      | <b>104.1</b>      | <b>81.7</b>       |  |
| <b>Total equity and liabilities</b>    | <b>986.2</b>      | <b>983.3</b>      | <b>957.7</b>      |  |

| RECONCILIATION EQUITY IFRS VS. NGAAP |  |  |              |
|--------------------------------------|--|--|--------------|
|                                      |  |  | 31.03.2004   |
| <b>Equity NGAAP</b>                  |  |  | <b>432.1</b> |
| Dividends                            |  |  | 19.6         |
| Pension liabilities                  |  |  | (22.6)       |
| Maintenance provisions               |  |  | 4.1          |
| Borrowing costs                      |  |  | (4.3)        |
| Deferred tax asset                   |  |  | 6.2          |
| Goodwill                             |  |  | 1.9          |
| <b>Equity IFRS</b>                   |  |  | <b>437.0</b> |

| CASH FLOW STATEMENT                                    |              |               |               |               |
|--|--------------|---------------|---------------|---------------|
| (Unaudited figures in USD million)                     | Q1 05        | Q4 04         | Q1 04         | 2004          |
| Profit before taxes                                    | 18.5         | 19.9          | 16.0          | 76.4          |
| Unrealised currency gain/loss on long-term liabilities | (3.8)        | 8.4           | 1.4           | 11.7          |
| Depreciation   | 15.9         | 16.3          | 15.5          | 63.4          |
| Taxes paid   | (1.5)        | (12.5)        | (3.5)         | (18.8)        |
| Change in working capital                              | 8.8          | 27.1          | (5.2)         | (3.7)         |
| Other items from operating activities                  | (8.2)        | 3.3           | (6.4)         | 2.9           |
| <b>Net cash flow from operating activities</b>         | <b>29.7</b>  | <b>62.5</b>   | <b>17.8</b>   | <b>131.9</b>  |
| Proceeds from sale of tangible fixed assets            | 4.4          | 4.9           | 8.0           | 12.9          |
| Acquisition of tangible fixed assets                   | (9.3)        | (9.0)         | (0.9)         | (34.1)        |
| Change in translation difference on fixed assets       | 0.0          | (5.5)         | 0.0           | (5.5)         |
| <b>Net cash flow from investing activities</b>         | <b>(4.9)</b> | <b>(9.6)</b>  | <b>7.1</b>    | <b>(26.7)</b> |
| New interest-bearing long-term debt                    | 50.0         | 0.0           | 101.1         | 101.1         |
| Repayment of interest-bearing long-term debt           | (50.9)       | (1.2)         | (100.9)       | (113.1)       |
| Dividends paid   | 0.0          | (53.9)        | (20.3)        | (74.2)        |
| Paid-in capital  | 0.6          | 0.0           | 1.5           | 1.5           |
| <b>Net cash flow from financing activities</b>         | <b>(0.3)</b> | <b>(55.1)</b> | <b>(18.6)</b> | <b>(84.7)</b> |
| <b>Net change in cash and deposits</b>                 | <b>24.5</b>  | <b>(2.2)</b>  | <b>6.3</b>    | <b>20.4</b>   |
| Cash and deposits at 01.01                             | 121.6        | 123.8         | 101.2         | 101.2         |
| <b>Cash and deposits at 31.12</b>                      | <b>146.1</b> | <b>121.6</b>  | <b>107.5</b>  | <b>121.6</b>  |

