Prosafe

Second quarter 2008

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Split of Prosafe completed

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. Distribution of the shares took place on 27 May 2008.

Financials

(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, these figures are exclusive of the discontinued operations.

After the divestment of the floating production division, only one division remains in Prosafe; the Offshore Support Services. Consequently, no segment information is presented in the notes to the accounts.

First half 2008

Operating profit for the first half of 2008 came to USD 105.4 million (USD 62.2 million). Utilisation of the rig fleet was 93 per cent (87 per cent). This improvement reflects mainly the higher utilisation and significantly higher dayrates for MSV *Regalia* and *Safe Bristolia*.

Net financial costs amounted to USD 29.5 million (USD 17.8 million). This change reflects a favourable change in value of financial instruments in the same period last year. Interest costs on corporate level have not been allocated to discontinued operations for any of the reported periods.

Tax costs expensed in the first half equalled USD 3.3 million (USD 0.1 million), out of which USD 1.2 million relates to a provision for capital gain tax on the sale of the office building in Norway.

Net profit from continuing operations amounted to USD 72.6 million (USD 44.3 million), corresponding to diluted earnings per share of USD 0.32 (USD 0.19).

Net profit including discontinued operations amounted to USD 110.6 million (USD 62.3 million), which is the equivalent of diluted earnings per share of USD 0.48 (USD 0.27).

Total assets at 30 June amounted to USD 1 362.7 million (USD 2 336.4 million), while the equity ratio declined to 14.7 per cent (47.5 per cent) as a consequence of the distribution of the shares in Prosafe Production Public Limited in the second quarter this year.

Second quarter

Operating profit for the second quarter amounted to USD 63.4 million (USD 38.5 million), which is the best quarterly result ever for the continuing operations. Utilisation of the rig fleet was 99 per cent (88 per cent). This improvement reflects the higher utilisation and significantly higher dayrates for MSV *Regalia* and *Safe Bristolia*. Dayrates for *Jasminia* and *Safe Hibernia* have also increased in Gulf of Mexico on renewal of these contracts which expired in February and May, respectively.

Safe Astoria was on standby dayrate in April and on full operating dayrate from 1 May 2008. *Safe Bristolia* commenced operations on the UK shelf during the second week of April. All other vessels have been fully utilised in the second quarter.

Net financial costs amounted to USD 14.7 million (USD 4.8 million). The comments made to the financial costs for the half-year are applicable also for the second quarter.

Tax costs expensed in the second quarter amounted to USD 0.2 million (USD 3.4 million positive).

Net profit from continuing operations amounted to USD 48.5 million (USD 37.1 million), corresponding to diluted earnings per share of USD 0.21 (USD 0.16).

Net profit including discontinued operations amounted to USD 58.4 million (USD 46.2 million), which is the equivalent of diluted earnings per share of USD 0.25 (USD 0.20).

Outlook

Jasminia, Safe Hibernia, Safe Lancia, Safe Regency and *Safe Britannia* will be in operation during the second half of 2008 for Cotemar/Pemex offshore Mexico. Dayrates for the three latter rigs will increase upon expiry of the current contracts in September/October. The dynamic positioning system on *Safe Regency* has recently been upgraded to DP2.

Safe Concordia ceased operation for Cotemar/Pemex at the end of the second quarter, and commenced operation for ChevronTexaco in the US Gulf in mid August. *Safe Concordia* will operate in the US Gulf throughout the third and fourth quarters. Mærsk Oil

& Gas exercised the six-month option for *Safe Esbjerg* at the end of the second quarter, and the rig will be in operation in the Danish North Sea during the second half of 2008.

Safe Scandinavia will continue its operation for StatoilHydro in the Norwegian North Sea throughout the third quarter and StatoilHydro has nearly four weeks of options following the firm period of the contract. *Safe Caledonia* will be in operation during the second half of 2008, working on a long-term contract for Total in the UK North Sea until 2010. MSV *Regalia* commenced a decommissioning contract for Aker in early February, and will complete this engagement in the fourth quarter of 2008. *Safe Bristolia* will be in operation for ConocoPhillips in the UK North Sea until the beginning of September and the rig is thereafter available for new employment. *Safe Astoria* will be in operation on the Sakhalin field until the end of October, after which the rig will be on standby during the winter months in Russia.

