



First quarter | 2008

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Split of Prosafe adopted

The annual general meeting adopted on 14 May to distribute 90.1 per cent of the shares in Prosafe Production Public Limited to the shareholders of Prosafe SE.

The last day of trading of Prosafe shares including Prosafe Production Public Limited will be 15 May, and the ex-date for Prosafe will be 16 May. Distribution of the shares is scheduled to take place on 27 May, whereas the first day of listing of Prosafe Production Public Limited is expected to be 2 June.

Main figures

(Figures in brackets refer to the corresponding period of 2007)

In accordance with IFRS, the figures relating to Prosafe Production Public Limited are presented net on a separate line in the income statement of Prosafe SE. Thus, when references are made to prior periods below, these figures are exclusive of the discontinued operations.

Operating profit for the first quarter came to USD 42.0 million (USD 23.7 million). Operating profit in Offshore Support Services increased by USD 11 million to USD 37.4 million. Corporate items showed an operating profit of USD 4.6 million (USD 2.7 million operating loss), which is attributable to a gain of USD 6.8 million on sale of an office building in Norway and a reduction of USD 1.1 million in the provision for share option costs.

Net financial costs amounted to USD 14.8 million (USD 12.9 million). Interest costs on corporate level have not been allocated to discontinued operations for any of the reported periods.

Net profit from continuing operations amounted to USD 24.1 million (USD 7.3 million), corresponding to diluted earnings per share of USD 0.10 (USD 0.03).

Net profit including discontinued operations amounted to USD 52.2 million (USD 16.1 million), which is the equivalent of diluted earnings per share of USD 0.23 (USD 0.07).

Total assets at 31 March amounted to USD 2 852.3 million (USD 2 217.5 million), while the equity ratio declined to 37.5 per cent (50 per cent).

Offshore Support Services

Operating profit in the first quarter came to USD 37.4 million (USD 26.4 million). Utilisation of the rig fleet was 88 per cent (85 per cent). This improvement reflects the higher utilisation and significantly higher dayrates for *MSV Regalia* and *Safe Scandinavia*. Dayrates for *Jasminia* have also increased on renewal of the contract in Gulf of Mexico which expired in February.

All six rigs working in the Gulf of Mexico have been in regular operation throughout the first quarter. The contracts

were renewed in February this year, and the six vessels will continue to operate in the Gulf of Mexico at an uplift of 103 per cent in average dayrates.

MSV Regalia has been mobilised for the contract on *Frigg* in the North Sea which commenced in February. *Safe Scandinavia* completed the contract with ConocoPhillips in March, and was subsequently mobilised to the contract with StatoilHydro which commenced in March. *Safe Caledonia* was engaged on the contract with Total in the North Sea throughout the quarter. *Safe Bristolia* has been on tow from Singapore to the North Sea, whilst *Safe Astoria* has been in dock in Singapore and subsequently in transit to Sakhalin in Russia to replace *Safe Bristolia*.

Floating Production

(discontinued operations)

Operating profit for Floating Production for the first quarter amounted to USD 22.1 million (USD 9.3 million). This improvement reflects the commencement of the contracts for FPSO *Polvo* and FPSO *Umuroa*, which started to generate revenue in the third quarter 2007.

Outlook

In the second quarter the whole fleet will be in operation following some vessel mobilisations in the first quarter. *Safe Astoria* will commence operation on the Sakhalin field early May after being mobilised from Singapore. *Safe Bristolia* commenced operation in the UK in early April. The *Safe Esbjerg* is operating in Denmark, and is expected to roll over from the firm contract period to a six-month option period at the end of the quarter. *Safe Caledonia* is operating on a long-term contract for Total in the UK sector of the North Sea until 2010. *MSV Regalia* commenced a decommissioning contract for Aker Kværner in early February and is expected to operate until the fourth quarter of 2008. *Safe Scandinavia* will be on contract for StatoilHydro in Norway through the second and third quarters.

All vessels in the Gulf of Mexico are expected to be in operation the whole of the second quarter. The *Safe Concordia* will cease operation at the end of June to prepare for the contract for ChevronTexaco commencing mid August.

The general business outlook continues to remain very positive. A high number of offshore projects are expected within the core harsh-environment regions, led by demand relating to upgrade and modification projects. The recent awards for *MSV Regalia* and *Safe Bristolia* confirm the favourable commercial environment and a continued increase in dayrates.

After the split, Prosafe will continue to develop its leading position within Offshore Support Services, and will pursue selective growth within its core business.

The previously communicated dividend policy of distributing approximately 50 per cent of net profit will be implemented in 2009 in relation to profit for 2008.

