Prosafe

FOURTH QUARTER 2006

Main figures

(Figures in brackets refer to the corresponding period of 2005)

Operating profit for 2006 increased to USD 150.0 million (USD 103.6 million), which is the best result ever for Prosafe. The improvement reflects higher day rates and expanded fleet in Offshore Support Services.

Net financial expenses for 2006 equalled USD 7.0 million (USD 15.9 million). Taxes for 2006 amounted to USD 14.9 million (USD 122.8 million). The reduced tax cost is due to the provision for the deferred tax liability of USD 115 million in 2005 relating to the forced exit of the rigs from the Norwegian tonnage tax system.

Net profit for 2006 was USD 128.1 million (USD 46.4 million) and diluted earnings per share were USD 0.64 (USD 0.27).

Prosafe's operating profit for the fourth quarter amounted to USD 44.7 million (USD 22.4 million). The improved result reflects higher day rates in Offshore Support Services, as well as the expansion of the rig fleet following the acquisition of Consafe Offshore AB (Consafe).

Net financial costs in the fourth quarter equalled USD 5.1 million (USD 5.9 million). Taxes at USD 7.2 million for the quarter are somewhat higher than usual due to the weakening of the USD against NOK, and a consequential tax cost on the unrealised currency gain in NOK on the USD debt.

The net profit for the fourth quarter equalled USD 32.4 million (net loss of USD 98.3 million), and earnings per share were USD 0.14 (negative at USD 0.58).

Total assets at 31 December amounted to USD 2 145.9 million (USD 1 060.7 million), while the equity ratio was 51 per cent (41 per cent). The increases in both assets and equity reflect the acquisition of Consafe and the purchase of the shares in Teekay Petrojarl ASA.

Special dividend

The extraordinary general meeting resolved on 22 December 2006 to distribute a special dividend of NOK 20 per share for 2005, and subsequently to split the existing shares in the ratio 1:5. The shares were split by reducing the par value from NOK 10 to NOK 2, and by increasing the number of shares accordingly. The share split was carried out with effect from the Oslo Stock Exchange's closing time on 22 December 2006.

Transformation to SE company

The general meeting on 22 December 2006 also resolved to transform the company from a Norwegian ASA to a SE (Societas Europaea) company. Accordingly, the company's name was changed to Prosafe SE on 2 February 2007.

Relocation to Cyprus

The board of Prosafe has today resolved to propose to the general meeting to relocate Prosafe's headquarter from Norway to Cyprus.

The relocation will require amendments to the Articles of association. The resolution to relocate is therefore subject to the company being able to incorporate all applicable corporate governance guidelines into the amended Articles of association.

The purpose of the relocation is to position the company in a jurisdiction which provides a predictable fiscal regime and improved growth opportunities. In this context the following points have been given weight:

- Prosafe SE is a holding company for the subsidiaries domiciled in and operating in other countries. The company's subsidiaries abroad are conducting global business within two business segments: accommodation/service rigs and floating production.

- The group has limited operational activity in Norway following the sale of Prosafe Drilling Services AS in 2005 and the transfer of the accommodation/service rigs to Singapore in 2006.
- The group's international character is underlined by the fact that currently 75 per cent of its shareholders are non-Norwegian.
- The fiscal regime in Cyprus is expected to be more predictable, and hence favourable from a competition perspective, compared to the Norwegian fiscal regime in which the parent company today is operating.

On this basis, the board regards the relocation of Prosafe's headquarter to Cyprus to be a strategic decision which would benefit the company and the shareholders.

Dividend proposal for 2006

Based on the company's strong result and balance sheet, the board of directors will, in accordance with the company's dividend policy, propose a dividend of NOK 1.25 per share for 2006, as compared to NOK 1.10 per share for 2005.

Offshore Support Services

Operating revenues in Offshore Support Services amounted to USD 272.6 million for 2006 (USD 186.7 million), while operating profit came to USD 117.3 million (USD 69.6 million). The utilisation ratio for the rig fleet in 2006 was 92 per cent (92 per cent). The improvement reflects higher day rates and the expansion of the rig fleet.