The drivers in the accommodation market remain very positive. Within the harsh and semi-harsh environments, where Prosafe's accommodation rigs operate, there is a tight supply-demand balance and the number of newbuilds to be delivered over the next few years is limited.

The market for semi-submersible accommodation rigs remains strong in Mexico, since Pemex has considerable maintenance and modification requirements offshore. In the North Sea, the fixed installations are maturing, and require more maintenance to uphold production and safe operations. The high exploration and drilling activity ongoing in different offshore regions will eventually result in more field developments and tie-back of satellite fields. These field developments are expected to lead to higher demand for labour offshore, and thereby increasing demand for offshore accommodation rigs.

Risk

Prosafe's main operational risk is the dayrate level and the utilisation rate of the accommodation fleet. Our results also depend on operating costs, interest expenses and exchange rates. These risks are described in detail in the chapter "Risk management and sensitivities" and in the Directors' report in the Annual Report 2007. After the split of the company in May 2008, where Prosafe Production was divested, there was a change in the risk exposure facing the company. Subsequent to the split, the conversion risk does not apply to Prosafe, as there are no conversion projects or newbuilds of accommodation units ongoing in the company.

Statement from the board of directors and president & CEO

We confirm that, to the best of our knowledge, the financial statements for the first half year of 2008, which have been prepared in accordance with IAS 34 Interim Financial Statements, give a true and fair view of the company's assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Larnaca, 27 August 2008

Reidar Lund
Chairman

Christian Brinch

Ronny Johan Langeland

Elin Nicolaisen

Michael Raymond Parker

Christakis Pavlou

Andreas Sohmen-Pao

Arne Austreid
President & CEO

Income statement

(Unaudited figures in USD million)	Q2 08	Q1 08	Q2 07	YTD 2008	YTD 2007	2007
Operating revenues	125.9	105.0	95.9	230.9	162.4	376.7
Operating expenses	(50.6)	(51.0)	(45.9)	(101.6)	(77.3)	(167.3)
Operating profit before depreciation	**75.3**	**54.0**	**50.0**	**129.3**	**85.1**	**209.4**
Depreciation	(11.9)	(12.0)	(11.5)	(23.9)	(22.9)	(46.4)
Operating profit	**63.4**	**42.0**	**38.5**	**105.4**	**62.2**	**163.0**
Interest income	1.3	1.1	1.3	2.4	2.8	5.6
Interest expenses	(13.4)	(18.3)	(13.7)	(31.7)	(26.0)	(58.8)
Other financial items	(2.6)	2.4	7.6	(0.2)	5.4	(13.9)
Net financial items	**(14.7)**	**(14.8)**	**(4.8)**	**(29.5)**	**(17.8)**	**(67.1)**
Profit before taxes	**48.7**	**27.2**	**33.7**	**75.9**	**44.4**	**95.9**
Taxes	(0.2)	(3.1)	3.4	(3.3)	(0.1)	(5.1)
Net profit from continuing operations	**48.5**	**24.1**	**37.1**	**72.6**	**44.3**	**90.8**
Net profit from discontinued operations	**9.9**	**28.1**	**9.1**	**38.0**	**18.0**	**52.9**
Net profit	**58.4**	**52.2**	**46.2**	**110.6**	**62.3**	**143.7**
Earnings per share (USD)	**0.25**	**0.23**	**0.20**	**0.48**	**0.27**	**0.63**
Diluted earnings per share (USD)	**0.25**	**0.23**	**0.20**	**0.48**	**0.27**	**0.63**
EPS from continuing operations (USD)	**0.21**	**0.10**	**0.16**	**0.32**	**0.19**	**0.40**
Diluted EPS from continuing operations (USD)	**0.21**	**0.10**	**0.16**	**0.32**	**0.19**	**0.40**

