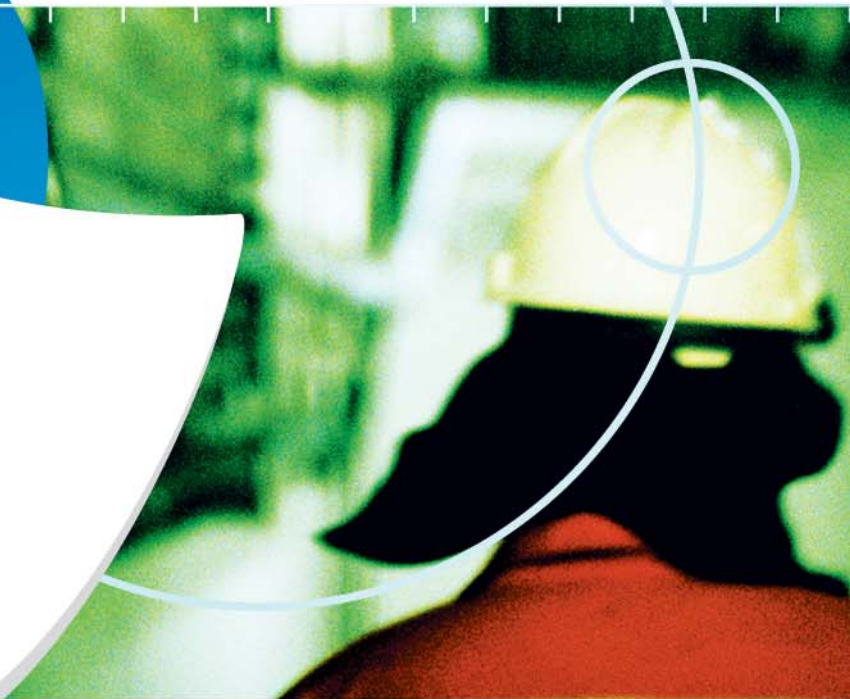




Prosaf



Second quarter 2007

Second quarter 2007

Main figures

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

Operating profit for the second quarter came to USD 48.9 million (USD 23.0 million). Operating profit in Offshore Support Services increased by USD 26.7 million, and in Floating Production by USD 1.3 million. Corporate costs increased by USD 2.1 million due to costs relating to the relocation to Cyprus and increased provision relating to the company's share option plan.

Net profit for the second quarter amounted to USD 46.2 million (USD 30.1 million), and diluted earnings per share equalled USD 0.20 (USD 0.21). Interest expenses have increased by USD 8.4 million, which reflects the strong growth within Floating Production and the acquisition of Consafe Offshore in July 2006. Taxes for the period were USD 2.4 million positive (USD 2.6 million negative), due to reversal of previously accrued deferred tax in the parent company mainly relating to unrealised gain on its USD debt. The deferred tax has been reversed as a consequence of the resolution by the extraordinary general meeting on 4 July to relocate the company from Norway to Cyprus.

Operating profit for the first half-year came to USD 81.9 million (USD 54.6 million). Net profit for the first half equalled USD 62.3 million (USD 60.8 million), and diluted earnings per share were USD 0.27 (USD 0.35).

Total assets at 30 June amounted to USD 2 336.4 million (USD 1 846.8 million), while the equity ratio declined to 47.5 per cent (53.3 per cent). At the same time, more than USD 800 million of the capital was not generating income in the period. Specifically, this relates to ongoing FPSO conversion projects which will generate income in future periods, and to the shares in Teekay Petrojarl ASA.

During the second quarter, the company's interest-bearing debt has increased by USD 120 million, out of which USD 20 million is included in the company's main bank loan facility. The remaining USD 100 million is a short-term unsecured note loan. Net interest-bearing debt at the end of the period was USD 851 million.

Dividends totalling USD 48 million were paid to the shareholders in May following the resolution by the annual general meeting on the 4th of May. Including the special dividend which was resolved by the extraordinary general meeting in December last year, which was paid in January this year, the total dividend payments so far in 2007 amount to USD 195 million. As described in the report for the first quarter, the board will propose to distribute an additional 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 payments.

Offshore Support Services

Operating profit in the second quarter came to USD 41.4 million (USD 14.7 million). Utilisation of the rig fleet was 88 per cent (86 per cent). In addition to the increased utilisation, the improvement reflects the expanded rig fleet in Offshore Support Services following the acquisition of Consafe Offshore in July 2006, but also higher dayrates.