Larnaca, 14 May 2008

The board of directors of Prosafe SE

Income statement

(Unaudited figures in USD million)	Q1 08	Q4 07	Q1 07	2007
Operating revenues	105.0	106.4	66.5	376.7
Operating expenses	(51.0)	(47.9)	(31.4)	(167.3)
Operating profit before depreciation	54.0	58.5	35.1	209.4
Depreciation	(12.0)	(11.9)	(11.4)	(46.4)
Operating profit	42.0	46.6	23.7	163.0
Interest income	1.1	1.5	1.5	5.6
Interest expenses	(18.3)	(17.3)	(12.3)	(58.8)
Other financial items	2.4	(15.1)	(2.1)	(13.9)
Net financial items	(14.8)	(30.9)	(12.9)	(67.1)
Profit before taxes	27.2	15.7	10.8	95.9
Taxes	(3.1)	0.2	(3.5)	(5.1)
Net profit from continuing operations	24.1	15.9	7.3	90.8
Net profit from discontinued operations	28.1	19.5	8.8	52.9
Net profit	52.2	35.4	16.1	143.7
Earnings per share (USD)	0.23	0.15	0.07	0.63
Diluted earnings per share (USD)	0.23	0.15	0.07	0.63
EPS from continuing operations (USD)	0.10	0.07	0.03	0.40
Diluted EPS from continuing operations (USD)	0.10	0.07	0.03	0.40

Balance sheet

(Unaudited figures in USD million)	31.03.08	31.03.07	31.12.07
Goodwill	226.7	355.0	355.0
Rigs	753.6	753.8	749.6
Ships	0.0	631.0	926.5
Other non-current assets	1.5	271.5	304.6
Total non-current assets	981.8	2 011.3	2 335.7
Cash and deposits	74.9	141.4	162.0
Other current assets	106.6	64.8	126.3
Total current assets	181.5	206.2	288.3
Assets discontinued operations	1 689.0	0.0	0.0
Total assets	2 852.3	2 217.5	2 624.0
Share capital	63.9	63.9	63.9
Other equity	1 005.7	1 045.5	974.7
Total equity	1 069.6	1 109.4	1 038.6
Interest-free long-term liabilities	138.0	104.0	97.0
Interest-bearing long-term debt	1 153.7	813.8	1 184.1
Total long-term liabilities	1 291.7	917.8	1 281.1
Other interest-free current liabilities	106.2	158.1	137.3
Current portion of long-term debt	182.9	32.2	167.0
Total current liabilities	289.1	190.3	304.3
Liabilities discontinued operations	201.9	0.0	0.0
Total equity and liabilities	2 852.3	2 217.5	2 624.0

Cash flow statement

(Unaudited figures in USD million)	Q1 08	Q4 07	Q1 07	2007
Profit before taxes continuing operations	27.2	15.7	6.2	95.8
Profit before taxes discontinued operations	32.5	23.5	9.9	61.9
Unrealised currency (gain)/loss on long-term debt	4.7	1.8	1.7	10.2
Depreciation	26.2	25.1	15.3	80.0
Change in working capital	26.7	(22.4)	3.9	(78.4)
Other items from operating activities	13.2	(6.4)	5.9	(7.4)
Net cash flow from operating activities	130.5	37.3	42.9	162.1
Acquisition of tangible assets	(255.7)	(121.2)	(100.3)	(456.6)
Proceeds from sale of tangible assets	10.1	0.0	0.0	0.0
Translation difference financial assets	(18.4)	(1.7)	(6.8)	(39.6)
Net cash flow from investing activities	(264.0)	(122.9)	(107.1)	(496.2)
Proceeds from new interest-bearing debt	226.1	264.3	220.0	717.7
Repayment of interest-bearing debt	(126.1)	(1.1)	(14.6)	(15.7)
Dividends paid	0.0	(158.2)	(147.0)	(353.1)
Net cash flow from financing activities	100.0	105.0	58.4	348.9
Net cash flow	(33.5)	19.4	(5.8)	14.8
Cash and deposits at beginning of period	162.0	142.6	147.2	147.2
Cash and deposits at end of period	128.5	162.0	141.4	162.0
Cash and deposits continuing operations	74.9	109.0	84.8	109.0
Cash and deposits discontinued operation	53.6	53.0	56.6	53.0
Cash and deposits at end of period	128.5	162.0	141.4	162.0

Statement of changes in equity

(Unaudited figures in USD million)	Q1 08	Q4 07	Q1 07	2007
Equity at beginning of period	1 038.6	1 157.6	1 089.7	1 089.7
Net profit	52.2	35.4	16.1	143.7
Dividends	0.0	(158.2)	0.0	(206.1)
Revaluation hedging instruments	(25.7)	0.0	0.0	0.0
Foreign currency translation	4.5	3.8	3.6	11.3
Equity at end of period	1 069.6	1 038.6	1 109.4	1 038.6

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. The company has previously not applied hedge accounting on any of its financial instruments. The company has in the first quarter 2008 entered into some new interest rate swap agreements, and as from the first quarter 2008, the company applies hedge accounting on certain interest rate swap agreements. Any change in value of these agreements are taken directly to equity.

