

## FOURTH QUARTER 2007

### Main figures

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

Operating profit for 2007 increased to USD 222.2 million (USD 150 million), which is the best result ever for Prosafe. This improvement reflects higher day rates and a full year of operation for the rigs acquired through the acquisition of Consafe Offshore AB in mid 2006, and the commencement of two new FPSO contracts in the third quarter 2007.

Net financial expenses for 2007 increased to USD 64.5 million (USD 7 million) due to higher interest costs resulting from new interest-bearing debt obtained in connection with the ongoing growth in Floating Production. In addition, the accounts for 2007 have been charged with an unrealised currency loss of USD 10.2 million relating to the NOK bond loan. Taxes for 2007 amounted to USD 14.0 million (USD 14.9 million). Net profit for 2007 was USD 143.7 million (USD 128.1 million) and diluted earnings per share were USD 0.63 (USD 0.64).

Operating profit for the fourth quarter came to USD 70 million (USD 44.7 million). Operating profit in Offshore Support Services increased by USD 14.3 million to USD 50.7 million, and in Floating Production by USD 13.7 million to USD 23.3 million. Corporate costs increased by USD 2.7 million due to costs relating to the company's share option plan and legal fees in connection with the possible split of the company.

Net financial expenses for the fourth quarter were USD 30.8 million (USD 5.1 million), reflecting higher interest costs, reduced market value of interest rate swaps and unrealised currency losses on loans denominated in NOK. Net profit for the fourth quarter amounted to USD 35.4 million (USD 32.4 million), and earnings per share equalled USD 0.15 (USD 0.14).

Total assets at 31 December amounted to USD 2 624 million (USD 2 145.9 million), while the book equity ratio declined to 39.6 per cent (50.8 per cent) due to the dividend payments during 2007 totalling NOK 5 per share.

### Offshore Support Services

Operating revenues in Offshore Support Services amounted to USD 376.1 million for 2007 (USD 272.6 million), while operating profit came to USD 175.8 million (USD 117.3 million). The utilisation ratio for the rig fleet in 2007 was 88 per cent (92 per cent). The improvement reflects higher day rates and a full year of operation for the rigs acquired through the acquisition of Consafe Offshore AB in mid 2006.

Operating profit in the fourth quarter came to USD 50.7 million (USD 36.4 million). This improvement reflects significantly higher dayrates. Utilisation of the rig fleet was 86 per cent (92 per cent).

In the fourth quarter, *Safe Caledonia* continued on the two-year contract with Total on Elgin/Franklin which began in May this year. After completion of the contract on Snorre, *Safe Scandinavia* commenced on the contract with ConocoPhillips in the UK sector. In November, *Safe Bristolia* completed the contract off Sakhalin, whilst MSV *Regalia* completed the work off Angola. All six rigs working in the Gulf of Mexico have been in regular operation throughout the fourth quarter.

### Floating Production

Floating Production generated revenues of USD 150.4 million in 2007 (USD 92.6 million), and an operating profit of USD 59.2 million (USD 37.8 million). This improvement reflects the commencement of the contracts for FPSO *Polvo* and FPSO *Umuroa*, which started to generate revenue in the third quarter.

Operating profit for the fourth quarter amounted to USD 23.3 million (USD 9.6 million). The main contributing factor to this improvement was the two new FPSO operations.

### Split of the company

The board of directors resolved on 6 December to initiate a process intending to split the company into two listed companies, one focused offshore support rig company and one focused floating production company. The board of directors are still evaluating

the details of the split model. The intention is to distribute the shares in Floating Production to the shareholders as a dividend. The split process, including listing of the new entity, is expected to be completed in the second quarter of 2008.

### **Dividend for 2007**

In previous years, Prosafe has communicated the proposed dividend in the fourth quarter report. This year, the dividend proposal will be made in conjunction with the final determination of the split model.

### **Outlook**

#### **Offshore Support Services**

In the fourth quarter of 2007 the utilisation level fell to 86% from 92% in the third quarter. The lower utilisation was due to the mobilisation of the vessels MSV *Regalia* and *Safe Bristolia*. The MSV *Regalia* was mobilised from Angola to the North Sea, where she will be operating for Aker Kværner from the start of February. *Safe Bristolia* is scheduled to commence operations in the UK mid March.

*Safe Scandinavia* is likely to be operating for ConocoPhillips in the UK until early March, and will thereafter transfer to Norway and will commence operations for Statoil towards the end of the quarter.