Safe Caledonia commenced on the two-year contract with Total on Elgin/Franklin in late May. *Safe Scandinavia* started on the contract with Statoil on Snorre in mid April. *Safe Bristolia* was on stand-by rate during the winter season in Sakhalin until mid May, and has been on full day rate since.

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 second quarter.

Floating Production

Operating profit for the second quarter amounted to USD 10.4 million (USD 9.1 million). This improvement reflects higher capitalisation of engineering costs due to the high number of ongoing conversion projects. No revenues from the two recently completed FPSOs, FPSO *Polvo* and FPSO *Umuroa*, have been recognised in the second quarter.

Outlook

Offshore Support Services

During the second quarter, the activity level in the business division increased with the *Safe Bristolia* and *Safe Caledonia* coming into full operation. In the third and fourth quarter of 2007 the fleet utilisation is expected to remain high.

The *MSV Regalia* is working for Total in Angola, and is expected to complete the operation at the end of October. The vessel will then return to the North Sea and start its decommissioning assignment towards the end of January 2008.

The *Safe Scandinavia* is in operation at the Snorre field for Statoil. The contract will be completed at the end of September. The vessel will then mobilise and start its next assignment in the first half of October.

Safe Bristolia commenced the 185-day contract at Sakhalin mid May. Upon completion of the contract in November the vessel will be mobilised to the North Sea, and will be ready for its new assignment starting March 2008.

Safe Caledonia started a two-year contract for Total in May. For the five long-term contracts in Mexico and for *Safe Esbjerg*, the operations are expected to remain uninterrupted for the coming quarters. *Safe Astoria* remains in Tasmania and is currently marketed towards several prospects.

Safe Concordia is currently in operation in the Gulf of Mexico. The current contract has option periods which extend to August and the start-up on the Tahiti spar is scheduled to be in the first part of the fourth quarter.

The industry activity indicates a significant increase in the number of new fields coming on-stream in the next five-year period. Also a higher activity level is expected in relation to offshore maintenance programs and decommissioning projects. Based on identified projects, demand for semi-submersible service and accommodation units looks very firm from 2008 to 2011.

Floating Production

The conversions of the FPSO *Umuroa* and FPSO *Polvo* have been completed, and the vessels arrived in their respective fields according to schedule in the second quarter. Installation has since been completed and production has commenced, after some short delays influenced by stormy weather in New Zealand and a general strike at the state-run environmental agency in Brazil.

The three new conversion contracts are progressing according to schedule. *M/T Europe*, which is being utilised for an undisclosed client, is at the Keppel Benoi shipyard. The *M/T Navarin*, to be used for Petrobras' Cidade de Sao Mateus project, is in the Keppel Tuas shipyard, and *M/T Kudam*, to be used for Apache's van Gogh project, is in the Keppel Subic shipyard. The projects are scheduled to be completed around the end of 2008.

The contract for the FSO *Endeavor* was renegotiated in the early part of the third quarter. The extension is for a two-year period and will increase the profitability of the unit.

Prosafe has over the last two years invested in systems for improved project management and has actively recruited personnel for increased project capacity. The increased size and competence of the organisation facilitates a continued expansion of the business. Following the completion of the *Umuroa* and *Polvo* conversions, further resources have been freed up for new project work. Prosafe will continue to pursue new opportunities, and is targeting one project award around year-end 2007 and another award in the first half of 2008.

High activity level on the fields already in operation presents an opportunity for value enhancing projects relating to modifications and upgrades of existing units. Prosafe foresees a significant increase in the amount of such work during the next two to three years, leading to increased turnover and profitability.