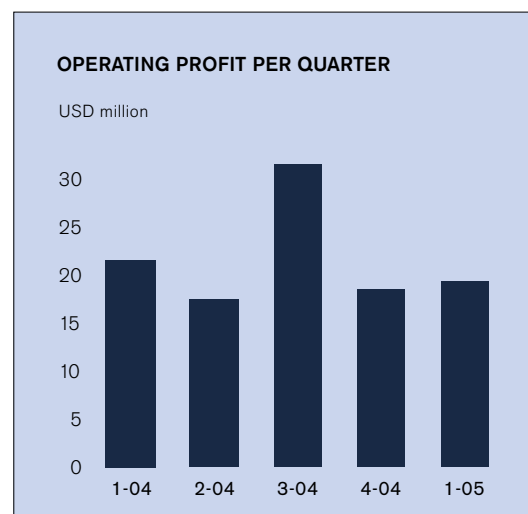
| EQUITY MOVEMENT                                       |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
|   | Q1 05        | Q4 04        | Q1 04        | 2004         |
| Equity at end of prior period                         | 448.6        | 461.0        | 422.7        | 422.7        |
| Change accounting principle for financial instruments | 1.9          | 0.0          | 0.0          | 0.0          |
| <b>Equity at beginning of period</b>                  | <b>450.5</b> | <b>461.0</b> | <b>422.7</b> | <b>422.7</b> |
| Net profit  | 14.7         | 18.3         | 14.0         | 70.2         |
| Dividends   | 0.0          | (33.5)       | 0.0          | (53.8)       |
| New equity  | 0.6          | 0.0          | 1.5          | 1.5          |
| Change translation differences                        | (1.4)        | 2.9          | (1.2)        | 8.0          |
| <b>Equity at end of period</b>                        | <b>464.4</b> | <b>448.6</b> | <b>437.0</b> | <b>448.6</b> |

| KEY FIGURES   |      |         |        |        |        |
|---|------|---------|--------|--------|--------|
|   | Note | Q1 05   | Q4 04  | Q1 04  | 2004   |
| Operating margin  | 1    | 18.4%   | 17.2%  | 20.0%  | 19.4%  |
| Equity ratio  | 2    | 47.1%   | 45.8%  | 45.6%  | 45.8%  |
| Return on equity  | 3    | 12.9%   | 16.1%  | 25.6%  | 16.1%  |
| Return on capital employed                                    | 4    | 9.6%    | 8.9%   | 20.7%  | 10.9%  |
| Net interest bearing debt (USD million)                       | 5    | 259.4   | 288.6  | 304.6  | 288.6  |
| Number of shares (1 000 shares)                               |      | 34 072  | 34 044 | 34 038 | 34 044 |
| Average no of outstanding shares (1 000 shares)               |      | 34 043  | 34 018 | 33 982 | 34 008 |
| Average no of outstanding and potential shares (1 000 shares) |      | 34 065  | 34 035 | 34 019 | 34 021 |
| USD/NOK exchange rate at end of period                        |      | 6.33    | 6.04   | 6.90   | 6.04   |
| Share price (NOK)   |      | 199.00  | 164.00 | 147.50 | 164.00 |
| Share price (USD)   |      | 31.44   | 27.15  | 21.38  | 27.15  |
| Market capitalisation (NOK million)                           |      | 6 780   | 5 583  | 5 021  | 5 583  |
| Market capitalisation (USD million)                           |      | 1 071.1 | 924.4  | 727.6  | 924.4  |
| Number of employees   |      | 1 465   | 1 457  | 1 956  | 1 457  |

**NOTES TO KEY FIGURES**

- 1 (Operating profit / Operating revenues) \* 100
- 2 (Equity / Total assets) \* 100
- 3 Annualised [Net profit / Average book equity]
- 4 Annualised [(EBIT + Interest income) / (Average total assets - Average interest-free debt)]
- 5 Interest-bearing debt - Cash and deposits

| SHAREHOLDERS AS AT 20.04.05                            |                   |               |
|--|-------------------|---------------|
|  | No of shares      | Ownership     |
| GMO  | 3 020 293         | 8.86%         |
| Brown Brothers Harriman                                | 2 653 050         | 7.79%         |
| Skandinaviska Enskilda Banken                          | 1 907 255         | 5.60%         |
| Svenska Handelsbanken (nom.)                           | 1 533 080         | 4.50%         |
| Odin   | 1 085 328         | 3.19%         |
| State Street Bank & Trust (nom.)                       | 1 298 158         | 3.81%         |
| JP Morgan Chase Bank (nom.)                            | 1 165 417         | 3.42%         |
| JP Morgan Chase Bank                                   | 1 371 632         | 4.03%         |
| Storebrand   | 886 439           | 2.60%         |
| Folketrygdfondet                                       | 860 900           | 2.53%         |
| <b>Total 10 largest shareholders</b>                   | <b>15 781 552</b> | <b>46.32%</b> |
| Number of shares: 34 071 886 Foreign ownership: 62.10% |                   |               |



