Prosafe

First quarter 2007

First quarter 2007

Main figures

(Figures in brackets refer to the corresponding period of 2006)

Operating profit for the first quarter came to USD 33.0 million (USD 31.6 million). Operating profit in Offshore Support Services increased by USD 3 million, whereas the profit in Floating Production declined by USD 0.2 million. Corporate costs increased by USD 1.4 million due to one-off costs relating to the planned relocation to Cyprus and increased provision relating to the company's share option plan.

Net profit for the first quarter amounted to USD 16.1 million (USD 30.7 million), and diluted earnings per share equalled USD 0.07 (USD 0.18). Interest expenses have increased by USD 7.2 million, which reflects the strong growth within Floating Production and the acquisition of Consafe Offshore in mid 2006. Taxes are up by USD 3.2 million reflecting the fluctuation of the USDNOK exchange rate and the related Norwegian deferred tax liability on the unrealised gain on the USD debt.

Cash flow from operating activities came to USD 42.9 million (USD 111.2 million). The company invested USD 107.1 million during the period, primarily in the on-going FPSO conversion projects.

Total assets at 31 March amounted to USD 2 217.5 million (USD 1 123.2 million), while the equity ratio increased to 50 per cent (41.4 per cent).

New dividend policy

On 29 March, the board of directors of Prosafe SE resolved to adopt a new dividend policy which will yield substantially higher dividend payments.

The new policy will yield total payments of at least NOK 5 per share in 2007 and 2008, followed by a dividend pay-out ratio of approximately 75% of net profits. The new dividend policy will not affect the company's annual investment capacity, which currently is around USD 800 million.

In line with Prosafe's stated policy to return capital to shareholders without compromising future growth opportunities, the board concluded that these developments should be immediately reflected in the capital return policy of Prosafe. The general meeting resolved on 3 May 2007 to pay a dividend of NOK 1.25 for 2006. In addition, the board will propose to distribute a special dividend of NOK 3.75 to be approved by an extraordinary general meeting following the company's relocation to Cyprus where there is no withholding tax on dividend payment.

The new dividend policy will give increased predictability, and will allow Prosafe shareholders to directly benefit from the positive momentum in Prosafe's existing FPSO and accommodation rig operations, while still allowing for strong value creating growth.

Offshore Support Services

Operating profit in the first quarter came to USD 26.4 million (USD 23.4 million). Utilisation of the rig fleet was 85 per cent (100 per cent). This improvement reflects the extended rig fleet in Offshore Support Services following the acquisition of Consafe Offshore in mid 2006, but also higher dayrates. These positive effects were partly offset by the lower utilisation ratio mainly because of planned yard stays.

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 first quarter. *Safe Caledonia* and *Safe Scandinavia* were under contracts in the UK until 1 February and mid March respectively. *Safe Bristolia* has been on stand-by rate during the winter season in Sakhalin.

Floating Production

Operating profit for the first quarter amounted to USD 9.3 million (USD 9.5 million). Work continued during the quarter on the conversion of FPSO *Polvo* and FPSO *Umuroa*. Both vessels have now arrived at the fields in Brazil and New Zealand, respectively.

Outlook

Offshore Support Services

In the first quarter the *Safe Caledonia* had an extended yard stay following a four-year period of continuous work in East Timor, Nigeria and the UK. The vessel was out of operation in February and March and was brought back into operation mid April. The vessel then started a contract for Total which will have a duration of between two and three years. *Safe Scandinavia* also had a short yard stay towards the end of the first quarter prior to starting at the Snorre field mid April. The vessel embarked on a programme with three contracts ensuring full utilisation until the end of the third quarter of 2008.

Safe Bristolia was recently awarded a letter of intent for an undisclosed client in the North Sea. The award introduces the vessel to the important North Sea market and opens up for interesting future opportunities. The *Safe Bristolia* is currently being mobilised from Korea to Sakhalin to embark on the second phase of the contract for Samsung Sakhalin. The contract at Sakhalin has been extended by another 85 days, taking the firm period for 2007 to 185 days. The vessel is expected to demobilise mid fourth quarter, and will be arriving in the North Sea in time for start up of the new contract in early March 2008.

The *Safe Astoria* is currently idle and is being marketed for new opportunities in several regions.

The MSV *Regalia* is currently working for Total in Angola. The vessel is expected to remain at the Girassol field until early in the fourth quarter, when it will return to the North Sea in time for the new contract for Aker Kværner starting January 2008.