*Safe Caledonia* and *Safe Esbjerg* will be continuing their employment in the UK and Denmark respectively. The contract for *Safe Caledonia* runs until 2010, whilst the firm period of the contract for *Safe Esbjerg* ends in the middle of the second quarter of 2008. For *Safe Esbjerg* the client has two times six months options.

*Safe Astoria* is on a stand-by rate in relation to the contract at Sakhalin. The operating period is expected to commence in the second quarter.

The vessels in Mexico are expected to continue with uninterrupted operations during the first half of 2008. Prosafe has recently been awarded a letter of intent for the five rigs currently working on five-year contracts at the Cantarell field for Pemex in Mexico. The dayrates have been increased by 103 per cent compared to the current contracts.

The general market outlook remains very positive. Demand is expected to remain firm in the coming years, with substantial work expected in relation to upgrades and modifications of existing installations. The recent contracts for *Safe Bristolia*, MSV *Regalia* and the amended contract for *Safe Concordia* in the US Gulf of Mexico confirm a continued increase in the dayrates for advanced accommodation and service rigs.

#### **Floating Production**

The fourth quarter of 2007 represented the first period with full impact from the recently converted vessels FPSO *Umuroa* and FPSO *Polvo*. In 2008 the financial performance will largely be determined by the fleet already in operation. The three vessels under conversion, the *Cidade de Sao Mateus* FPSO, the *Ningaloo Vision* FPSO and the *Azurite* FPSO are scheduled to be delivered towards the end of the year, and as such will largely impact earnings levels from 2009 and onwards.

In 2007 the FPSO industry experienced a slowdown relative to the number of awards in 2005 and 2006. During the latter part of the year, and in the early part of 2008 the interest from clients is again increasing. Prosafe is now in a process of freeing up resources which can be utilised on new conversion projects. The ambition of securing two new projects in 2008 remains firm, whilst at the same time it is expected that there will be continued project opportunities in relation to the existing fleet.

Larnaca, 12 February 2008

The board of directors of Prosafe SE

## INCOME STATEMENT

(Unaudited figures in USD million)	Q4 07	Q3 07	Q4 06	2007	2006
Operating revenues	170.5	149.6	103.2	527.1	365.6
Operating expenses	(75.4)	(55.6)	(41.2)	(224.9)	(157.9)
<b>Operating profit before depreciation</b>	<b>95.1</b>	<b>94.0</b>	<b>62.0</b>	<b>302.2</b>	<b>207.7</b>
Depreciation	(25.1)	(23.7)	(17.3)	(80.0)	(57.7)
<b>Operating profit</b>	<b>70.0</b>	<b>70.3</b>	<b>44.7</b>	<b>222.2</b>	<b>150.0</b>
Interest income	1.8	1.6	3.6	6.9	8.5
Interest expenses	(18.8)	(15.6)	(11.1)	(60.5)	(32.1)
Other financial items	(13.8)	(2.3)	2.4	(10.9)	16.6
<b>Net financial items</b>	<b>(30.8)</b>	<b>(16.3)</b>	<b>(5.1)</b>	<b>(64.5)</b>	<b>(7.0)</b>
<b>Profit before taxes</b>	<b>39.2</b>	<b>54.0</b>	<b>39.6</b>	<b>157.7</b>	<b>143.0</b>
Taxes	(3.8)	(8.0)	(7.2)	(14.0)	(14.9)
<b>Net profit</b>	<b>35.4</b>	<b>46.0</b>	<b>32.4</b>	<b>143.7</b>	<b>128.1</b>
<b>EPS, basic and diluted (USD)</b>	<b>0.15</b>	<b>0.20</b>	<b>0.14</b>	<b>0.63</b>	<b>0.64</b>

## BALANCE SHEET

(Unaudited figures in USD million)	31.12.07	30.09.07	31.12.06
Goodwill	355.0	355.0	355.0
Rigs	749.6	748.4	763.4
Ships	926.5	824.8	538.7
Other non-current assets	304.6	309.7	262.4
<b>Total non-current assets</b>	<b>2 335.7</b>	<b>2 237.9</b>	<b>1 919.5</b>
Cash and deposits	162.0	142.6	147.2
Other current assets	126.3	112.1	79.2
<b>Total current assets</b>	<b>288.3</b>	<b>254.7</b>	<b>226.4</b>
<b>Total assets</b>	<b>2 624.0</b>	<b>2 492.6</b>	<b>2 145.9</b>
Share capital	63.9	63.9	63.9
Other equity	974.7	1 093.7	1 025.8
<b>Total equity</b>	<b>1 038.6</b>	<b>1 157.6</b>	<b>1 089.7</b>
Interest-free long-term liabilities	97.0	103.4	101.7
Interest-bearing long-term debt	1 184.1	937.5	622.0
<b>Total long-term liabilities</b>	<b>1 281.1</b>	<b>1 040.9</b>	<b>723.7</b>
Dividends payable	0.0	0.0	147.0
Other interest-free current liabilities	137.3	145.5	168.6
Current interest-bearing debt	167.0	148.6	16.9
<b>Total current liabilities</b>	<b>304.3</b>	<b>294.1</b>	<b>332.5</b>
<b>Total equity and liabilities</b>	<b>2 624.0</b>	<b>2 492.6</b>	<b>2 145.9</b>