## > Divisions

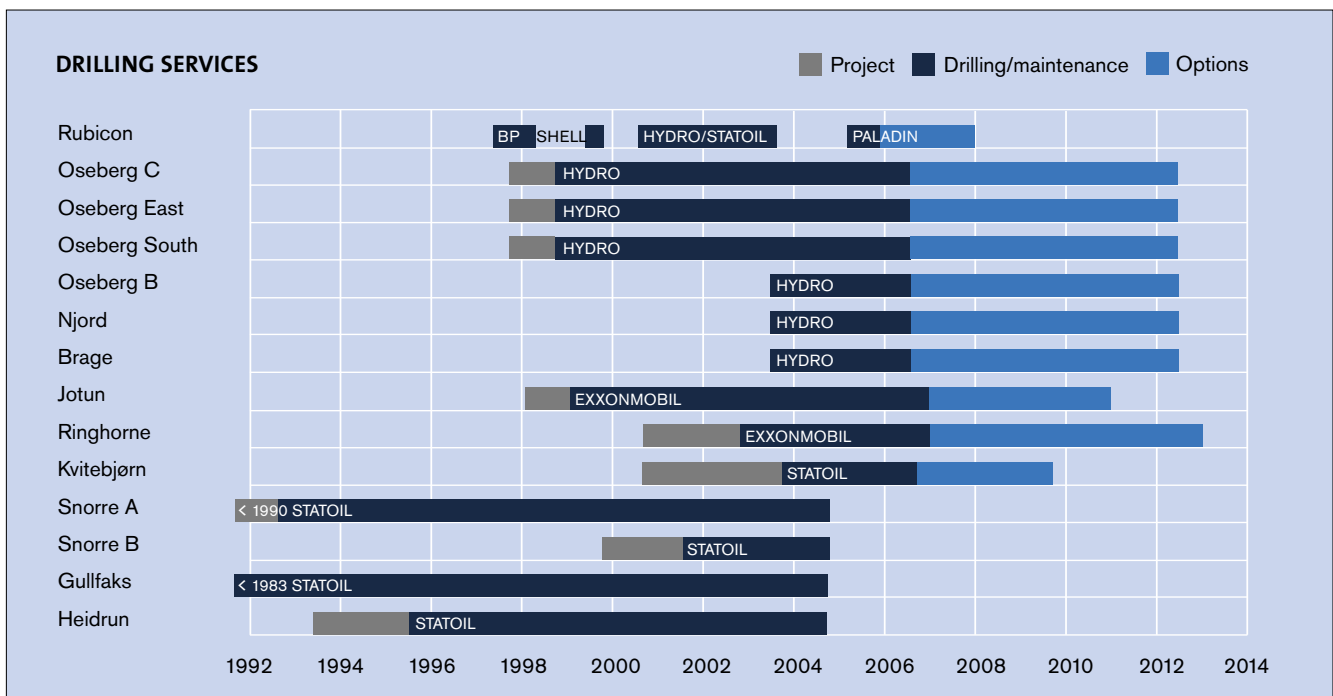
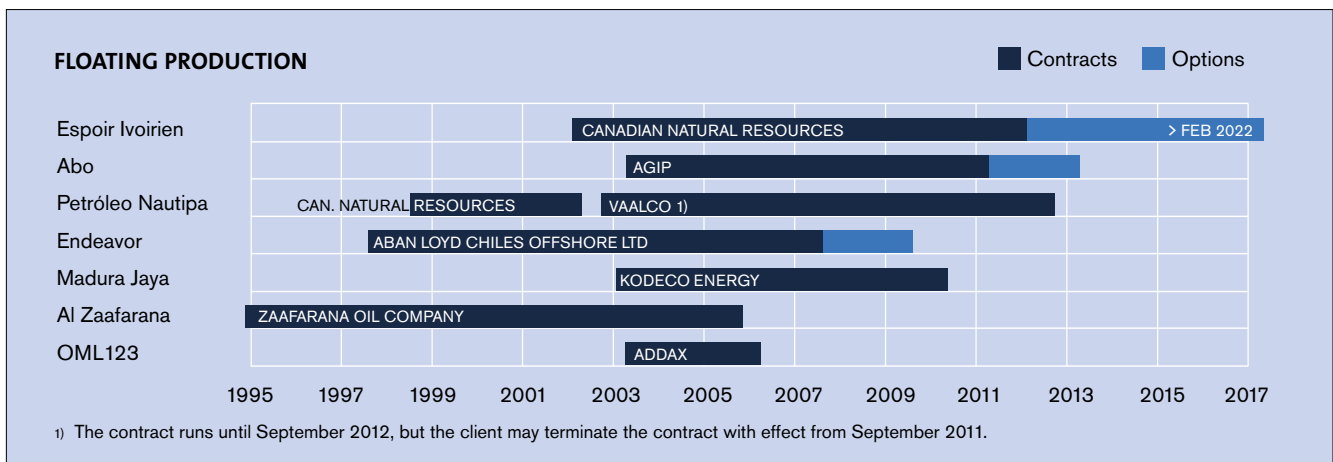
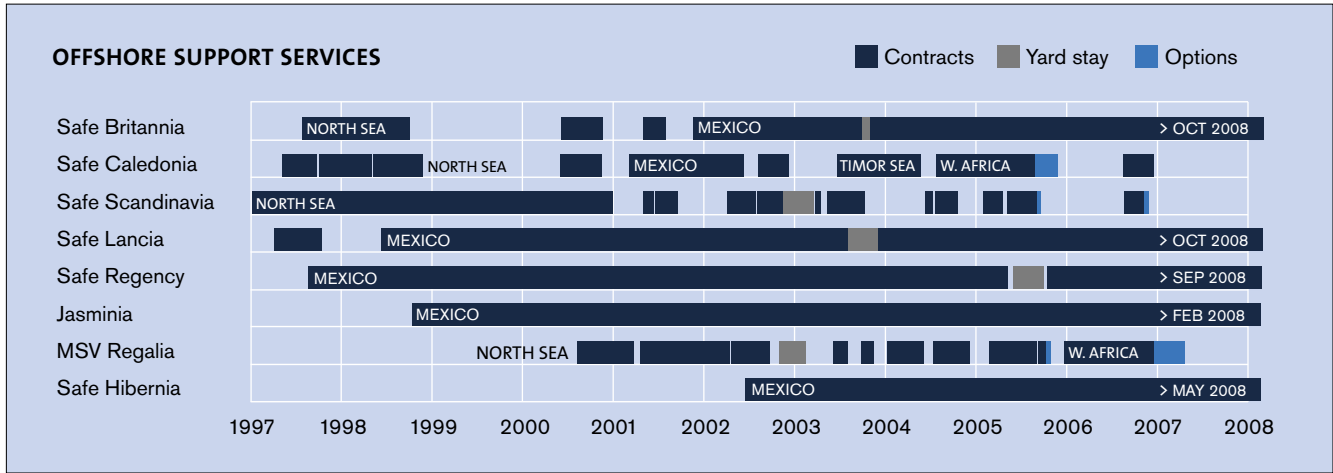
| <b>OFFSHORE SUPPORT SERVICES</b>            |              |              |              |             |
|---|--------------|--------------|--------------|-------------|
| (Unaudited figures in USD million)          | <b>Q1 05</b> | <b>Q4 04</b> | <b>Q1 04</b> | <b>2004</b> |
| Operating revenues                          | 38.5         | 38.0         | 33.1         | 168.8       |
| Operating expenses                          | (20.1)       | (20.4)       | (12.7)       | (81.7)      |
| <b>Operating profit before depreciation</b> | <b>18.4</b>  | <b>17.6</b>  | <b>20.4</b>  | <b>87.1</b> |
| Depreciation                                | (7.8)        | (7.9)        | (7.4)        | (30.6)      |
| <b>Operating profit</b>                     | <b>10.6</b>  | <b>9.7</b>   | <b>13.0</b>  | <b>56.5</b> |
| Total assets                                | 431.9        | 427.5        | 424.0        | 427.5       |
| Employees                                   | 121          | 119          | 115          | 119         |

