Prosafe

SECOND QUARTER AND FIRST HALF REPORT 2012

Financials

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

<u>Second quarter</u>

Utilisation of the rig fleet was 78 per cent (85 per cent) in the second quarter. Operating profit amounted to USD 49.8 million (USD 57.4 million).

Regalia, Safe Concordia, Safe Lancia, Jasminia, Safe Hibernia, Safe Britannia, Safe Regency and Safe Bristolia have been on contract throughout the second quarter.

The day rate for Safe Concordia, which is working on a long-term contract in Brazil, is subject to monthly adjustments based on currency exchange movements. In the second quarter, the average effective day rate was USD 141,000. Cost inflation continues to be high in Brazil, and operating expenses are now in the range of USD 80,000 to 90,000 per day. This includes USD 12,000 per day of amortised contract related investments.

Safe Scandinavia commenced operation for ConocoPhillips at Eldfisk in Norway on 28 April, and was in full operation in May and June. The operating expenses for Safe Scandinavia were USD 1 to 1.5 million higher than normal in the second quarter due to a shorter yard stay in April and extraordinary maintenance spending.

After completing the work at Eldfisk on 1 July, Safe Scandinavia will operate for BP at Valhall in Norway instead of the planned work for ConocoPhillips in the UK sector. The operating period and the net contribution remain unchanged.

Regalia operated at Yme throughout the second quarter. During this quarter, the rig had an average day rate of USD 273,000.

Safe Astoria remained at the yard during the beginning of the quarter, before commencing operations in Australia in May. The rig was on mobilisation day rate from 5 May, until 25 May, from when the full day rate was payable. Prior to contract commencement, approximately USD 2 million of non-reimbursable expenses were incurred in connection with yard and preparation work.

Safe Esbjerg was idle in the second quarter during which some additional maintenance and repair work was carried out. Operating expenses totalled around USD 3.5 million in the quarter.

Safe Caledonia was at the yard throughout the quarter, undertaking a life extension upgrade.

Net financial costs increased to USD 13.3 million (USD 6.1 million). This change is mainly due to an unrealised gain on currency forwards in the second quarter last year.

Net profit amounted to USD 35.9 million (USD 51.9 million), corresponding to diluted earnings per share of USD 0.16 (USD 0.23).

Total assets at 30 June amounted to USD 1 389.8 million (USD 1 376.4 million), while the book equity ratio rose to 34.7 per cent (31.3 per cent). Net interest-bearing debt stood at USD 674 million (672 million).

Dividend

On 21 August 2012 the Board of Directors resolved to declare an interim dividend equivalent to USD 0.133 per share to shareholders of record as of 3 September 2012. The shares will trade ex-dividend on 30 August 2012. The dividend will be paid in the form of NOK 0.78 per share on 13 September 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 addition, the rig has a contract with Shell in Norway, with a planned start-up in April 2013.

Safe Scandinavia is operating for BP in Norway with a firm contract until October 2012 with options until December 2012. From April 2013 the rig is scheduled to work for six months in the UK.

In the second quarter 2011 Safe Concordia commenced a three-year contract with Petrobras in Brazil.

Safe Astoria has a 150-days contract with Woodside in Australia which commenced in May 2012. In addition Prosafe has granted two one-month options.

Safe Caledonia is at the yard undertaking a life extension project. The rig has a 15-month contract with BP in UK North Sea commencing approximately end of 2012.

Safe Esbjerg was divested on 7 August 2012. Total proceeds amounted to USD 55 million and are divided into two tranches. USD 38.5 million is payable within 60 days after closing. The remaining USD 16.5 million will be paid as a three-year term loan with an interest rate of 10 per cent.

The divestment of the Safe Esbjerg is in line with Prosafe's strategy of focusing on growth within the high end of the offshore accommodation industry.

Prosafe has experienced strong order inflow in the first half of 2012. As of 30 June orders of more than USD 450 million have been signed (including approximately USD 70 million of options). A further USD 168 million (including approximately USD 50 million of options) have been booked following the end of the second quarter. As a result, the order backlog currently stands at around USD 900 million including options.

Most of the contracts booked so far this year have been for work in the North Sea. The strong development in this region is largely driven by MMO projects and redevelopments, although some hook-up and commissioning work has been awarded as well. Due to the strong order inflow experienced in the 1st half of the year there are fewer potential contracts in the pipeline and it is fair to assume that the North Sea order inflow will be lower in the second half.

The activity level in Mexico has increased gradually over the past two-three years and Pemex has had a growing need for offshore accommodation capacity. All of Prosafe's rigs are working at or close to the Cantarell field, where construction and logistics support are the main demand drivers. It appears likely that at least the same amount of units will therefore be needed going forward.

Demand outlook in Brazil remains promising. All the units currently working in Brazil are deployed in the Campos basin, assisting with maintenance and upgrades of existing production infrastructure. In the longer term, there should be potential for growth related to other basins or other types of work.

