



Prosafe

SECOND QUARTER AND FIRST HALF REPORT 2011

Financials

(Figures in brackets refer to the corresponding period of 2010)

Second quarter

Utilisation of the rig fleet was 85 per cent (87 per cent) in the second quarter. Operating profit amounted to USD 57.4 million (USD 79.7 million). This reduction is mainly due to lower utilisation and lower contribution from Safe Bristololia.

Safe Scandinavia, MSV Regalia, Safe Caledonia, Safe Esbjerg, Safe Lancia, Jasminia, Safe Hibernia, Safe Britannia and Safe Regency were fully utilised in the second quarter, while Safe Astoria was idle for the entire period.

Safe Bristololia commenced on the contract with Cotemar in mid-May. Prior to this, the rig was at yard in Poland for a five-year class survey and other maintenance work.

Since Safe Concordia was made available for the client Petrobras on 18 April, the rig had 43 days with standby day rate and 16 days with full day rate in the quarter. The rig is currently operating alongside a turret-moored FPSO offshore Brazil, and the operation is going as planned.

Net financial costs amounted to USD 6.1 million (USD 11.9 million). The main reason for this change is an increase in market value of currency forwards.

Net profit amounted to USD 51.9 million (USD 69.7 million), corresponding to diluted earnings per share of USD 0.23 (USD 0.31).

Dividend and refinancing

A revolving credit facility of USD 1 100 million

has been signed with a syndicated bank group. The tenor is six years with semi-annual reductions of USD 70 million and a balloon payment of USD 260 million. The credit facility is priced at USD LIBOR plus a credit margin of 1.875 per cent.

The credit facility will be used to provide financing for fleet expansion and the current upgrading of Safe Caledonia and Safe Astoria.

Following the successful refinancing, the board of directors has resolved to adopt a new dividend policy.

The level of dividend will reflect the underlying financial development of the company, while taking account of opportunities for further value creation through profitable investments.

The new long-term dividend policy is a distribution of up to 75 per cent of the consolidated net profit paid the following year. The dividend will normally be distributed on a quarterly basis.

Based on the new dividend policy, the board of directors has resolved to declare an interim dividend equivalent to USD 0.166 per share to shareholders of record as of 5 September 2011. The shares will trade ex-dividend on 1 September 2011. The dividend will be paid in the form of NOK 0.89 per share on 15 September 2011.

Outlook

Six of Prosafe's rigs are on bareboat charters in Mexico for end-user Pemex. The six rigs have firm contracts as follows. Safe Lancia until end-December 2012, Jasminia until end-December 2012, Safe Hibernia until mid-December 2011, Safe Britannia until mid-January 2013, Safe Bristololia until end-March 2013 and Safe Regency until beginning of August 2013.

Safe Esbjerg is operating for Mærsk Oil & Gas in the Danish North Sea until end-September 2011.

Safe Caledonia is in operation at the Armada platform for BG in the UK North Sea. After completion of this project, the rig will be on hire to BG International Limited in the UK North Sea until 17 March 2012. In addition Prosafe has granted two additional one-week options. Following completion of the BG contract the rig will be taken to yard for a major upgrade.

MSV Regalia commenced operations for BP Norge in the Norwegian North Sea in mid-March, and is expected to operate until October 2011. From early November, the rig is scheduled to commence a 107-day contract at the Yme field in Norway. Following this, the rig has a six-month contract with Talisman in the UK North Sea, expected to commence in the beginning of March 2012.

Safe Scandinavia commenced a six-month contract with Statoil in early April 2011. Thereafter the rig is scheduled to start operation for BP in October 2011. In May 2012 the rig is scheduled to commence operation for ConocoPhillips in Norway, and subsequently move to the UK North Sea with a firm contract until October 2012 and options until December 2012.

Safe Concordia commenced a three-year contract with Petrobras in Brazil during the second quarter.

Safe Astoria is currently at yard in Batam, Indonesia, undergoing an upgrade, as well as the five-year special periodic survey.

Demand in the North Sea market is likely to remain strong for the coming years. The majority of the production installations are mature and require both maintenance and modifications to keep up production and ensure safe operations. Moreover, the high oil price should have a positive impact on demand

related to improved oil recovery (IOR) projects, upgrades and tie-ins. Recently announced discoveries on the Norwegian Continental Shelf should contribute positively to the activity level in the long term. Accommodation rigs may play a role both in the development phase and in the production period.