Safe Concordia is working on a bareboat contract in the Gulf of Mexico. The firm period of the contract ends in May, however, the client has the option of extending the contract with another three months. The vessel will be mobilised to the US Gulf to start a contract at the Tahiti Spar at the start of the fourth quarter. The contract, which is for ChevronTexaco, will extend into the first quarter of 2008.

Prosafe also has five other units on contract in the Gulf of Mexico until 2008 and a jack-up, the *Safe Esbjerg*, contracted in Denmark until mid 2008.

The general market outlook remains strong. The activity level is gaining momentum in the established markets, which again is reflected in a steady increase in dayrates. Prosafe sees a strong market for the fleet in the coming years and expects significant improvements in earnings as new contracts are won.

Floating Production

FPSO *Umuroa* and FPSO *Polvo* arrived in the respective countries in April. The installation processes are progressing according to plan, and both vessels expect to receive first oil by the end of the second quarter.

The recent award of the contract for the FPSO for the Van Gogh field is the third conversion project awarded to Prosafe since October 2006. Engineering and procurement has commenced for the projects, and all three units are expected to be ready for first oil by the end of 2008.

The two other projects currently being executed by Prosafe are the Gas FPSO for Petrobras announced in December 2006 and the Letter of Intent for an undisclosed client announced October 2006.

The projects will draw on the broad technical experience of the organisation, and will further complement the range of floating production solutions offered by Prosafe.

Following successful installation of the *Umuroa* and *Polvo* FPSOs, internal resources will be freed up and can be made available for other projects. Prosafe will continue to pursue new opportunities, and is targeting a fourth conversion project award in the second half of 2007.

Oslo, 11 May 2007
The board of directors of Prosafe SE

Income statement

(Unaudited figures in USD million)	Q1 07	Q4 06	Q1 06	2006
Operating revenues	88.2	103.2	75.1	365.6
Operating expenses	(39.9)	(41.2)	(31.7)	(157.9)
Operating profit before depreciation	**48.3**	**62.0**	**43.4**	**207.7**
Depreciation	(15.3)	(17.3)	(11.8)	(57.7)
Operating profit	**33.0**	**44.7**	**31.6**	**150.0**
Interest income	1.9	3.6	1.4	8.5
Interest expenses	(12.3)	(11.1)	(5.1)	(32.1)
Other financial items	(1.9)	2.4	4.2	16.6
Net financial items	**(12.3)**	**(5.1)**	**0.5**	**(7.0)**
Profit before taxes	**20.7**	**39.6**	**32.1**	**143.0**
Taxes	(4.6)	(7.2)	(1.4)	(14.9)
Net profit	**16.1**	**32.4**	**30.7**	**128.1**
EPS, basic and diluted (USD) 1)	0.07	0.14	0.18	0.64

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)	31.03.07	31.03.06	31.12.06
Goodwill	355.0	128.3	355.0
Rigs	753.8	355.4	763.4
Ships	631.0	354.6	538.7
Other non-current assets	271.5	8.3	262.4
Total non-current assets	**2 011.3**	**846.6**	**1 919.5**
Cash and deposits	141.4	218.8	147.2
Other current assets	64.8	57.8	79.2
Total current assets	**206.2**	**276.6**	**226.4**
Total assets	**2 217.5**	**1 123.2**	**2 145.9**

(Unaudited figures in USD million)	31.03.07	31.03.06	31.12.06
Share capital	63.9	44.8	63.9
Other equity	1 045.5	420.5	1 025.8
Total equity	**1 109.4**	**465.3**	**1 089.7**
Interest-free long-term liabilities	104.0	120.9	101.7
Interest-bearing long-term debt	813.8	347.3	622.0
Total long-term liabilities	**917.8**	**468.2**	**723.7**
Dividends payable	0.0	0.0	147.0
Other interest-free current liabilities	158.1	152.9	168.6
Current portion of long-term debt	32.2	36.8	16.9
Total current liabilities	**190.3**	**189.7**	**332.5**
Total equity and liabilities	**2 217.5**	**1 123.2**	**2 145.9**