The market in Australia and Southeast Asia appears increasingly promising. A number of concrete prospects have been identified, particularly in Australia, where weather conditions combined with relatively strict regulatory requirements should favour high-end accommodation units.

In summary, the worldwide demand for high-end accommodation rigs appears robust. The order inflow in the North Sea has been strong so far this year, with relatively low activity in other regions. This picture is expected to change somewhat going forward, with several non-North Sea tenders in the pipeline.

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 as set out in the Annual Report 2011.

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 2012, 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.

Gdansk, 21 August 2012

Michael R Parker *Chairman*	Christian Brinch	Ronny J Langeland
Roger Cornish	Christakis Pavlou	Karl R Klungtvedt *CEO*

CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Q2 12	Q1 12	Q2 11	1H 12	1H 11	2011
Operating revenues	129.3	125.7	125.0	255.0	196.1	449.6
Operating expenses	(65.2)	(51.1)	(51.7)	(116.3)	(93.0)	(192.0)
Operating profit before depreciation	**64.1**	**74.6**	**73.3**	**138.7**	**103.1**	**257.6**
Depreciation	(14.3)	(14.0)	(15.9)	(28.3)	(31.6)	(65.3)
Operating profit	**49.8**	**60.6**	**57.4**	**110.4**	**71.5**	**192.3**
Interest income	0.1	0.0	0.0	0.1	0.1	0.3
Interest expenses	(10.5)	(11.8)	(10.0)	(22.3)	(20.1)	(42.4)
Other financial items	(2.9)	(0.7)	3.9	(3.6)	6.0	6.9
Net financial items	**(13.3)**	**(12.5)**	**(6.1)**	**(25.8)**	**(14.0)**	**(35.2)**
Profit before taxes	**36.5**	**48.1**	**51.3**	**84.6**	**57.5**	**157.1**
Taxes	(0.6)	(0.6)	0.6	(1.2)	1.2	0.9
Net profit	**35.9**	**47.5**	**51.9**	**83.4**	**58.7**	**158.0**
EPS	**0.16**	**0.21**	**0.23**	**0.37**	**0.26**	**0.71**
Diluted EPS	**0.16**	**0.21**	**0.23**	**0.37**	**0.26**	**0.71**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in USD million)	Q2 12	Q1 12	Q2 11	1H 12	1H 11	2011
Net profit for the period	**35.9**	**47.5**	**51.9**	**83.4**	**58.7**	**158.0**
Foreign currency translation	1.4	(0.9)	(5.5)	0.5	(8.8)	(0.1)
Revaluation hedging instruments	(7.9)	4.4	(3.9)	(3.5)	3.1	0.7
Other comprehensive income	**(6.5)**	**3.5**	**(9.4)**	**(3.0)**	**(5.7)**	**0.6**
Comprehensive income	**29.4**	**51.0**	**42.5**	**80.4**	**53.0**	**158.6**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	30.06.12	31.03.12	31.12.11	30.06.11
Goodwill	226.7	226.7	226.7	226.7
Rigs	909.3	901.9	893.7	924.2
New build	64.1	59.4	58.3	0.0
Other non-current assets	5.0	5.0	5.1	4.7
Total non-current assets	**1 205.1**	**1 193.0**	**1 183.8**	**1 155.6**
Cash and deposits	73.4	88.9	93.4	87.2
Other current assets	111.3	96.1	98.9	133.6
Total current assets	**184.7**	**185.0**	**192.3**	**220.8**
Total assets	**1 389.8**	**1 378.0**	**1 376.1**	**1 376.4**
Share capital	63.9	63.9	63.9	63.9
Other equity	419.0	419.2	397.9	366.4
Total equity	**482.9**	**483.1**	**461.8**	**430.3**
Interest-free long-term liabilities	71.1	65.8	68.3	79.0
Interest-bearing long-term debt	747.4	749.0	756.9	725.6
Total long-term liabilities	**818.5**	**814.8**	**825.2**	**804.6**
Other interest-free current liabilities	88.4	80.1	85.5	107.9
Current portion of long-term debt	0.0	0.0	3.6	33.6
Total current liabilities	**88.4**	**80.1**	**89.1**	**141.5**
Total equity and liabilities	**1 389.8**	**1 378.0**	**1 376.1**	**1 376.4**