## CASH FLOW STATEMENT

(Unaudited figures in USD million)	Q4 07	Q3 07	Q4 06	2007	2006
Profit before taxes	39.2	54.0	39.6	157.7	143.0
Unrealised currency loss on long-term debt	1.8	4.5	3.1	10.2	6.1
Depreciation	25.1	23.7	17.3	80.0	57.7
Change in working capital	(22.4)	(12.0)	(7.9)	(78.4)	58.3
Other items from operating activities	(6.4)	5.6	(33.0)	(7.4)	(32.3)
<b>Net cash flow from operating activities</b>	<b>37.3</b>	<b>75.8</b>	<b>19.1</b>	<b>162.1</b>	<b>232.8</b>
Acquisition of tangible assets	(121.2)	(141.1)	(101.4)	(456.6)	(1 023.2)
Acquisition of financial assets	0.0	0.0	(4.5)	0.0	(184.2)
Translation difference financial assets	(1.7)	(22.7)	0.0	(39.6)	0.0
<b>Net cash flow from investing activities</b>	<b>(122.9)</b>	<b>(163.8)</b>	<b>(105.9)</b>	<b>(496.2)</b>	<b>(1 207.4)</b>
Proceeds from new interest-bearing debt	264.3	113.0	142.0	717.7	749.9
Repayment of interest-bearing debt	(1.1)	0.0	(191.3)	(15.7)	(508.0)
Dividends paid	(158.2)	0.0	0.0	(353.1)	(60.9)
Paid-in capital	0.0	0.0	0.0	0.0	637.2
<b>Net cash flow from financing activities</b>	<b>105.0</b>	<b>113.0</b>	<b>(49.3)</b>	<b>348.9</b>	<b>818.2</b>
<b>Net cash flow</b>	<b>19.4</b>	<b>25.0</b>	<b>(136.1)</b>	<b>14.8</b>	<b>(156.4)</b>
Cash and deposits at beginning of period	142.6	117.6	283.3	147.2	303.6
<b>Cash and deposits at end of period</b>	<b>162.0</b>	<b>142.6</b>	<b>147.2</b>	<b>162.0</b>	<b>147.2</b>

## STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Q4 07	Q3 07	Q4 06	2007	2006
Equity at beginning of period	1 157.6	1 109.8	1 196.1	1 089.7	435.0
Net profit	35.4	46.0	32.4	143.7	128.1
Dividends	(158.2)	0.0	(147.0)	(206.1)	(177.7)
Issue of share capital	0.0	0.0	0.0	0.0	637.2
Unrealised gain on financial assets	0.0	0.0	8.6	0.0	68.6
Foreign currency translation	3.8	1.8	(0.4)	11.3	(1.5)
<b>Equity at end of period</b>	<b>1 038.6</b>	<b>1 157.6</b>	<b>1 089.7</b>	<b>1 038.6</b>	<b>1 089.7</b>