Cash flow statement

(Unaudited figures in USD million)	Q1 07	Q4 06	Q1 06	2006
Profit before taxes	16.1	39.6	32.1	143.0
Unrealised currency (gain)/loss on long-term debt	1.7	3.1	2.1	6.1
Depreciation	15.3	17.3	11.8	57.7
Change in working capital	3.9	(7.9)	64.0	58.3
Other items from operating activities	5.9	(33.0)	1.2	(32.3)
Net cash flow from operating activities	**42.9**	**19.1**	**111.2**	**232.8**
Acquisition of tangible assets	(107.1)	(101.4)	(157.2)	(1 023.2)
Acquisition of financial assets	0.0	(4.5)	0	(184.2)
Net cash flow from investing activities	**(107.1)**	**(105.9)**	**(157.2)**	**(1 207.4)**
Proceeds from new interest-bearing debt	220.0	142.0	0.8	749.9
Repayment of interest-bearing debt	(14.6)	(191.3)	(9.8)	(508.0)
Dividends paid	(147.0)	0.0	(30.2)	(60.9)
Paid-in capital	0.0	0.0	0.4	637.2
Net cash flow from financing activities	**58.4**	**(49.3)**	**(38.8)**	**818.2**
Net cash flow	**(5.8)**	**(136.1)**	**(84.8)**	**(156.4)**
Cash and deposits at beginning of period	147.2	283.3	303.6	303.6
Cash and deposits at end of period	**141.4**	**147.2**	**218.8**	**147.2**

Statement of changes in equity

(Unaudited figures in USD million)	Q1 07	Q4 06	Q1 06	2006
Equity at beginning of period	1 089.7	1 196.1	435.0	435.0
Net profit	16.1	32.4	30.7	128.1
Dividends	0.0	(147.0)	0.0	(177.7)
Issue of share capital	0.0	0.0	0.4	637.2
Unrealised gain on financial assets	0.0	8.6	0.0	68.6
Foreign currency translation	3.6	(0.4)	(0.8)	(1.5)
Equity at end of period	**1 109.4**	**1 089.7**	**465.3**	**1 089.7**

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 - Segments:

Offshore Support Services	**Q1 07**	**Q4 06**	**Q1 06**	**2006**
Operating revenues	66.4	77.3	51.5	272.6
Operating expenses	(28.7)	(27.9)	(19.7)	(113.6)
Operating profit before depreciation	**37.7**	**49.4**	**31.8**	**159.0**
Depreciation	(11.3)	(13.0)	(8.4)	(41.7)
Operating profit	**26.4**	**36.4**	**23.4**	**117.3**
Total assets	1 170.2	1 591.6	743.6	1 591.6

Floating Production	**Q1 07**	**Q4 06**	**Q1 06**	**2006**
Operating revenues	21.7	25.8	23.4	92.6
Operating expenses	(8.5)	(12.0)	(10.6)	(39.1)
Operating profit before depreciation	**13.2**	**13.8**	**12.8**	**53.5**
Depreciation	(3.9)	(4.2)	(3.3)	(15.7)
Operating profit	**9.3**	**9.6**	**9.5**	**37.8**
Total assets	850.1	774.0	566.3	774.0

Corporate and eliminations	**Q1 07**	**Q4 06**	**Q1 06**	**2006**
Operating revenues	0.1	0.1	0.2	0.4
Operating expenses	(2.7)	(1.3)	(1.4)	(5.2)
Operating profit before depreciation	**(2.6)**	**(1.2)**	**(1.2)**	**(4.8)**
Depreciation	(0.1)	(0.1)	(0.1)	(0.3)
Operating profit	**(2.7)**	**(1.3)**	**(1.3)**	**(5.1)**
Total assets	197.2	(219.7)	(186.7)	(219.7)

Prosafe Group	**Q1 07**	**Q4 06**	**Q1 06**	**2006**
Operating revenues	88.2	103.2	75.1	365.6
Operating expenses	(39.9)	(41.2)	(31.7)	(157.9)
Operating profit before depreciation	**48.3**	**62.0**	**43.4**	**207.7**
Depreciation	(15.3)	(17.3)	(11.8)	(57.7)
Operating profit	**33.0**	**44.7**	**31.6**	**150.0**
Total assets	2 217.5	2 145.9	1 123.2	2 145.9