Oslo, 8 August 2007
The board of directors of Prosafe SE

Income statement

(Unaudited figures in USD million)	Q2 07	Q1 07	Q2 06	H1 07	H1 06	2006
Operating revenues	118.8	88.2	75.3	207.0	150.4	365.6
Operating expenses	(54.0)	(39.9)	(39.8)	(93.9)	(71.5)	(157.9)
Operating profit before depreciation	64.8	48.3	35.5	113.1	78.9	207.7
Depreciation	(15.9)	(15.3)	(12.5)	(31.2)	(24.3)	(57.7)
Operating profit	48.9	33.0	23.0	81.9	54.6	150.0
Interest income	1.6	1.9	1.3	3.5	2.7	8.5
Interest expenses	(13.8)	(12.3)	(5.4)	(26.1)	(10.5)	(32.1)
Other financial items	7.1	1.9	13.8	5.2	18.0	16.6
Net financial items	(5.1)	(12.3)	9.7	(17.4)	(10.2)	(7.0)
Profit before taxes	43.8	20.7	32.7	64.5	64.8	143.0
Taxes	2.4	(4.6)	(2.6)	(2.2)	(4.0)	(14.9)
Net profit	46.2	16.1	30.1	62.3	60.8	128.1
EPS, basic and diluted (USD)¹⁾	0.20	0.07	0.21	0.27	0.35	0.64

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

Balance sheet

(Unaudited figures in USD million)	30.06.07	31.03.07	31.12.06	30.06.06
Goodwill	355.0	355.0	355.0	348.7
Rigs	760.3	753.8	763.4	780.3
Ships	701.2	631.0	538.7	413.2
Other non-current assets	281.3	271.5	262.4	9.0
Total non-current assets	2 097.8	2 011.3	1 919.5	1 551.2
Cash and deposits	117.6	141.4	147.2	210.9
Other current assets	121.0	64.8	79.2	84.7
Total current assets	238.6	206.2	226.4	295.6
Total assets	2 336.4	2 217.5	2 145.9	1 846.8

(Unaudited figures in USD million)	30.06.07	31.03.07	31.12.06	30.06.06
Share capital	63.9	63.9	63.9	60.6
Other equity	1 045.9	1 045.5	1 025.8	923.5
Total equity	1 109.8	1 109.4	1 089.7	984.1
Interest-free long-term liabilities	91.6	104.0	101.7	132.2
Interest-bearing long-term debt	862.8	813.8	622.0	495.6
Total long-term liabilities	954.4	917.8	723.7	627.8
Dividends payable	0.0	0.0	147.0	0.0
Other interest-free current liabilities	166.4	158.1	168.6	184.9
Current interest-bearing debt	105.8	32.2	16.9	50.0
Total current liabilities	272.2	190.3	332.5	234.9
Total equity and liabilities	2 336.4	2 217.5	2 145.9	1,846.8

Cash flow statement

(Unaudited figures in USD million)	Q2 07	Q1 07	Q2 06	H1 07	H1 06	2006
Profit before taxes	48.4	16.1	32.7	64.5	64.8	143.0
Unrealised currency (gain)/loss on long-term debt	2.2	1.7	4.1	3.9	6.2	6.1
Depreciation	15.9	15.3	12.5	31.2	24.3	57.7
Change in working capital	(47.9)	3.9	5.1	(44.0)	69.1	58.3
Other items from operating activities	(12.5)	5.9	2.0	(6.6)	3.2	(32.3)
Net cash flow from operating activities	6.1	42.9	56.4	49.0	167.6	232.8
Acquisition of tangible assets	(102.4)	(107.1)	(717.1)	(209.5)	(874.3)	(1 023.2)
Acquisition of financial assets	0.0	0.0	0.0	0.0	0.0	(184.2)
Net cash flow from investing activities	(102.4)	(107.1)	(717.1)	(209.5)	(874.3)	(1 207.4)
Proceeds from new interest-bearing debt	120.4	220.0	157.5	340.4	158.3	749.9
Repayment of interest-bearing debt	0.0	(14.6)	0.0	(14.6)	(9.8)	(508.0)
Dividends paid	(47.9)	(147.0)	(30.7)	(194.9)	(60.9)	(60.9)
Paid-in capital	0.0	0.0	526.0	0.0	526.4	637.2
Net cash flow from financing activities	72.5	58.4	652.8	130.9	614.0	818.2
Net cash flow	(23.8)	(5.8)	(7.9)	(29.6)	(92.7)	(156.4)
Cash and deposits at beginning of period	141.4	147.2	218.8	147.2	303.6	303.6
Cash and deposits at end of period	117.6	141.4	210.9	117.6	210.9	147.2