The development in the Mexican market also appears positive. The bed capacity on the accommodation rigs in the area is fully utilised, which indicates a high activity level. Moreover, the state-owned oil company Pemex has indicated increasing E&P spending in the years to come. However, so far this has not resulted in increased accommodation rig requirements and at this stage the demand outlook appears stable.

In Brazil, Petrobras has secured three accommodation units on long-term contracts over the past year. With the high E&P activity level experienced offshore Brazil, the outlook for further demand increases appears good.

There are also positive signs in other parts of the world. Prosafe has experienced an increasing number of enquiries from Southeast Asia, Australia and US GoM.

In summary, the demand outlook in the high-end accommodation rig market appears positive. This should lead to high utilisation rates in the years to come, and there are reasons to be optimistic about the possibility for further positive developments in dayrates.

Risk

Prosafe's main operational risks are the day rate level and the utilisation rate of the accommodation fleet. The company's results also depend on operating costs, interest expenses and exchange rates. These risks are described in detail in the directors' report in the annual report 2010.

Statement from the board and the CEO

We confirm that, to the best of our knowledge, the financial statements for the first half year of 2011, which have been prepared in accordance with IAS 34 Interim Financial Statements as adopted by the European Union and the requirements of the Cyprus Companies Law, 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 and the Cyprus Companies Law.

Larnaca, 24 August 2011

Michael R Parker
Chairman

Christian Brinch

Ronny J Langeland

Elin Nicolaisen

Roger Cornish

Christakis Pavlou

Carine Smith Ihenacho

Karl R Klungvedt
CEO

CONSOLIDATED INCOME STATEMENT

| (Unaudited figures in USD million) | Q2 11 | Q1 11 | Q2 10 | 1H 11 | 1H 10 | 2010 |
|---|--------------|--------------|---------------|---------------|---------------|---------------|
| Operating revenues | 125.0 | 71.1 | 139.3 | 196.1 | 226.7 | 442.4 |
| Operating expenses | (51.7) | (41.3) | (44.2) | (93.0) | (76.2) | (159.3) |
| Operating profit before depreciation | 73.3 | 29.8 | 95.1 | 103.1 | 150.5 | 283.1 |
| Depreciation | (15.9) | (15.7) | (15.4) | (31.6) | (30.8) | (62.0) |
| Operating profit | 57.4 | 14.1 | 79.7 | 71.5 | 119.7 | 221.1 |
| Interest income | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 0.3 |
| Interest expenses | (10.0) | (10.1) | (10.7) | (20.1) | (21.6) | (42.9) |
| Other financial items | 3.9 | 2.1 | (1.2) | 6.0 | (2.8) | 23.7 |
| Net financial items | (6.1) | (7.9) | (11.9) | (14.0) | (24.3) | (18.9) |
| Profit before taxes | 51.3 | 6.2 | 67.8 | 57.5 | 95.4 | 202.2 |
| Taxes | 0.6 | 0.6 | 1.9 | 1.2 | 1.1 | (3.7) |
| Net profit | 51.9 | 6.8 | 69.7 | 58.7 | 96.5 | 198.5 |
| EPS | 0.23 | 0.03 | 0.31 | 0.26 | 0.43 | 0.89 |
| Diluted EPS | 0.23 | 0.03 | 0.31 | 0.26 | 0.43 | 0.89 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (Unaudited figures in USD million) | Q2 11 | Q1 11 | Q2 10 | 1H 11 | 1H 10 | 2010 |
|------------------------------------|--------------|-------------|--------------|--------------|-------------|--------------|
| Net profit for the period | 51.9 | 6.8 | 69.7 | 58.7 | 96.5 | 198.5 |
| Foreign currency translation | (5.5) | (3.3) | 4.3 | (8.8) | 6.3 | 0.9 |
| Revaluation hedging instruments | (3.9) | 7.0 | (0.3) | 3.1 | (1.5) | 8.8 |
| Revaluation shares | 0.0 | 0.0 | (11.4) | 0.0 | (2.9) | 0.0 |
| Other comprehensive income | (9.4) | 3.7 | (7.4) | (5.7) | 1.9 | 9.7 |
| Comprehensive income | 42.5 | 10.5 | 62.3 | 53.0 | 98.4 | 208.2 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (Unaudited figures in USD million) | 30.06.11 | 31.03.11 | 31.12.10 | 30.06.10 |
|---|----------------|----------------|----------------|----------------|
| Goodwill | 226.7 | 226.7 | 226.7 | 226.7 |
| Rigs | 924.2 | 911.2 | 898.8 | 902.9 |
| Other non-current assets | 4.7 | 4.5 | 4.5 | 4.5 |
| Total non-current assets | 1 155.6 | 1 142.4 | 1 130.0 | 1 134.1 |
| Cash and deposits | 87.2 | 78.7 | 98.3 | 89.6 |
| Assets held for sale | 0.0 | 0.0 | 0.0 | 51.8 |
| Other current assets | 133.6 | 72.9 | 38.1 | 88.6 |
| Total current assets | 220.8 | 151.6 | 136.4 | 230.0 |
| Total assets | 1 376.4 | 1 294.0 | 1 266.4 | 1 364.1 |
| Share capital | 63.9 | 63.9 | 63.9 | 63.9 |
| Other equity | 366.4 | 356.9 | 346.4 | 278.4 |
| Total equity | 430.3 | 420.8 | 410.3 | 342.3 |
| Interest-free long-term liabilities | 79.0 | 74.1 | 77.5 | 108.3 |
| Interest-bearing long-term debt | 725.6 | 711.4 | 705.4 | 807.0 |
| Total long-term liabilities | 804.6 | 785.5 | 782.9 | 915.3 |
| Other interest-free current liabilities | 107.9 | 84.1 | 73.2 | 56.5 |
| Current portion of long-term debt | 33.6 | 3.6 | 0.0 | 50.0 |
| Total current liabilities | 141.5 | 87.7 | 73.2 | 106.5 |
| Total equity and liabilities | 1 376.4 | 1 294.0 | 1 266.4 | 1 364.1 |