NOTE 2: SEGMENTS

Offshore Support Services	Q1 08	Q4 07	Q1 07	2007
Operating revenues	97.9	106.0	66.4	376.1
Operating expenses	(48.6)	(43.6)	(28.7)	(154.3)
Operating profit before depreciation	49.3	62.4	37.7	221.8
Depreciation	(11.9)	(11.7)	(11.3)	(46.0)
Operating profit	37.4	50.7	26.4	175.8
Corporate and eliminations				
Operating revenues	7.1	0.4	0.1	0.6
Operating expenses	(2.4)	(4.3)	(2.7)	(13.0)
Operating profit before depreciation	4.7	(3.8)	(2.6)	(12.4)
Depreciation	(0.1)	(0.2)	(0.1)	(0.4)
Operating profit	4.6	(4.0)	(2.7)	(12.8)
Prosafe Group				
Operating revenues	105.0	106.4	66.5	376.7
Operating expenses	(51.0)	(47.9)	(31.4)	(167.3)
Operating profit before depreciation	54.0	58.5	35.1	209.4
Depreciation	(12.0)	(11.9)	(11.4)	(46.4)
Operating profit	42.0	46.6	23.7	163.0

NOTE 3: SUBSEQUENT EVENTS

Split of Prosafe

The annual general meeting adopted on 14 May 2008 to distribute 90.1 per cent of the shares in Prosafe Production Public Limited to the shareholders of Prosafe SE. The last day of trading of Prosafe shares including Prosafe Production Public Limited will be 15 May. Distribution of the shares is scheduled to take place on 27 May.

Sale of shares to Prosafe Production

In connection with the split of the group, Prosafe SE sold in April its shares in Teekay Petrojarl ASA and Prosafe Nautipa AS to Prosafe Production Public Limited for a total sum of USD 312 million.

Refinancing

Prosafe SE has entered into a new senior secured revolving credit facility in the aggregate principal amount of USD 1 100 million with Nordea Bank Norge ASA as facility agent on behalf of a number of lenders. The facility will be used to repay the current Prosafe SE bank facility and to provide financing for future investments and general working capital purposes.

Pro forma adjustments

As several transactions have taken place after the balance sheet date in preparation for the split, the financial statements do not necessarily give a full picture of all the effects of the split. The table below shows pro forma equity and net interest-bearing debt if these transactions, including the dividend of the Prosafe Production shares, had taken place on 31 March

(Unaudited figures in USD million)	Equity	Net IBD (Net interest-bearing debt)
As reported	1 069.6	1 261.7
Pro forma adjustments	(980.3)	(399.5)
Pro forma as at 31 March 2008	89.3	862.2

NOTE 4: DISCONTINUED OPERATION

Income statement

(Unaudited figures in USD million)	Q1 08	Q4 07	Q1 07	2007
Operating revenues	56.6	64.1	21.7	150.4
Operating expenses	(20.3)	(27.5)	(8.5)	(57.6)
Operating profit before depreciation	36.3	36.6	13.2	92.8
Depreciation	(14.2)	(13.2)	(3.9)	(33.6)
Operating profit	22.1	23.4	9.3	59.2
Interest income	0.3	0.3	0.4	1.3
Interest expenses	(1.5)	(1.5)	0.0	(1.7)
Other financial items	11.6	1.3	0.2	3.0
Net financial items	10.4	0.1	0.6	2.6
Profit before taxes	32.5	23.5	9.9	61.8
Taxes	(4.4)	(4.0)	(1.1)	(8.9)
Net profit	28.1	19.5	8.8	52.9
EPS from discontinued operations	0.12	0.08	0.04	0.23
Diluted EPS from discontinued operations	0.12	0.08	0.04	0.23

Specification of balance sheet items

(Unaudited figures in USD million)	31.03.08
Goodwill	128.3
Ships	1 146.1
Other non-current assets	317.3
Total non-current assets	1 591.7
Cash and deposits	53.6
Other current assets	43.7
Total current assets	97.3
Total assets	1 689.0
Interest-free long-term liabilities	0.9
Interest-bearing long-term debt	63.1
Total long-term liabilities	64.0
Other interest-free current liabilities	81.8
Current portion of long-term debt	56.1
Total current liabilities	137.9
Total liabilities	201.9

Shareholders as at 07.05.2008

	No of shares	Ownership
BW Group	60 932 990	26.5%
Folketrygdfondet	15 375 735	6.7%
GMO	10 134 373	4.4%
Brown Brothers Harriman	9 331 166	4.1%
UBS (nom)	7 842 434	3.4%
State Street Bank & Trust (nom)	6 642 541	2.9%
JP Morgan Chase Bank	5 693 131	2.5%
Mellon Bank (nom)	4 310 321	1.9%
Pareto	4 140 350	1.8%
Storebrand	3 676 912	1.6%
Total 10 largest shareholders	128 079 953	55.7%
Total no of shares:	229 936 790	