Statement of changes in equity

(Unaudited figures in USD million)	Q2 07	Q1 07	Q2 06	H1 07	H1 06	2006
Equity at beginning of period	1 109.4	1 089.7	465.3	1 089.7	435.0	435.0
Net profit	46.2	16.1	30.1	62.3	60.8	128.1
Dividends	(47.9)	0.0	(30.7)	(47.9)	(30.7)	(177.7)
Issue of share capital	0.0	0.0	526.0	0.0	526.4	637.2
Unrealised gain on financial assets	0.0	0.0	0.0	0.0	0.0	68.6
Foreign currency translation	2.1	3.6	(6.6)	5.7	(7.4)	(1.5)
Equity at end of period	1 109.8	1 109.4	984.1	1 109.8	984.1	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	Q2 07	Q1 07	Q2 06	H1 07	H1 06	2006
Operating revenues	95.8	66.4	53.0	162.2	104.5	272.6
Operating expenses	(43.0)	(28.7)	(30.0)	(71.7)	(49.7)	(113.6)
Operating profit before depreciation	52.8	37.7	23.0	90.5	54.8	159.0
Depreciation	(11.4)	(11.3)	(8.3)	(22.7)	(16.7)	(41.7)
Operating profit	41.4	26.4	14.7	67.8	38.1	117.3
Total assets	882.0	1 170.2	1 471.8	882.0	1 471.8	1 591.6

Floating Production	Q2 07	Q1 07	Q2 06	H1 07	H1 06	2006
Operating revenues	22.9	21.7	22.2	44.6	45.6	92.6
Operating expenses	(8.1)	(8.5)	(9.0)	(16.6)	(19.6)	(39.1)
Operating profit before depreciation	14.8	13.2	13.2	28.0	26.0	53.5
Depreciation	(4.4)	(3.9)	(4.1)	(8.3)	(7.4)	(15.7)
Operating profit	10.4	9.3	9.1	19.7	18.6	37.8
Total assets	908.3	850.1	649.8	908.3	649.8	774.0

Corporate and eliminations	Q2 07	Q1 07	Q2 06	H1 07	H1 06	2006
Operating revenues	0.1	0.1	0.1	0.2	0.3	0.4
Operating expenses	(2.9)	(2.7)	(0.8)	(5.6)	(2.2)	(5.2)
Operating profit before depreciation	(2.8)	(2.6)	(0.7)	(5.4)	(1.9)	(4.8)
Depreciation	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)
Operating profit	(2.9)	(2.7)	(0.8)	(5.6)	(2.1)	(5.1)
Total assets	546.1	197.2	(274.8)	546.1	(274.8)	(219.7)

Prosafe Group	Q2 07	Q1 07	Q2 06	H1 07	H1 06	2006
Operating revenues	118.8	88.2	75.3	207.0	150.4	365.6
Operating expenses	(54.0)	(39.9)	(39.8)	(93.9)	(71.5)	(157.9)
Operating profit before depreciation	64.8	48.3	35.5	113.1	78.9	207.7
Depreciation	(15.9)	(15.3)	(12.5)	(31.2)	(24.3)	(57.7)
Operating profit	48.9	33.0	23.0	81.9	54.6	150.0
Total assets	2 336.4	2 217.5	1 846.8	2 336.4	1 846.8	2 145.9

Key figures

	Note	Q2 07	Q1 07	Q2 06	H1 07	H1 06	2006
Operating margin	1	41.2%	37.4%	30.5%	39.6%	36.3%	41.0%
Equity ratio	2	47.5%	50.0%	53.3%	47.5%	53.3%	50.8%
Return on equity	3	16.7%	8.2%	16.6%	11.3%	17.1%	16.8%
Return on capital employed	4	10.0%	10.0%	8.2%	8.6%	9.6%	11.6%
Net interest bearing debt (USD million)	5	851.0	704.6	334.7	851.0	334.7	491.7
Cash flow (USD million)	6	6.1	42.9	56.4	49.0	167.6	232.8
Cash flow per share (USD)	7	0.03	0.19	0.31	0.21	0.96	1.16
Number of shares (1 000 shares)		229 937	229 937	219 549	229 937	219 549	229 937
Average no. of outstanding shares (1 000 shares)		229 827	229 827	179 990	229 827	175 196	201 283
Av. no. of outst. and potential shares (1 000 shares)		229 827	229 827	179 990	229 827	175 214	201 295
USD/NOK exchange rate at end of period		5.90	6.10	6.24	5.90	6.24	6.26
Share price (NOK)		94.50	93.00	76.00	94.50	76.00	88.50
Share price (USD)		16.02	15.25	12.18	16.02	12.18	14.14
Market capitalisation (NOK million)		21 729	21 384	16 686	21 729	16 686	20 349
Market capitalisation (USD million)		3 683	3 506	2 674	3 683	2 674	3 251

