Prosafe

FIRST QUARTER 2012

Financials

(Figures in brackets refer to the corresponding period of 2011)

Operating profit for the first quarter came to USD 60.6 million (USD 14.1 million). Utilisation of the rigs increased to 83 per cent (61 per cent).

Regalia, Safe Scandinavia, Safe Caledonia, Safe Concordia, Safe Lancia, Jasminia, Safe Hibernia, Safe Britannia, Safe Regency and Safe Bristolia have been fully utilised in the first quarter, while Safe Esbjerg was idle.

The day rate for Safe Concordia is subject to monthly adjustments based on currency exchange movements. In the first quarter, the average effective day rate was USD 144,500.

Safe Astoria remained at the yard throughout the first quarter, preparing for operations in Australia scheduled to commence in late May. Operating expenses for the rig amounted to USD 5.5 million in the quarter. This is considerably higher than in normal operations due to expenses relating to the contract preparations and a more intensive maintenance scheme while the rig is at the yard.

Net financial expenses for the first quarter were USD 12.5 million (USD 7.9 million). The increase is mainly related to favourable revaluation of forward exchange contracts in the first quarter of last year.

Net profit amounted to USD 47.5 million (USD 6.8 million), and earnings per share to USD 0.21 (USD 0.03).

Total assets at 31 March amounted to USD 1 378 million (USD 1 294 million), while the book equity ratio rose to 35.1 per cent (32.5 per cent). Net interest-bearing debt stood at USD 660.1 million (USD 636.3 million).

Dividend

The Board of Directors resolved on 23 May 2012 to declare an interim dividend equivalent to USD 0.133 per share to shareholders of record as of 4 June 2012. The shares will trade ex-dividend on 31 May 2012. The dividend will be paid in the form of NOK 0.79 per share on 14 June 2012.

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 Hibernia until December 2013, Safe Lancia until end-December 2012, Jasminia until end-December 2012, Safe Britannia until mid-January 2013, Safe Bristolia until end-March 2013 and Safe Regency until beginning of August 2013.

Regalia is scheduled to operate for Talisman at the Yme field in Norway until end of August 2012.

In May 2012 Safe Scandinavia commenced operation for ConocoPhillips in Norway and thereafter the rig is scheduled to move to the UK North Sea with a firm contract until end-October 2012 and options until December 2012.

Safe Concordia is working on a three-year contract with Petrobras in Brazil. The contract expires in May 2014.

Safe Astoria has a 150-day contract with Woodside in Australia commencing May 2012. In addition Prosafe has granted the client two one-month extension options.

Safe Caledonia is at the yard undertaking a life extension project due for completion in the fourth quarter of 2012. Thereafter the rig has a firm contract with BP in UK North Sea until end-August 2013, with an additional one-month extension option.

Safe Esbjerg is currently idle.

The number of offshore installations worldwide has increased continuously since the 1970s. Many of the installations have exceeded their original design life, which has increased the need for extensive modifications. Furthermore, the technological development in combination with the high oil price has led to high activity related to improved oil recovery and tie-ins of satellite fields. Accordingly, further life extensions of the fields can be expected.

Demand in the North Sea is driven by high maintenance activity, modifications, tie-backs and redevelopments. Last year there were several large discoveries, which is positive for the long-term activity level in the North Sea. Consequently, the outlook for accommodation services over the coming years appears positive for the North Sea. With the high number of contract awards in the North Sea this year, tendering is now at a lower level than it was in the first quarter of 2012.

Demand for semi-submersible accommodation rigs in Mexico has been stable since the late 1990s and is anticipated to remain stable over the coming years. The accommodation rigs are vital in assisting Pemex with maintenance and construction projects in order to keep up the production level at the Cantarell field. In the longer term, there is potential demand in connection with new developments in deeper waters.

In Brazil, demand currently comes from the Campos basin where safety and maintenance units are assisting in connection with maintenance and upgrade of FPSOs and fixed installations. Longer term demand from other basins is expected to increase in line with anticipated growth in maintenance and modification activities.