Operating profit for the fourth quarter came to USD 36.4 million (USD 13.6 million). The fleet utilisation ratio for the quarter was 92 per cent (80 per cent).

All six rigs working in the Gulf of Mexico, as well as MSV *Regalia* which is on contract for Total offshore Angola, have been in regular operation throughout the fourth quarter. *Safe Caledonia* and *Safe Scandinavia* operated in the UK sector of the North Sea, while *Safe Bristolia* and *Safe Esbjerg* have operated off Russia and Denmark, respectively. *Safe Astoria* was located in Australia.

Floating Production

Floating Production generated revenues of USD 92.6 million in 2006 (USD 108.3 million), and an operating profit of USD 37.8 million (USD 37.9 million).

Operating profit for the fourth quarter amounted to USD 9.6 million (USD 9.9 million). Work continued during the quarter on the conversion of MT *Apollo* for the Polvo field off Brazil and MT *Ionikos* for the Tui field off New Zealand. A naming ceremony was held for FPSO *Polvo* in Singapore on 9 January. The vessel is scheduled to leave the yard in Singapore in mid February. Both projects are progressing as planned, with contracts expected to commence in the second quarter of 2007.

Outlook

The fourth quarter represented a strong operational period for both business units and a record high order intake for the Floating Production division. The letter of intent for the undisclosed client and the contract for the Petrobras FPSO yielded a total revenue including option periods of circa USD 1.9 billion.

Within **Offshore Support Services** the focus has been towards securing full employment for the vessels in the near term. The letter of intent secured for the *Safe Scandinavia* in the second half of 2007 ensures a high utilisation of the vessel and a very strong financial contribution. The contract shows further progression relative to previous awards, with a record dayrate for the given time period.

The activity in the North Sea market continues to be strong, and specific projects are targeted which will maintain a high requirement for accommodation services at least over the coming three to five year period. The overall interest for vessels in this region supports the view of a growing market medium to long term.

Prosafe is currently receiving interest from clients in several regions, including Asia and America in addition to the established markets. The *Safe Astoria* is currently uncontracted, and good employment for the vessel is a near term target. The vessel is now also being marketed outside Australasia.

The new FPSO awards secure a continued strong growth within **Floating Production**. The vessels will be converted during 2007 and 2008, with expected first oil late 2008. Full earnings impact is expected from 2009. The vessel M/T *Navarin* will be used for the Petrobras FPSO, and the M/T *Europe* towards the letter of intent.

The general FPSO market has remained strong during the quarter, and indications are that 2007 will be another year with high bidding activity.

Prosafe is actively pursuing new opportunities, and is currently working on a FEED study which may lead to a new FPSO conversion project. MT *Kudam* would be a suitable candidate for this project.

Prosafe is currently launching a disconnectable turret solution for harsh environments. This will be a significant milestone, and positions the company well for the upcoming FPSO market in the US Gulf.

Engineering and project capacity is available if the company should win another FPSO conversion contract in the near future. In the second half of the year, further engineering resources will be freed up from the existing projects. As such, the company has the capacity to take on a fourth project in the second half of 2007.

Prosafe has focused on increasing the company's capability of supplying clients with flexible and cost effective floating production solutions. The recent awards confirm the value of this competence to both clients and shareholders.