Balance sheet

(Unaudited figures in USD million)	30.06.08	31.03.08	31.12.07	30.06.07
Goodwill	226.7	226.7	355.0	355.0
Rigs	760.7	753.6	749.6	760.3
Ships	0.0	0.0	926.5	701.2
Other non-current assets	3.2	1.5	304.6	281.3
Total non-current assets	**990.6**	**981.8**	**2 335.7**	**2 097.8**
Cash and deposits	118.6	74.9	162.0	117.6
Other current assets	253.5	106.6	126.3	121.0
Total current assets	**372.1**	**181.5**	**288.3**	**238.6**
Assets discontinued operations	**0.0**	**1 689.0**	**0.0**	**0.0**
Total assets	**1 362.7**	**2 852.3**	**2 624.0**	**2 336.4**
Share capital	63.9	63.9	63.9	63.9
Other equity	136.4	1 005.7	974.7	1 045.9
Total equity	**200.3**	**1 069.6**	**1 038.6**	**1 109.8**
Interest-free long-term liabilities	110.2	138.0	97.0	91.6
Interest-bearing long-term debt	820.9	1 153.7	1 184.1	862.8
Total long-term liabilities	**931.1**	**1 291.7**	**1 281.1**	**954.4**
Other interest-free current liabilities	91.3	106.2	137.3	166.4
Current portion of long-term debt	140.0	182.9	167.0	105.8
Total current liabilities	**231.3**	**289.1**	**304.3**	**272.2**
Liabilities discontinued operations	**0.0**	**201.9**	**0.0**	**0.0**
Total equity and liabilities	**1 362.7**	**2 852.3**	**2 624.0**	**2 336.4**

Cash flow statement

(Unaudited figures in USD million)	YTD 2008	YTD 2007	2007
Profit before taxes continuing operations	75.9	44.4	95.8
Profit before taxes discontinued operations	46.4	20.1	61.9
Unrealised currency (gain)/loss on long-term debt	4.9	3.9	10.2
Depreciation	47.7	31.2	80.0
Change in working capital	(173.2)	(44.0)	(78.4)
Other items from operating activities	62.0	(6.6)	(7.4)
Net cash flow from operating activities	**63.7**	**49.0**	**162.1**
Acquisition of tangible assets	(265.8)	(194.3)	(456.6)
Proceeds from sale of tangible assets	9.5	0.0	0.0
Net effect of split	562.7	0.0	0.0
Translation difference financial assets	(18.4)	(15.2)	(39.6)
Net cash flow from investing activities	**288.0**	**(209.5)**	**(496.2)**
Proceeds from new interest-bearing debt	1 121.1	340.4	717.7
Repayment of interest-bearing debt	(1 516.2)	(14.6)	(15.7)
Dividends paid	0.0	(194.9)	(353.1)
Net cash flow from financing activities	**(395.1)**	**130.9**	**348.9**
Net cash flow	**(43.4)**	**(29.6)**	**14.8**
Cash and deposits at beginning of period	162.0	147.2	147.2
Cash and deposits at end of period	**118.6**	**117.6**	**162.0**
Cash and deposits continuing operations	118.6	81.3	109.0
Cash and deposits discontinued operations	0.0	36.3	53.0
Cash and deposits at end of period	**118.6**	**117.6**	**162.0**

Statement of changes in equity

(Unaudited figures in USD million)	YTD 2008	YTD 2007	2007
Equity at beginning of period	1 038.6	1 089.7	1 089.7
Net profit	110.6	62.3	143.7
Dividends	(994.0)	(47.9)	(206.1)
Costs related to split	(8.8)	0.0	0.0
Revaluation hedging instruments	1.6	0.0	0.0
Revaluation shares	38.8	0.0	0.0
Foreign currency translation	13.5	5.7	11.3
Equity at end of period	**200.3**	**1 109.8**	**1 038.6**

Notes to the interim accounts

NOTE 1: GENERAL INFORMATION

Prosafe SE is a public limited company domiciled in Larnaca. Cyprus. Prosafe SE is listed on the Oslo Stock Exchange with ticker code PRS. The consolidated financial statements for the first half of 2008 were authorised for issue in accordance with a resolution of the board of directors on 27 August 2008. The accounting figures are unaudited.