CONSOLIDATED CASH FLOW STATEMENT

(Unaudited figures in USD million)	Q2 12	Q1 12	Q2 11	1H 12	1H 11	2011
Profit before taxes	36.5	48.1	51.3	84.6	57.5	157.1
Unrealised currency (gain)/loss on debt	(11.6)	9.6	4.2	(2.0)	9.7	(9.0)
Depreciation	14.3	14.0	15.9	28.3	31.6	65.3
Financial income	(0.1)	0.0	0.0	(0.1)	(0.1)	(0.3)
Financial costs	10.5	11.8	10.0	22.3	20.1	42.4
Change in working capital	(6.9)	(2.6)	(36.9)	(9.5)	(60.8)	(48.5)
Other items from operating activities	(1.8)	0.4	(3.9)	(1.4)	(3.0)	(7.7)
Net cash flow from operating activities	**40.9**	**81.3**	**40.6**	**122.2**	**55.0**	**199.3**
Acquisition of tangible assets	(26.4)	(23.2)	(29.1)	(49.6)	(57.2)	(119.1)
Interests received	0.1	0.0	0.0	0.1	0.1	0.3
Net cash flow from investing activities	**(26.3)**	**(23.2)**	**(29.1)**	**(49.5)**	**(57.1)**	**(118.8)**
Proceeds from new interest-bearing debt	20.0	117.1	40.0	137.1	140.4	870.4
Repayment of interest-bearing debt	(10.0)	(138.2)	0.0	(148.2)	(96.3)	(806.3)
Dividends paid	(29.6)	(29.7)	(33.0)	(59.3)	(33.0)	(107.1)
Interests paid	(10.5)	(11.8)	(10.0)	(22.3)	(20.1)	(42.4)
Net cash flow from financing activities	**(30.1)**	**(62.6)**	**(3.0)**	**(92.7)**	**(9.0)**	**(85.4)**
Net cash flow	**(15.5)**	**(4.5)**	**8.5**	**(20.0)**	**(11.1)**	**(4.9)**
Cash and deposits at beginning of period	88.9	93.4	78.7	93.4	98.3	98.3
Cash and deposits at end of period	**73.4**	**88.9**	**87.2**	**73.4**	**87.2**	**93.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Q2 12	Q1 12	Q2 11	1H 12	1H 11	2011
Equity at beginning of period	483.1	461.8	420.8	461.8	410.3	410.3
Comprehensive income for the period	29.4	51.0	42.5	80.4	53.0	158.6
Dividends	(29.6)	(29.7)	(33.0)	(59.3)	(33.0)	(107.1)
Equity at end of period	**482.9**	**483.1**	**430.3**	**482.9**	**430.3**	**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 half-year of 2012 were authorised for issue in accordance with a resolution of the board of directors on 21 August 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.

NOTE 4: EVENTS AFTER THE BALANCE SHEET DATE

On 7 August 2012, Prosafe entered into an agreement to sell the accommodation jack-up Safe Esbjerg to a buyer in South East Asia. Total proceeds amount to USD 55 million and are divided into two tranches. USD 38.5 million is payable within 60 days after closing, which took place on 7 August. The remaining USD 16.5 million will be paid as a three-year term loan with an interest rate of 10 per cent. The gain on the sale is around USD 4.9 million and will be recognised in the third quarter.

KEY FIGURES

KEY FIGURES	Q2 12	Q1 12	Q2 11	1H 12	1H 11	2011
Operating margin	38.5 %	48.2 %	45.9 %	43.3 %	36.5 %	42.8 %
Equity ratio	34.7 %	35.1 %	31.3 %	34.7 %	31.3 %	33.6 %
Return on equity	30.4 %	40.2 %	49.4 %	35.3 %	27.9 %	36.2 %
Net interest bearing debt (USD million)	674.0	660.1	672.0	674.0	672.0	667.1
Number of shares (1 000)	229 937	229 937	229 937	229 937	229 937	229 937
Average no. of outstanding shares (1 000)	222 961	222 961	222 949	222 961	222 949	222 949
USD/NOK exchange rate at end of period	5.98	5.69	5.39	5.98	5.39	5.99
Share price (NOK)	43.05	45.28	40.54	43.05	40.54	40.99
Share price (USD)	7.20	7.96	7.52	7.20	7.52	6.84
Market capitalisation (NOK million)	9 899	10 412	9 322	9 899	9 322	9 425
Market capitalisation (USD million)	1 655	1 830	1 729	1 655	1 729	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 30.07.2012

SHAREHOLDERS AS AT 30.07.2012	No. of shares	Ownership
State Street Bank & Trust (nom)	23 513 172	10.2 %
Folketrygdfondet	18 243 222	7.9 %
Pareto	11 789 838	5.1 %
Goldman Sachs (nom)	11 203 124	4.9 %
State Street Bank & Trust (nom)	10 341 636	4.5 %
FLPS	7 900 000	3.4 %
Prosafe SE	6 975 818	3.0 %
JP Morgan Chase Bank (nom)	6 626 551	2.9 %
KAS Depositary Trust (nom)	5 743 665	2.5 %
Clearstream Banking (nom)	5 544 449	2.4 %
Total 10 largest	**107 881 475**	**46.9 %**

Total no. of shares: 229 936 790