Oslo, 9 February 2007

The board of directors of Prosafe SE

PROFIT AND LOSS ACCOUNT

(Unaudited figures in USD million)	Q4 06	Q3 06	Q4 05	2006	2005
Operating revenues	103.2	112.0	75.4	365.6	295.3
Operating expenses	(41.2)	(45.2)	(41.3)	(157.9)	(144.4)
Operating profit before depreciation	**62.0**	**66.8**	**34.1**	**207.7**	**150.9**
Depreciation	(17.3)	(16.1)	(11.7)	(57.7)	(47.3)
Operating profit	**44.7**	**50.7**	**22.4**	**150.0**	**103.6**
Interest income	3.6	2.2	1.2	8.5	4.3
Interest expenses	(11.1)	(10.5)	(4.9)	(32.1)	(17.6)
Other financial items	2.4	(3.8)	(2.2)	16.6	(2.6)
Net financial items	**(5.1)**	**(12.1)**	**(5.9)**	**(7.0)**	**(15.9)**
Profit before taxes	**39.6**	**38.6**	**16.5**	**143.0**	**87.7**
Taxes	(7.2)	(3.7)	(114.8)	(14.9)	(122.8)
Net profit from continuing operations	**32.4**	**34.9**	**(98.3)**	**128.1**	**(35.1)**
Net profit from discontinued operations	**0.0**	**0.0**	**0.0**	**0.0**	**81.5**
Net profit	**32.4**	**34.9**	**(98.3)**	**128.1**	**46.4**
EPS, basic and diluted (USD) [1]	**0.14**	**0.16**	**(0.58)**	**0.64**	**0.27**

[1] Previously reported earnings per share have been adjusted to reflect the 5-for-1 share split effective 27 Dec 2006.

BALANCE SHEET

(Unaudited figures in USD million)	31.12.06	30.09.06	31.12.05
Goodwill	355.0	352.9	128.3
Rigs	763.4	772.0	360.9
Ships	538.7	448.8	203.8
Other fixed assets	262.4	248.6	8.2
Total fixed assets	**1 919.5**	**1 822.3**	**701.2**
Cash and deposits	147.2	283.3	303.6
Other current assets	79.2	73.2	55.9
Total current assets	**226.4**	**356.5**	**359.5**
Total assets	**2 145.9**	**2 178.8**	**1 060.7**
Share capital	63.9	63.9	44.8
Other equity	1 025.8	1 132.2	390.2
Total equity	**1 089.7**	**1 196.1**	**435.0**
Interest-free long-term liabilities	101.7	127.1	117.6
Interest-bearing long-term debt	622.0	655.2	363.0
Total long-term liabilities	**723.7**	**782.3**	**480.6**
Dividends payable	147.0	0.0	30.2
Other interest-free current liabilities	168.6	170.5	87.0
Current portion of long-term debt	16.9	29.9	27.9
Total current liabilities	**332.5**	**200.4**	**145.1**
Total equity and liabilities	**2 145.9**	**2 178.8**	**1 060.7**

CASH FLOW STATEMENT

(Unaudited figures in USD million)	Q4 06	Q3 06	Q4 05	2006	2005
Profit before taxes	39.6	38.6	16.5	143.0	87.7
Unrealised currency (gain)/loss on long-term debt	3.1	(3.2)	(2.6)	6.1	(8.9)
Depreciation	17.3	16.1	11.7	57.7	47.3
Change in working capital	(7.9)	(2.9)	10.4	58.3	28.6
Other items from operating activities	(33.0)	(2.5)	(2.8)	(32.3)	(8.0)
Net cash flow from operating activities	**19.1**	**46.1**	**33.2**	**232.8**	**146.7**
Proceeds from sale of tangible fixed assets	0.0	0.0	0.4	0.0	3.0
Acquisition of tangible fixed assets	(101.4)	(47.5)	(14.4)	(1 023.2)	(48.6)
Acquisition of financial assets	(4.5)	(179.7)	0.0	(184.2)	0.0
Net cash flow from investing activities	**(105.9)**	**(227.2)**	**(14.0)**	**(1 207.4)**	**(45.6)**
Proceeds from new interest-bearing debt	142.0	449.6	0.3	749.9	50.3
Repayment of interest-bearing debt	(191.3)	(306.9)	0.0	(508.0)	(60.7)
Dividends paid	0.0	0.0	(0.0)	(60.9)	(26.4)
Paid-in capital	0.0	110.8	0.5	637.2	1.1
Net cash flow from financing activities	**(49.3)**	**253.5**	**0.8**	**818.2**	**(35.7)**
Net cash flow from continuing operations	**(136.1)**	**72.4**	**20.0**	**(156.4)**	**65.4**
Net cash flow from discontinued operations	**0.0**	**0.0**	**0.0**	**0.0**	**116.6**
Cash and deposits at beginning of period	283.3	210.9	283.6	303.6	121.6
Cash and deposits at end of period	**147.2**	**283.3**	**303.6**	**147.2**	**303.6**

STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Q4 06	Q3 06	Q4 05	2006	2005
Equity at end of prior period	1 196.1	984.1	565.4	435.0	448.6
Change accounting principle for financial instruments	0.0	0.0	0.0	0.0	1.9
Equity at beginning of period	**1 196.1**	**984.1**	**565.4**	**435.0**	**450.5**
Net profit	32.4	34.9	(98.3)	128.1	46.4
Dividends	(147.0)	0.0	(30.2)	(177.7)	(56.6)
Issue of share capital	0.0	110.8	0.5	637.2	1.1
Gain on financial assets	8.6	60.0	0.0	68.6	0.0
Foreign currency translation	(0.4)	6.3	(2.4)	(1.5)	(6.4)
Equity at end of period	**1 089.7**	**1 196.1**	**435.0**	**1 089.7**	**435.0**

NOTES TO THE INTERIM ACCOUNTS

Note 1 - Accounting principles

The accounts are prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 Interim Financial Reporting. The accounting principles adopted are consistent with those of the previous financial year.

Note 2 - Acquisition of Consafe Offshore AB and pro forma figures

At year-end, Prosafe owned 99.8 per cent of shares in Consafe Offshore AB (Consafe). Consafe's remaining shares will be acquired for cash through a compulsory process. If the acquisition had taken place 1 January 2006, operating revenue and operating profit for the group to date would have been USD 412.6 million and USD 155.4 million, respectively.

Note 3 - Purchase of shares in Petrojarl ASA

On 22 August, Prosafe purchased 22 274 532 shares in Petrojarl ASA, corresponding to 29.7 per cent of the share capital. The purchase price was NOK 50 per share, and the total consideration amounted to USD 180.6 million including acquisition costs. In December 2006 additional 314 300 shares were acquired for USD 3.6 million. The shares have been valued in accordance with IAS 39 Financial Instruments, and are measured at a value of NOK 70 per share. The unrealised gain of USD 68.6 million has not been recognised in the profit and loss account, but has been taken directly to equity in accordance with IAS 39.

Note 4 - Segments

Offshore Support Services	**Q4 06**	**Q3 06**	**Q4 05**	**2006**	**2005**
Operating revenues	77.3	90.8	49.5	272.6	186.7
Operating expenses	(27.9)	(36.0)	(28.2)	(113.6)	(86.5)
Operating profit before depreciation	**49.4**	**54.8**	**21.3**	**159.0**	**100.2**
Depreciation	(13.0)	(12.0)	(7.7)	(41.7)	(30.6)
Operating profit	**36.4**	**42.8**	**13.6**	**117.3**	**69.6**
Total assets	1 591.6	1 483.1	458.3	1 591.6	458.3

Floating Production	**Q4 06**	**Q3 06**	**Q4 05**	**2006**	**2005**
Operating revenues	25.8	21.2	25.7	92.6	108.3
Operating expenses	(12.0)	(7.5)	(11.8)	(39.1)	(54.0)
Operating profit before depreciation	**13.8**	**13.7**	**13.9**	**53.5**	**54.3**
Depreciation	(4.2)	(4.1)	(4.0)	(15.7)	(16.4)
Operating profit	**9.6**	**9.6**	**9.9**	**37.8**	**37.9**
Total assets	774.0	676.9	418.2	774.0	418.2