NOTE 2: ACCOUNTING PRINCIPLES

The half-year report has been 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. In the first quarter 2008, the company 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. For those financial instruments which do not qualify for hedge accounting, any change in value is taken through the income statement.

NOTE 3: SHARES IN PROSAFE PRODUCTION PUBLIC LIMITED

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. Distribution of these shares took place on 27 May. In accordance with IFRS, no gain was recognised from this distribution. As at 30 June the company owned 25 375 142 shares in Prosafe Production Public Limited corresponding to 9.94 per cent of the shares. The shares were initially recorded at the proportion of the carrying value of the discontinued operations. At 30 June the shares are valued at the share price prevailing on this date, NOK 29.50, and the unrealised gain has been taken directly to equity. The shares in Prosafe Production Public Limited are included under 'other current assets' in the balance sheet.

NOTE 4: 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 was used to repay the previous Prosafe SE bank facility and to provide financing for future investments and general working capital purposes.

NOTE 5: DISCONTINUED OPERATIONS

Income statement

(Unaudited figures in USD million)	Q2 08	Q1 08	Q2 07	YTD 08	YTD 07	2007
Operating revenues	44.1	56.6	22.9	100.7	44.6	150.4
Operating expenses	(20.6)	(20.3)	(8.1)	(40.9)	(16.6)	(57.6)
Operating profit before depreciation	**23.5**	**36.3**	**14.8**	**59.8**	**28.0**	**92.8**
Depreciation	(9.6)	(14.2)	(4.4)	(23.8)	(8.3)	(33.6)
Operating profit	**13.9**	**22.1**	**10.4**	**36.0**	**19.7**	**59.2**
Interest income	0.4	0.3	0.3	0.7	0.7	1.3
Interest expenses	(2.6)	(1.5)	(0.1)	(4.1)	(0.1)	(1.7)
Other financial items	2.2	11.6	(0.5)	13.8	(0.2)	3.0
Net financial items	**0.0**	**10.4**	**(0.3)**	**10.4**	**0.4**	**2.6**
Profit before taxes	**13.9**	**32.5**	**10.1**	**46.4**	**20.1**	**61.8**
Taxes	(3.5)	(4.4)	(1.0)	(7.9)	(2.1)	(8.9)
Net profit	**10.4**	**28.1**	**9.1**	**38.5**	**18.0**	**52.9**
EPS from discontinued operations (USD)	**0.05**	**0.12**	**0.04**	**0.17**	**0.08**	**0.23**
Diluted EPS from discontinued operations (USD)	**0.05**	**0.12**	**0.04**	**0.17**	**0.08**	**0.23**

KEY FIGURES

	NOTE	Q2 08	Q1 08	Q2 07	YTD 2008	YTD 2007	2007
Operating margin	1	50.4%	40.0%	41.2%	45.6%	39.6%	43.3%
Equity ratio	2	14.7%	37.5%	47.5%	14.7%	47.5%	39.6%
Return on equity	3	36.8%	19.2%	16.7%	35.7%	11.3%	13.5%
Net interest bearing debt (USD million)	4	842.3	1 327.3	851.0	842.3	851.0	1 189.1
Number of shares (1 000 shares)		229 937	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	229 827	229 827
USD/NOK exchange rate at end of period		5.08	5.09	5.90	5.08	5.90	5.41
Share price (NOK)		50.50	80.00	94.50	50.50	94.50	94.50
Share price (USD)		9.94	15.72	16.02	9.94	16.02	17.47
Market capitalisation (NOK million)		11 612	18 395	21 729	11 612	21 729	21 729
Market capitalisation (USD million)		2 286	3 614	3 683	2 286	3 683	4 016