Traditionally accommodation rigs have not been widely used in Southeast Asia/Australia. The market is still fragmented, but there has been a positive development for accommodation rigs in the region, and Prosafe has recently announced two contracts in Southeast Asia/Australia. Demand for semi-submersible accommodation rigs in the region is expected to be higher in the coming years than it has been in the past.

There are currently two semi-submersible North Sea compliant accommodation rigs under construction. Safe Boreas, owned by Prosafe, will be suitable for operations in Norway and is to be delivered in the second quarter of 2014. Floatel Victory, owned by Floatel International, will be capable of UK operations and delivery is scheduled for the first quarter of 2014. Furthermore, Floatel International has announced a Letter of Intent to build a Norway compliant rig, with delivery in the second quarter of 2014. These three rig additions will increase the number of semi-submersible accommodation rigs capable of year-round operations in the North Sea from six to nine.

All in all, the market for semi-submersible accommodation rigs is likely to be tight for the next couple of years. The visibility beyond the next three years is, as usual, limited. The new North Sea rigs entering the market in 2014 and potential new builds may affect the demand/supply balance negatively. With increasing field life, ageing infrastructure and new large discoveries, it is expected that demand will remain robust and grow in the long term.

Larnaca, 23 May 2012

The Board of Directors of Prosafe SE

CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Q1 12	Q4 11	Q1 11	2011
Operating revenues	125.7	121.7	71.1	449.6
Operating expenses	(51.1)	(53.2)	(41.3)	(192.0)
Operating profit before depreciation	**74.6**	**68.5**	**29.8**	**257.6**
Depreciation	(14.0)	(16.7)	(15.7)	(65.3)
Operating profit	**60.6**	**51.8**	**14.1**	**192.3**
Interest income	0.0	0.1	0.1	0.3
Interest expenses	(11.8)	(11.9)	(10.1)	(42.4)
Other financial items	(0.7)	(3.0)	2.1	6.9
Net financial items	**(12.5)**	**(14.8)**	**(7.9)**	**(35.2)**
Profit before taxes	**48.1**	**37.0**	**6.2**	**157.1**
Taxes	(0.6)	(0.5)	0.6	0.9
Net profit	**47.5**	**36.5**	**6.8**	**158.0**
EPS	**0.21**	**0.16**	**0.03**	**0.71**
Diluted EPS	**0.21**	**0.16**	**0.03**	**0.71**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in USD million)	Q1 12	Q4 11	Q1 11	2011
Net profit for the period	**47.5**	**36.5**	**6.8**	**158.0**
Foreign currency translation	(0.9)	5.1	(3.3)	(0.1)
Revaluation hedging instruments	4.4	3.7	7.0	0.7
Other comprehensive income	**3.5**	**8.8**	**3.7**	**0.6**
Comprehensive income	**51.0**	**45.3**	**10.5**	**158.6**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	31.03.12	31.12.11	31.03.11
Goodwill	226.7	226.7	226.7
Rigs	901.9	893.7	911.2
New build	59.4	58.3	0.0
Other non-current assets	5.0	5.1	4.5
Total non-current assets	**1 193.0**	**1 183.8**	**1 142.4**
Cash and deposits	88.9	93.4	78.7
Other current assets	96.1	98.9	72.9
Total current assets	**185.0**	**192.3**	**151.6**
Total assets	**1 378.0**	**1 376.1**	**1 294.0**
Share capital	63.9	63.9	63.9
Other equity	419.2	397.9	356.9
Total equity	**483.1**	**461.8**	**420.8**
Interest-free long-term liabilities	65.8	68.3	74.1
Interest-bearing long-term debt	749.0	756.9	711.4
Total long-term liabilities	**814.8**	**825.2**	**785.5**
Other interest-free current liabilities	80.1	85.5	84.1
Current portion of long-term debt	0.0	3.6	3.6
Total current liabilities	**80.1**	**89.1**	**87.7**
Total equity and liabilities	**1 378.0**	**1 376.1**	**1 294.0**