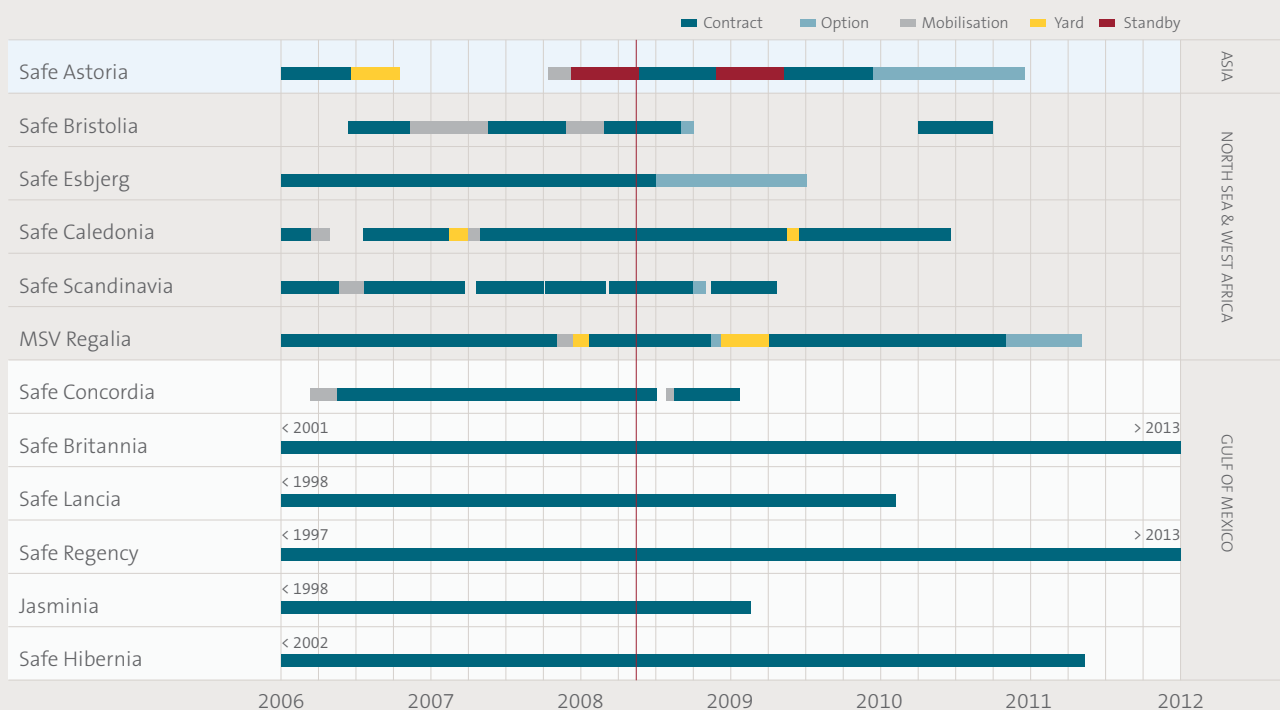
Key figures

(Unaudited figures in USD million)	Note	Q1 08	Q4 07	Q1 07	2007
Operating margin	1	40.0%	43.8%	35.6%	43.3%
Equity ratio	2	37.5%	39.6%	50.0%	39.6%
Return on equity	3	19.2%	12.9%	8.2%	13.5%
Net interest bearing debt (USD million)	4	1 327.3	1 189.1	704.6	1 189.1
Cash flow (USD million)	5	130.5	37.3	42.9	162.1
Cash flow per share (USD)	6	0.57	0.16	0.19	0.71
Number of shares (1 000 shares)		229 937	229 937	229 937	229 937
Average no. of outstanding shares (1 000 shares)		229 827	229 827	229 827	229 827
USD/NOK exchange rate at end of period		5.09	5.41	6.10	5.41
Share price (NOK)		80.00	94.50	93.00	94.50
Share price (USD)		15.72	17.47	15.25	17.47
Market capitalisation (NOK million)		18 395	21 729	21 384	21 729
Market capitalisation (USD million)		3 614	4 016	3 506	4 016

NOTES TO THE KEY FIGURES:

- 1 (Operating profit / Operating revenues) * 100
- 2 (Equity / Total assets) * 100
- 3 Annualised [Net profit / Average book equity]
- 4 Interest-bearing debt - Cash and deposits
- 5 Cash flow from operating activities
- 6 Cash flow / Average number of outstanding and potential shares

Contract status offshore Support Services





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