## 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

<b>Offshore Support Services</b>	<b>Q4 07</b>	<b>Q3 07</b>	<b>Q4 06</b>	<b>2007</b>	<b>2006</b>
Operating revenues	106.0	107.9	77.3	376.1	272.6
Operating expenses	(43.6)	(39.0)	(27.9)	(154.3)	(113.6)
<b>Operating profit before depreciation</b>	<b>62.4</b>	<b>68.9</b>	<b>49.4</b>	<b>221.8</b>	<b>159.0</b>
Depreciation	(11.7)	(11.6)	(13.0)	(46.0)	(41.7)
<b>Operating profit</b>	<b>50.7</b>	<b>57.3</b>	<b>36.4</b>	<b>175.8</b>	<b>117.3</b>
Total assets	1 333.4	1 247.8	1 591.6	1 333.4	1 591.6
<b>Floating Production</b>	<b>Q4 07</b>	<b>Q3 07</b>	<b>Q4 06</b>	<b>2007</b>	<b>2006</b>
Operating revenues	64.1	41.7	25.8	150.4	92.6
Operating expenses	(27.6)	(13.4)	(12.0)	(57.6)	(39.1)
<b>Operating profit before depreciation</b>	<b>36.5</b>	<b>28.3</b>	<b>13.8</b>	<b>92.8</b>	<b>53.5</b>
Depreciation	(13.2)	(12.1)	(4.2)	(33.6)	(15.7)
<b>Operating profit</b>	<b>23.3</b>	<b>16.2</b>	<b>9.6</b>	<b>59.2</b>	<b>37.8</b>
Total assets	1 173.4	1 029.9	774.0	1 173.4	774.0
<b>Corporate and eliminations</b>	<b>Q4 07</b>	<b>Q3 07</b>	<b>Q4 06</b>	<b>2007</b>	<b>2006</b>
Operating revenues	0.4	0.0	0.1	0.6	0.4
Operating expenses	(4.2)	(3.2)	(1.3)	(13.0)	(5.2)
<b>Operating profit before depreciation</b>	<b>(3.8)</b>	<b>(3.2)</b>	<b>(1.2)</b>	<b>(12.4)</b>	<b>(4.8)</b>
Depreciation	(0.2)	0.0	(0.1)	(0.4)	(0.3)
<b>Operating profit</b>	<b>(4.0)</b>	<b>(3.2)</b>	<b>(1.3)</b>	<b>(12.8)</b>	<b>(5.1)</b>
Total assets	117.2	214.9	(219.7)	117.2	(219.7)
<b>Prosafe Group</b>	<b>Q4 07</b>	<b>Q3 07</b>	<b>Q4 06</b>	<b>2007</b>	<b>2006</b>
Operating revenues	170.5	149.6	103.2	527.1	365.6
Operating expenses	(75.4)	(55.6)	(41.2)	(224.9)	(157.9)
<b>Operating profit before depreciation</b>	<b>95.1</b>	<b>94.0</b>	<b>62.0</b>	<b>302.2</b>	<b>207.7</b>
Depreciation	(25.1)	(23.7)	(17.3)	(80.0)	(57.7)
<b>Operating profit</b>	<b>70.0</b>	<b>70.3</b>	<b>44.7</b>	<b>222.2</b>	<b>150.0</b>
Total assets	2 624.0	2 492.6	2 145.9	2 624.0	2 145.9

KEY FIGURES	Note	Q4 07	Q3 07	Q4 06	2007	2006
Operating margin	1	41.1 %	47.0 %	43.3 %	42.2 %	41.0 %
Equity ratio	2	39.6 %	46.4 %	50.8 %	39.6 %	50.8 %
Return on equity	3	12.9 %	16.2 %	11.3 %	13.5 %	16.8 %
Return on capital employed	4	12.4 %	13.3 %	10.3 %	10.7 %	11.6 %
Net interest bearing debt (USD million)	5	1 189.1	943.5	491.7	1 189.1	491.7
Cash flow (USD million)	6	37.3	75.8	19.1	162.1	232.8
Cash flow per share (USD)	7	0.16	0.33	0.08	0.71	1.16
Number of shares (1 000 shares)		229 937	229 937	229 937	229 937	229 937
Average no. of outstanding shares (1 000 shares)		229 827	229 827	229 827	229 827	201 283
Av. no. of outst. and potential shares (1 000 shares)		229 827	229 827	229 827	229 827	201 295
USD/NOK exchange rate at end of period		5.41	5.44	6.26	5.41	6.26
Share price (NOK)		94.50	96.20	88.50	94.50	88.50
Share price (USD)		17.47	17.68	14.14	17.47	14.14
Market capitalisation (NOK million)		21 729	22 120	20 349	21 729	20 349
Market capitalisation (USD million)		4 016	4 066	3 251	4 016	3 251

#### 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
- 6 Cash flow from operating activities
- 7 Cash flow / Average no of outstanding and potential shares

#### SHAREHOLDERS AS AT 04.02.2008

	No. of shares	Ownership
BW Offshore	60 932 990	26.5 %
Folketrygdfondet	14 597 735	6.3 %
Brown Brothers Harriman	10 767 634	4.7 %
GMO	7 123 173	3.1 %
UBS (nom.)	6 012 772	2.6 %
State Street Bank & Trust (nom.)	5 177 961	2.3 %
Morgan Stanley (nom.)	4 902 200	2.1 %
Pareto	4 133 450	1.8 %
Mellon Bank (nom.)	4 038 161	1.8 %
JP Morgan Chase Bank (nom.)	4 035 891	1.8 %
<b>Total 10 largest shareholders</b>	<b>121 721 967</b>	<b>52.9 %</b>

Total no. of shares: 229 936 790