CONSOLIDATED CASH FLOW STATEMENT

| (Unaudited figures in USD million) | Q2 11 | Q1 11 | Q2 10 | 1H 11 | 1H 10 | 2010 |
|--|---------------|---------------|---------------|---------------|---------------|----------------|
| Profit before taxes | 51.3 | 6.2 | 67.8 | 57.5 | 95.4 | 202.2 |
| Unrealised currency (gain)/loss on debt | 4.2 | 5.5 | (7.2) | 9.7 | (10.1) | (1.7) |
| Depreciation | 15.9 | 15.7 | 15.4 | 31.6 | 30.8 | 62.0 |
| Financial income | 0.0 | (0.1) | 0.0 | (0.1) | (0.1) | (0.3) |
| Financial costs | 10.0 | 10.1 | 10.7 | 20.1 | 21.6 | 42.9 |
| Change in working capital | (36.9) | (23.9) | (48.6) | (60.8) | (38.1) | 80.9 |
| Other items from operating activities | (3.9) | 0.9 | 2.5 | (3.0) | 10.9 | (16.9) |
| Net cash flow from operating activities | 40.6 | 14.4 | 40.6 | 55.0 | 110.4 | 369.1 |
| Acquisition of tangible assets | (29.1) | (28.1) | (9.8) | (57.2) | (19.8) | (46.9) |
| Interests received | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 0.3 |
| Net cash flow from investing activities | (29.1) | (28.0) | (9.8) | (57.1) | (19.7) | (46.6) |
| Proceeds from new interest-bearing debt | 40.0 | 100.4 | 0.0 | 140.4 | 30.0 | 50.0 |
| Repayment of interest-bearing debt | 0.0 | (96.3) | (10.0) | (96.3) | (78.0) | (258.0) |
| Dividends paid | (33.0) | 0.0 | (20.0) | (33.0) | (20.0) | (61.8) |
| Interests paid | (10.0) | (10.1) | (10.7) | (20.1) | (21.6) | (42.9) |
| Net cash flow from financing activities | (3.0) | (6.0) | (40.7) | (9.0) | (89.6) | (312.7) |
| Net cash flow | 8.5 | (19.6) | (9.9) | (11.1) | 1.1 | 9.8 |
| Cash and deposits at beginning of period | 78.7 | 98.3 | 99.5 | 98.3 | 88.5 | 88.5 |
| Cash and deposits at end of period | 87.2 | 78.7 | 89.6 | 87.2 | 89.6 | 98.3 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (Unaudited figures in USD million) | Q2 11 | Q1 11 | Q2 10 | 1H 11 | 1H 10 | 2010 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Equity at beginning of period | 420.8 | 410.3 | 300.0 | 410.3 | 263.9 | 263.9 |
| Comprehensive income for the period | 42.5 | 10.5 | 62.3 | 53.0 | 98.4 | 208.2 |
| Dividends | (33.0) | 0.0 | (20.0) | (33.0) | (20.0) | (61.8) |
| Equity at end of period | 430.3 | 420.8 | 342.3 | 430.3 | 342.3 | 410.3 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 year of 2011 were authorised for issue in accordance with a resolution of the board of directors on 24 August 2011. The accounting figures are unaudited.