NOTES TO KEY FIGURES

1 (Operating profit/Operating revenues)* 100

2 (Equity / Total assets) * 100

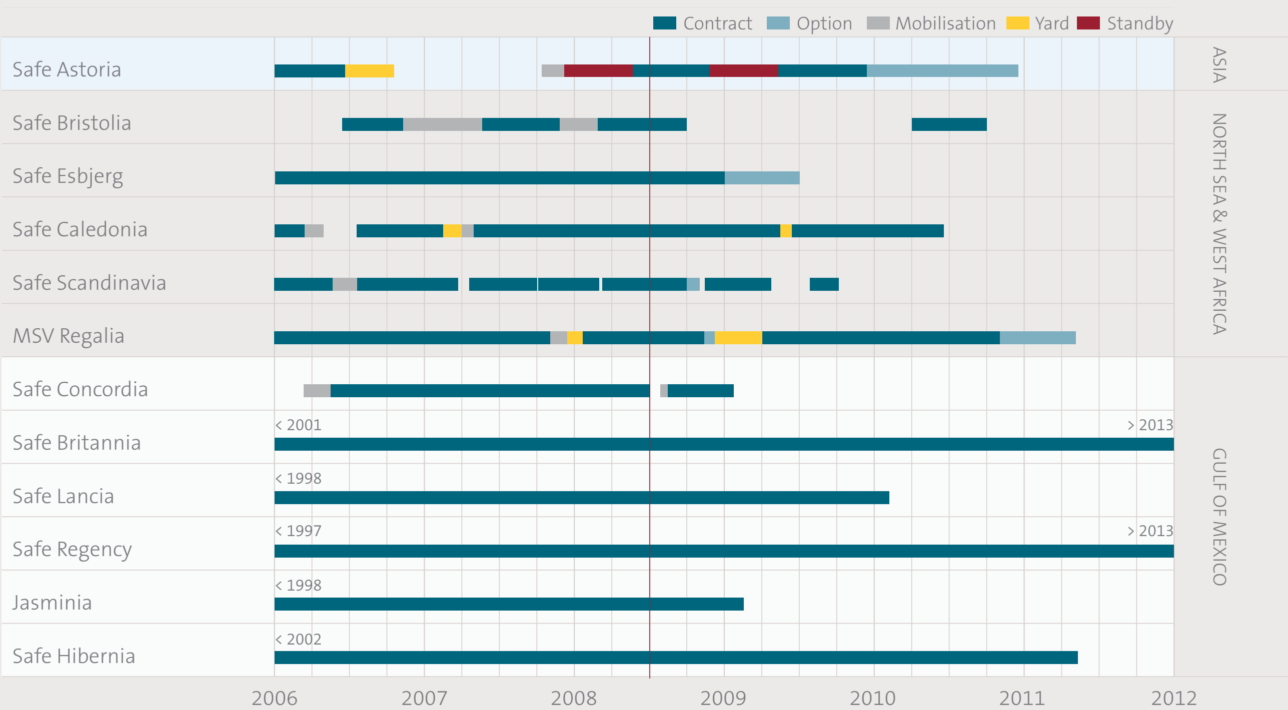
3 Annualised [Net profit/Average book equity]

4 Interest-bearing debt - Cash and deposits

SHAREHOLDERS

as at 20.08.2008	NO. OF SHARES	OWNERSHIP
Folketrygdfondet	16 961 735	7.4%
UBS (nom.)	14 130 209	6.1%
Brown Brothers Harriman	9 549 314	4.2%
GMO	8 590 985	3.7%
State Street Bank & Trust (nom.)	6 171 464	2.7%
Pareto	6 137 800	2.7%
Storebrand	4 878 985	2.1%
Fidelity Funds	4 800 000	2.1%
Vital	4 481 375	1.9%
RBC Dexia (nom.)	3 923 751	1.7%
Total 10 largest shareholders	**79 625 618**	**34.6%**
Total no. of shares:	229 936 790	

CONTRACT STATUS



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Prosafe

Prosafe SE
Stadiou Street 126
CY-6020 Larnaca, Cyprus

Telephone: +357 2462 2450
Fax: +357 2462 2480
E-mail: mail@prosafe.com

www.prosafe.com