Key figures

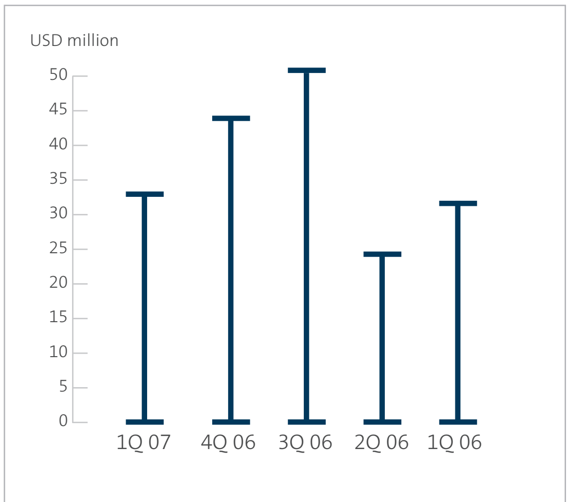
	Note	Q1 07	Q4 06	Q1 06	2006
Operating margin	1	37.4%	43.3%	42.1%	41.0%
Equity ratio	2	50.0%	50.8%	41.4%	50.8%
Return on equity	3	8.2%	11.3%	27.3%	16.8%
Return on capital employed	4	10.0%	10.3%	15.5%	11.6%
Net interest bearing debt (USD million)	5	704.6	491.7	165.3	491.7
Cash flow (USD million)	6	42.9	19.1	111.2	232.8
Cash flow per share (USD)	7	0.19	0.08	3.26	1.16
Number of shares (1 000 shares)		229 937	229 937	34 117	229 937
Average no. of outstanding shares (1 000 shares)		229 827	229 827	34 081	201 283
Av. no. of outst. and potential shares (1 000 shares)		229 827	229 827	34 093	201 295
USD/NOK exchange rate at end of period		6.10	6.26	6.58	6.26
Share price (NOK)		93.00	88.50	68.50	88.50
Share price (USD)		15.25	14.14	10.41	14.14
Market capitalisation (NOK million)		21 384	20 349	11 685	20 349
Market capitalisation (USD million)		3 506	3 251	1 776	3 251

Notes to key figures

Previously reported number of outstanding shares have been adjusted to reflect the 5-for-1 share split effective 27 Dec 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 - Average interest-free debt)]
5 Interest-bearing debt - Cash and deposits
6 Cash flow from operating activities
7 Cash flow / Average no of outstanding and potential shares

Operating profit



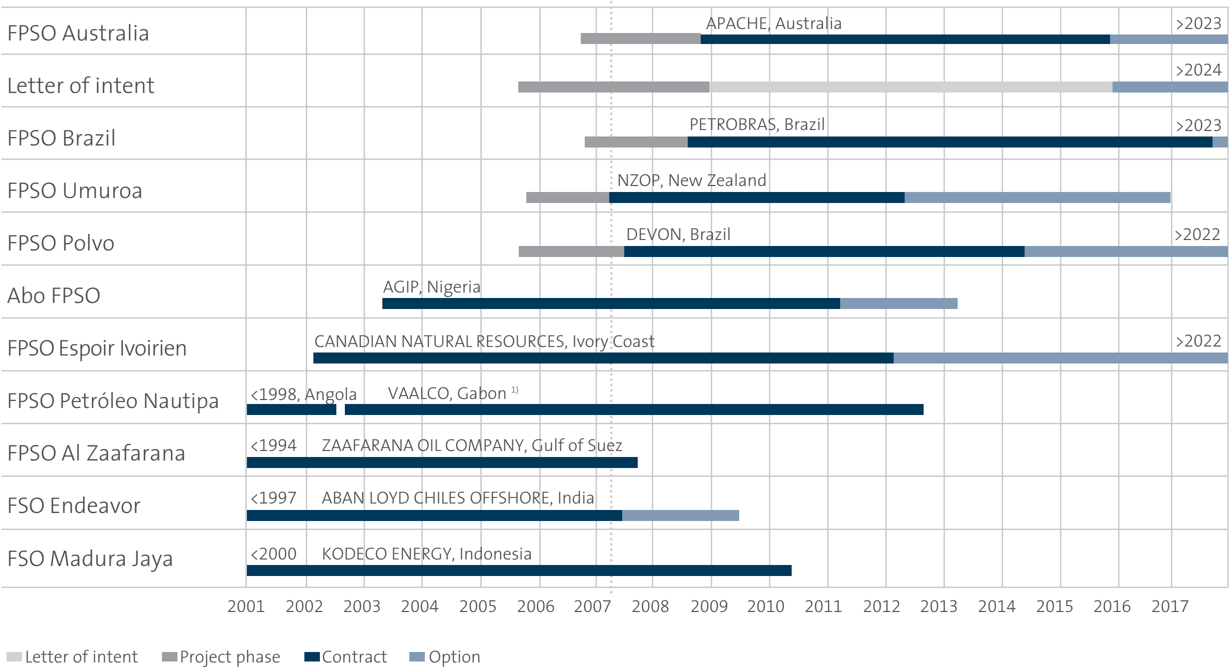
Shareholders

as at 07.05.2007	No of shares	Ownership
BW Group	55 932 990	24.3%
Folketrygdfondet	14 239 935	6.2%
Euroclear Bank (nom)	12 790 881	5.6%
UBS (nom)	10 763 750	4.7%
Cater Allen International Ltd	9 112 400	4.0%
State Street Bank & Trust (nom)	6 993 352	3.0%
JP Morgan Chase Bank (nom)	5 918 022	2.6%
Brown Brothers Harriman	3 753 276	1.6%
Pareto	3 683 850	1.6%
Morgan Stanley (nom)	3 622 890	1.6%
Total 10 largest shareholders	**126 811 346**	**55.2%**