| <b>FLOATING PRODUCTION</b>                  |              |              |              |             |
|---|--------------|--------------|--------------|-------------|
| (Unaudited figures in USD million)          | <b>Q1 05</b> | <b>Q4 04</b> | <b>Q1 04</b> | <b>2004</b> |
| Operating revenues                          | 26.7         | 23.6         | 22.0         | 89.3        |
| Operating expenses                          | (13.1)       | (9.7)        | (9.4)        | (37.5)      |
| <b>Operating profit before depreciation</b> | <b>13.6</b>  | <b>13.9</b>  | <b>12.6</b>  | <b>51.8</b> |
| Depreciation                                | (4.4)        | (4.5)        | (5.2)        | (19.9)      |
| <b>Operating profit</b>                     | <b>9.2</b>   | <b>9.4</b>   | <b>7.4</b>   | <b>31.9</b> |
| Total assets                                | 381.9        | 372.7        | 380.4        | 372.7       |
| Employees                                   | 469          | 459          | 472          | 459         |

| <b>DRILLING SERVICES</b>                    |              |              |              |             |
|---|--------------|--------------|--------------|-------------|
| (Unaudited figures in USD million)          | <b>Q1 05</b> | <b>Q4 04</b> | <b>Q1 04</b> | <b>2004</b> |
| Operating revenues                          | 41.9         | 44.4         | 52.3         | 212.7       |
| Operating expenses                          | (37.7)       | (40.3)       | (47.6)       | (193.6)     |
| <b>Operating profit before depreciation</b> | <b>4.2</b>   | <b>4.1</b>   | <b>4.7</b>   | <b>19.1</b> |
| Depreciation                                | (3.5)        | (3.8)        | (2.7)        | (12.4)      |
| <b>Operating profit</b>                     | <b>0.7</b>   | <b>0.3</b>   | <b>2.0</b>   | <b>6.7</b>  |
| Total assets                                | 121.3        | 148.3        | 125.4        | 148.3       |
| Employees                                   | 868          | 871          | 1 359        | 871         |

| <b>CORPORATE COSTS AND ELIMINATIONS</b>     |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| (Unaudited figures in USD million)          | <b>Q1 05</b> | <b>Q4 04</b> | <b>Q1 04</b> | <b>2004</b>  |
| Operating revenues                          | (0.3)        | (0.1)        | (0.1)        | (0.5)        |
| Operating expenses                          | (0.4)        | (1.0)        | (0.6)        | (2.9)        |
| <b>Operating profit before depreciation</b> | <b>(0.7)</b> | <b>(1.1)</b> | <b>(0.7)</b> | <b>(3.4)</b> |
| Depreciation                                | (0.2)        | (0.1)        | (0.2)        | (0.5)        |
| <b>Operating profit</b>                     | <b>(0.9)</b> | <b>(1.2)</b> | <b>(0.9)</b> | <b>(3.9)</b> |
| Total assets                                | 51.1         | 34.8         | 27.9         | 34.8         |
| Employees                                   | 7            | 8            | 10           | 8            |

# > Contracts





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