CONSOLIDATED CASH FLOW STATEMENT

(Unaudited figures in USD million)	Q1 12	Q4 11	Q1 11	2011
Profit before taxes	48.1	37.0	6.2	157.1
Unrealised currency (gain)/loss on debt	9.6	(4.3)	5.5	(9.0)
Depreciation	14.0	16.7	15.7	65.3
Financial income	0.0	(0.1)	(0.1)	(0.3)
Financial costs	11.8	11.9	10.1	42.4
Change in working capital	(2.6)	(9.2)	(23.9)	(48.5)
Other items from operating activities	0.4	(4.8)	0.9	(7.7)
Net cash flow from operating activities	**81.3**	**47.2**	**14.4**	**199.3**
Acquisition of tangible assets	(23.2)	(58.5)	(28.1)	(119.1)
Interests received	0.0	0.1	0.1	0.3
Net cash flow from investing activities	**(23.2)**	**(58.4)**	**(28.0)**	**(118.8)**
Proceeds from new interest-bearing debt	117.1	80.0	100.4	870.4
Repayment of interest-bearing debt	(138.2)	(10.0)	(96.3)	(806.3)
Dividends paid	(29.7)	(37.1)	0.0	(107.1)
Interests paid	(11.8)	(11.9)	(10.1)	(42.4)
Net cash flow from financing activities	**(62.6)**	**21.0**	**(6.0)**	**(85.4)**
Net cash flow	**(4.5)**	**9.8**	**(19.6)**	**(4.9)**
Cash and deposits at beginning of period	93.4	83.6	98.3	98.3
Cash and deposits at end of period	**88.9**	**93.4**	**78.7**	**93.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Q1 12	Q4 11	Q1 11	2011
Equity at beginning of period	461.8	453.6	410.3	410.3
Comprehensive income for the period	51.0	45.3	10.5	158.6
Dividends	(29.7)	(37.1)	0.0	(107.1)
Equity at end of period	**483.1**	**461.8**	**420.8**	**461.8**

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 quarter of 2012 were authorised for issue in accordance with a resolution of the board of directors on 23 May 2012. 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: REVISION OF DEPRECIATION PLAN

Based on the current condition of the rigs and the planned maintenance programme, the depreciation plan for five of the rigs operating in the Gulf of Mexico has been revised. With effect from 1 January 2012, the remaining depreciation period of these five rigs has been increased to ten years from an average of four years previously. The impact of this change is an estimated annual reduction in depreciation of USD 5 million.

KEY FIGURES	**Q1 12**	**Q4 11**	**Q1 11**	**2011**
Operating margin	48.2 %	42.6 %	19.8 %	42.8 %
Equity ratio	35.1 %	33.6 %	32.5 %	33.6 %
Return on equity	40.2 %	33.5 %	6.5 %	36.2 %
Net interest bearing debt (USD million)	660.1	667.1	636.3	667.1
Number of shares (1 000)	229 937	229 937	229 937	229 937
Average no. of outstanding shares (1 000)	222 961	222 950	222 949	222 949
USD/NOK exchange rate at end of period	5.69	5.99	5.51	5.99
Share price (NOK)	45.28	40.99	41.97	40.99
Share price (USD)	7.96	6.84	7.62	6.84
Market capitalisation (NOK million)	10 412	9 425	9 650	9 425
Market capitalisation (USD million)	1 830	1 573	1 751	1 573

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 14.05.2012	**No. of shares**	**Ownership**
State Street Bank & Trust (nom)	20 332 664	8.8 %
Folketrygdfondet	18 843 222	8.2 %
Pareto	12 021 322	5.2 %
Goldman Sachs (nom)	10 339 061	4.5 %
State Street Bank & Trust (nom)	10 168 745	4.4 %
FLPS	7 900 000	3.4 %
Prosafe SE	6 975 818	3.0 %
JP Morgan Chase Bank (nom)	6 746 302	2.9 %
Clearstream Banking (nom)	5 623 522	2.4 %
KAS Depositary Trust (nom)	5 339 865	2.3 %
Total 10 largest	**104 290 521**	**45.4 %**

Total no. of shares: 229 936 790