Total no of shares: 229 936 790
Foreign holding: 79.1%

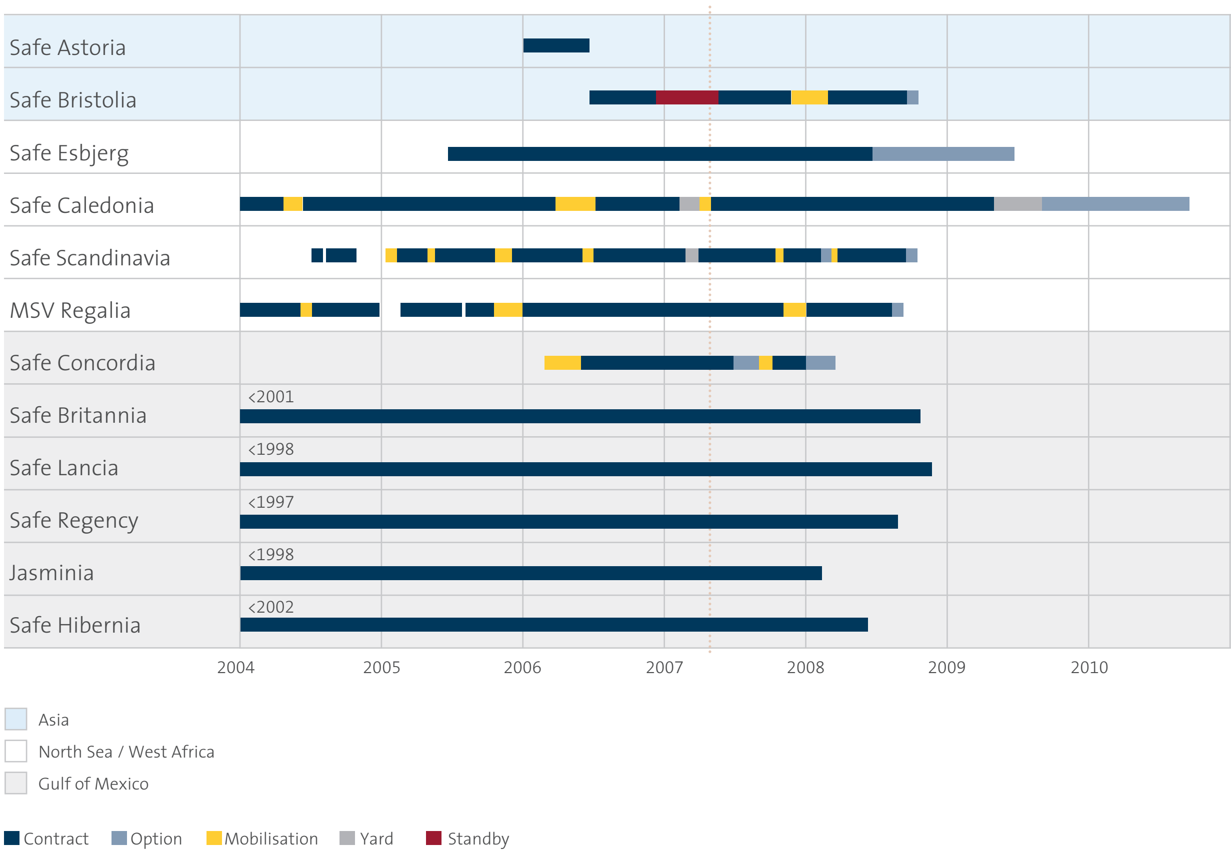
Contracts

Floating Production



[1] *The contract runs until September 2012, but the client may terminate the contract with effect from September 2011*

Offshore Support Services



Design: Bouvet. Photo: Tom Haga. Print: Bryne Offset.

A PRIORITERT
PRIORITAIRE

DISTRIBUERT AV POSTEN NORGE

NORGE P.P.

Prosafe

Prosafe SE
Nedre Holmeg. 30-34
P O Box 559 Sentrum
N-4003 Stavanger
Telephone: +47 51 64 25 00
Telefax: +47 51 64 25 01
mail@prosafe.com

www.prosafe.com