Notes to key figures

Previously reported number of outstanding shares has 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]

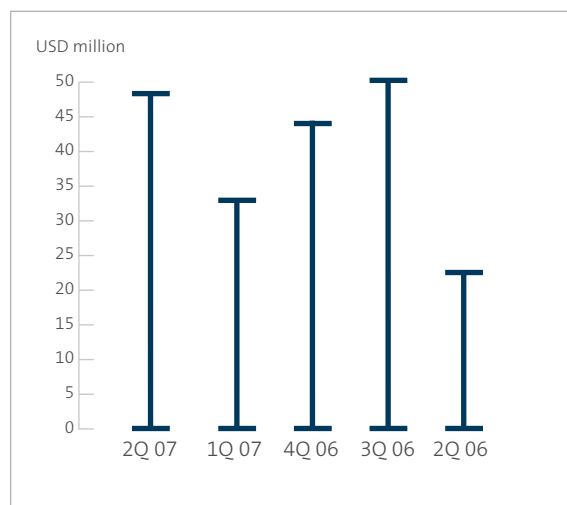
4 Annualised [(EBIT + Interest income) / (Average total assets - Average interest-free debt)]

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 23.07.2007

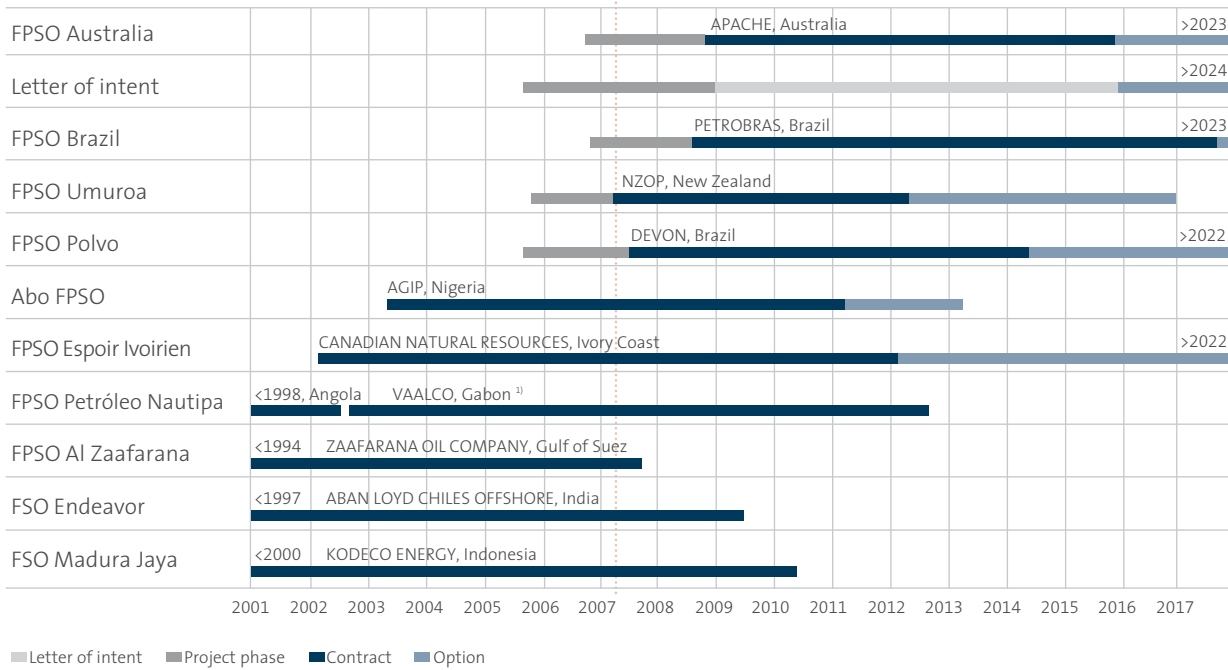
	No of shares	Ownership
BW Group	55 932 990	24.3%
UBS (nom.)	17 742 555	7.7%
Folketrygdfondet	14 252 435	6.2%
Brown Brothers Harriman	12 224 268	5.3%
State Street Bank & Trust (nom.)	7 423 566	3.2%
GMO	5 183 785	2.3%
JP Morgan Chase Bank (nom.)	4 971 059	2.2%
Pareto	3 783 250	1.6%
Vital	3 311 171	1.4%
Goldman Sachs (nom.)	3 257 245	1.4%
Total 10 largest shareholders	128 082 324	55.7%