NOTE 2: ACCOUNTING PRINCIPLES

This interim financial 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.

NOTE 3: SUBSEQUENT EVENTS

The Company has in July 2011 acquired 21 542 568 shares in Floatel International Ltd (Floatel), which equals around 22.2 per cent of the shares. The acquisition price was NOK 16 per share. On 8 August, Floatel International announced that the company had signed a heads of agreement to enter into an amalgamation agreement with Aqua Pellentesque Ltd, where the shareholders of Floatel will receive a cash consideration of NOK 19.50 per share.

| KEY FIGURES | Q2 11 | Q1 11 | Q2 10 | 1H 11 | 1H 10 | 2010 |
|---|--------------|--------------|--------------|--------------|--------------|-------------|
| Operating margin | 45.9 % | 19.8 % | 57.2 % | 36.5 % | 52.8 % | 50.0 % |
| Equity ratio | 31.3 % | 32.5 % | 25.1 % | 31.3 % | 25.1 % | 32.4 % |
| Return on equity | 49.4 % | 6.5 % | 92.0 % | 27.9 % | 63.7 % | 58.9 % |
| Net interest bearing debt (USD million) | 672.0 | 636.3 | 767.4 | 672.0 | 767.4 | 607.1 |
| Number of shares (1 000) | 229 937 | 229 937 | 229 937 | 229 937 | 229 937 | 229 937 |
| Average no. of outstanding shares (1 000) | 222 949 | 222 949 | 222 942 | 222 949 | 222 942 | 222 942 |
| USD/NOK exchange rate at end of period | 5.39 | 5.51 | 6.50 | 5.39 | 6.50 | 5.86 |
| Share price (NOK) | 40.54 | 41.97 | 26.20 | 40.54 | 26.20 | 46.40 |
| Share price (USD) | 7.52 | 7.62 | 4.03 | 7.52 | 4.03 | 7.92 |
| Market capitalisation (NOK million) | 9 322 | 9 650 | 6 024 | 9 322 | 6 024 | 10 669 |
| Market capitalisation (USD million) | 1 729 | 1 751 | 927 | 1 729 | 927 | 1 821 |

NOTES TO KEY FIGURES

Operating margin = (Operating profit / Operating revenues) * 100

Equity ratio = (Equity / Total assets) * 100

Return on equity = Annualised [Net profit / Average book equity]

Net interest-bearing debt = Interest-bearing debt - Cash and deposits

SHAREHOLDERS AS AT 10.08.2011

| | No. of shares | Ownership |
|---------------------------------|----------------------|------------------|
| Folketrygdfondet | 16 646 685 | 7.2 % |
| Pareto | 14 895 872 | 6.5 % |
| Goldman Sachs (nom) | 11 381 553 | 5.2 % |
| KAS Dep. Trust (nom) | 10 010 777 | 4.6 % |
| Northern Trust (nom) | 8 807 871 | 3.8 % |
| State Street Bank & Trust (nom) | 8 328 096 | 3.6 % |
| Brown Brothers Harriman | 8 180 382 | 3.6 % |
| Clearstream Banking (nom) | 7 335 117 | 3.2 % |
| JP Morgan Chase Bank (nom) | 7 055 725 | 3.1 % |
| Prosafe SE | 6 988 031 | 3.0 % |
| Total 10 largest | 122 080 228 | 53.1 % |

Total no. of shares: 229 936 790