Corporate and eliminations	**Q4 06**	**Q3 06**	**Q4 05**	**2006**	**2005**
Operating revenues	0.1	0.0	0.2	0.4	0.3
Operating expenses	(1.3)	(1.7)	(1.3)	(5.2)	(3.9)
Operating profit before depreciation	**(1.2)**	**(1.7)**	**(1.1)**	**(4.8)**	**(3.6)**
Depreciation	(0.1)	0.0	(0.0)	(0.3)	(0.3)
Operating profit	**(1.3)**	**(1.7)**	**(1.1)**	**(5.1)**	**(3.9)**
Total assets	(219.7)	18.8	184.2	(219.7)	184.2

Prosafe Group	**Q4 06**	**Q3 06**	**Q4 05**	**2006**	**2005**
Operating revenues	103.2	112.0	75.4	365.6	295.3
Operating expenses	(41.2)	(45.2)	(41.3)	(157.9)	(144.4)
Operating profit before depreciation	**62.0**	**66.8**	**34.1**	**207.7**	**150.9**
Depreciation	(17.3)	(16.1)	(11.7)	(57.7)	(47.3)
Operating profit	**44.7**	**50.7**	**22.4**	**150.0**	**103.6**
Total assets	2 145.9	2 178.8	1 060.7	2 145.9	1 060.7

KEY FIGURES

KEY FIGURES	Note	Q4 06	Q3 06	Q4 05	2006	2005
Operating margin	1	43.3 %	45.3 %	29.7 %	41.0 %	35.1 %
Equity ratio	2	50.8 %	54.9 %	41.0 %	50.8 %	41.0 %
Return on equity	3	11.3 %	16.8 %	-78.6 %	16.8 %	10.5 %
Return on capital employed	4	10.3 %	15.5 %	12.2 %	11.6 %	13.1 %
Net interest bearing debt (USD million)	5	491.7	401.8	87.3	491.7	87.3
Cash flow (USD million)	6	19.1	46.1	33.2	232.8	146.7
Cash flow per share (USD)	7	0.08	0.21	0.19	1.16	0.86
Number of shares (1 000 shares)		229 937	229 937	170 488	229 937	170 488
Average no. of outstanding shares (1 000 shares)		229 827	224 058	170 287	201 283	170 263
Av. no. of outst. and potential shares (1 000 shares)		229 827	224 058	170 370	201 295	170 338
USD/NOK exchange rate at end of period		6.26	6.50	6.77	6.26	6.77
Share price (NOK)		88.50	80.00	57.30	88.50	57.30
Share price (USD)		14.14	12.31	8.46	14.14	8.46
Market capitalisation (NOK million)		20 349	18 395	9 769	20 349	9 769
Market capitalisation (USD million)		3 251	2 830	1 443	3 251	1 443

NOTES TO KEY FIGURES

Previously reported number of outstanding shares have been adjusted to reflect the 5-for-1 share split effective 27 December 2006.

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 continuing operations - Average interest-free debt continuing operations)]

5 Interest-bearing debt - Cash and deposits

6 Cash flow from operating activities

7 Cash flow / Average no of outstanding and potential shares

SHAREHOLDERS AS AT 02.02.2007

SHAREHOLDERS AS AT 02.02.2007	No. of shares	Ownership
BW Group	51 932 990	22.6 %
Folketrygdfondet	14 192 035	6.2 %
Brown Brothers Harriman	12 028 305	5.2 %
ING Bank	10 973 000	4.8 %
State Street Bank & Trust (nom.)	10 859 032	4.7 %
Skandinaviska Enskildabanken	8 211 615	3.6 %
Credit Suisse	6 984 216	3.0 %
JP Morgan Chase Bank (nom.)	5 589 406	2.4 %
JP Morgan Chase Bank	4 802 238	2.1 %
RBC Dexia Investor Services Trust (nom.)	3 970 453	1.7 %
Total 10 largest shareholders	**129 543 290**	**56.3 %**

Total no. of shares: 229 936 790 Foreign holding: 75.3 %