Total no of shares: 229 936 790

Foreign holding: 78.8%

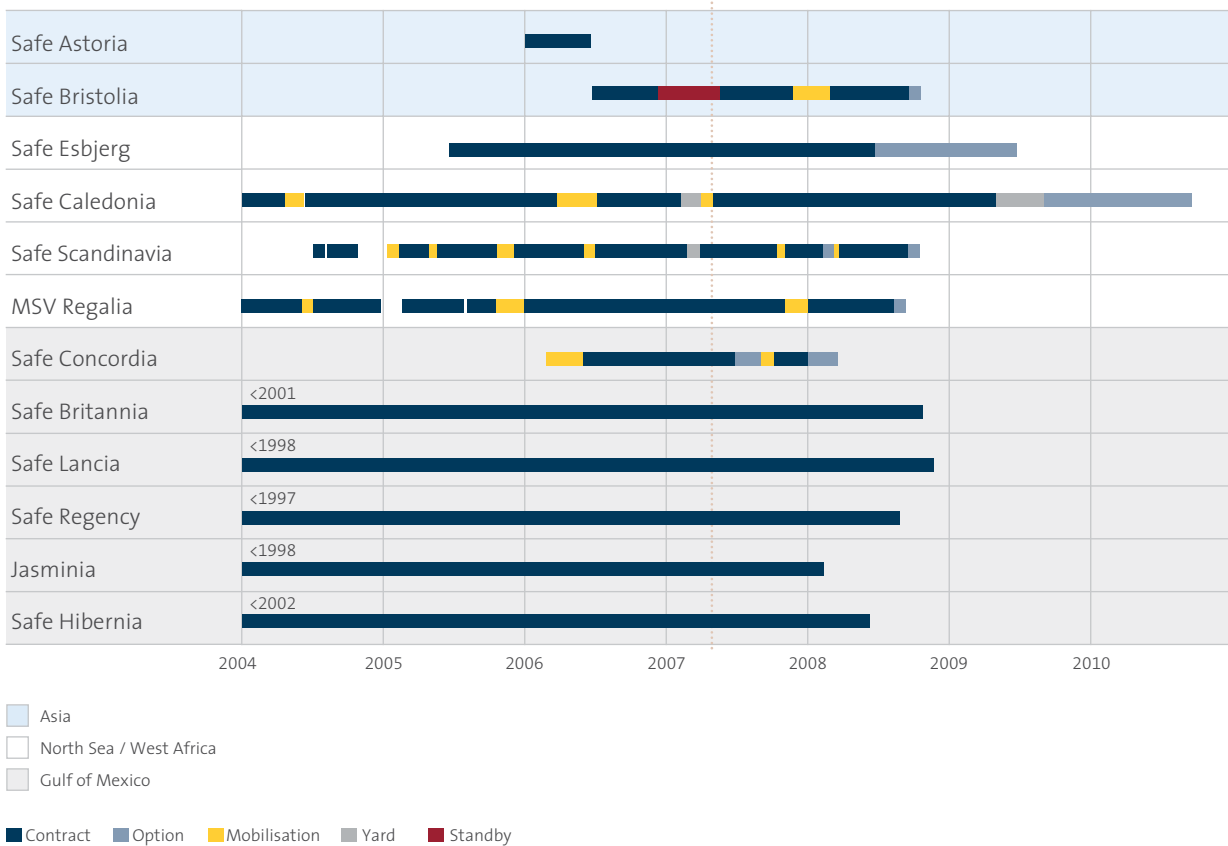
Contracts

Floating Production

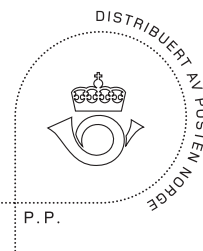


¹⁾The contract runs until September 2012, but the client may terminate the contract with effect from September 2011

Offshore Support Services



A PRIORITERT
PRIORITAIRE



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