Prosafe

SECOND QUARTER AND FIRST HALF REPORT 2013

Financials

(Figures in brackets refer to the corresponding period of 2012)

Second quarter

Utilisation of the fleet was 84 per cent (78 per cent) in the second quarter. Operating profit amounted to USD 68.7 million (USD 49.8 million).

Safe Caledonia, Safe Concordia, Safe Lancia, Jasminia, Safe Hibernia, Safe Britannia and Safe Regency were on contract throughout the quarter.

Safe Concordia is operating on a long-term contract in Brazil. In the second quarter, the average effective day rate was approximately USD 144 000.

Safe Scandinavia commenced the contract with ConocoPhillips at Jasmine in UK on 6 April, and has been in operation since then.

Regalia commenced operation for Shell at the Draugen field in Norway on 30 April, and was in operation throughout May and June. Due to the yard stay before contract commencement, operating expenses in the second quarter were approximately USD 2 million higher than in normal operation.

Safe Bristolia commenced the contract for Elf Exploration UK on 3 May. Due to the yard stay and preparation for contract commencement in the North Sea, operating expenses in the second quarter were approximately USD 4.5 million higher than in normal operation.

Safe Astoria remained idle throughout the quarter.

Net financial costs declined to USD 12.5 million (USD 13.3 million). Interest costs were lower mainly due to lower interest rates and capitalisation of interest costs relating to the new build projects.

Net profit amounted to USD 54.9 million (USD 35.9 million), corresponding to diluted earnings per share of USD 0.24 (USD 0.16).

Total assets at 30 June amounted to USD 1 502.9 million (USD 1 389.8 million), while the book equity ratio rose to 44 per cent (34.7 per cent). Net interest-bearing debt stood at USD 651 million (674 million).

Dividend

On 21 August 2013, the Board of Directors resolved to declare an interim dividend equivalent to USD 0.15 per share to shareholders of record as of 30 August 2013. The shares will trade ex-dividend on 28 August 2013. The dividend will be paid in the form of NOK 0.89 per share on 11 September 2013.

Outlook

Five of Prosafe's vessels are on bareboat charters in Mexico for ultimate use by Pemex. The five vessels have contracts as follows; Safe Lancia until mid-September 2013, Jasminia until end-October 2013, Safe Hibernia until December 2013, Safe Regency until end-March 2014 and Safe Britannia until end of 2014.

On 30 April, Regalia commenced a 180-day contract with Norske Shell at the Draugen facility, Norway. Shell recently exercised a one-month option, extending the contract throughout October 2013. In addition, Prosafe has granted Shell an additional 14-day extension option. After completion of the contract, the vessel will undergo an upgrade and a five-year special periodic survey (SPS), before commencing on a contract with Statoil in Norway next year.

Safe Bristolia commenced a 173-day contract with Elf Exploration in the UK on 3 May.

After completion of the current contract with ConocoPhillips in UK, Safe Scandinavia will undergo an upgrade/life extension project together with the five-year SPS, before commencing on a contract with Statoil in Norway next year.

Safe Caledonia is operating for BP in the UK sector of the North Sea until end-March next year. Thereafter, the vessel will operate for Nexen in the UK sector of the North Sea. The contract with Nexen has been extended to a 330-day contract at a day rate of USD 235 000.

In Brazil, Safe Concordia is operating for Petrobras on a contract until June 2014.

Safe Astoria is currently idle and is at the yard in Batam, Indonesia. The vessel has a contract with a minimum duration of 11 months for Shell Philippines, commencing June/July 2014.

Driven by a combination of maintenance and modification projects and new developments, the market for offshore accommodation in the North Sea has been growing in recent years, and the demand outlook remains strong. The tendering activity was at a high level in the first half of the year, and it is anticipated to be somewhat lower in the second half.

In Brazil and Mexico, there are a number of opportunities and tenders for long-term requirements, mainly driven by maintenance and improved oil recovery (IOR) projects. However, particularly in Brazil, the number of potential suppliers has increased and competition is strong.

In summary, the global market for offshore accommodation vessels remains robust. With a number of bids still outstanding, Prosafe is confident that further contracts will be entered into over the coming months.

Risk

Prosafe's main risks are the day rate level and the utilisation rate of the accommodation fleet. The company's results also depend on a number of other factors, including operating costs, interest expenses and exchange rates. These risks are described in detail in the Directors' Report as set out in the Annual Report 2012.

Statement from the board and the CEO and CFO

We confirm that, to the best of our knowledge, the financial statements for the first half year of 2013, which have been prepared in accordance with IAS 34 Interim Financial Statements as adopted by the European Union and the requirements of 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, Cyprus Companies Law and Cyprus Transparency Requirements Law No:190(1) 2007 section 10.

Larnaca, 21 August 2013

Michael R Parker *Chairman*	Christian Brinch	Ronny J Langeland
Roger Cornish	Christakis Pavlou	Carine Smith Ihenacho
Karl Ronny Klungtvedt *CEO*	Sven Børre Larsen *CFO*	

CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Q2 13	Q1 13	Q2 12	YTD 2013	YTD 2012	2012
Operating revenues	143.5	85.8	129.3	229.3	255.0	510.4
Operating expenses	(60.3)	(52.4)	(65.2)	(112.7)	(116.3)	(230.3)
Operating profit before depreciation	**83.2**	**33.4**	**64.1**	**116.6**	**138.7**	**280.1**
Depreciation	(14.5)	(14.4)	(14.3)	(28.9)	(28.3)	(57.7)
Operating profit	**68.7**	**19.0**	**49.8**	**87.7**	**110.4**	**222.4**
Interest income	0.3	0.5	0.1	0.8	0.1	1.1
Interest expenses	(8.4)	(9.0)	(10.5)	(17.4)	(22.3)	(40.9)
Other financial items	(4.4)	(10.1)	(2.9)	(14.5)	(3.6)	(4.6)
Net financial items	**(12.5)**	**(18.6)**	**(13.3)**	**(31.1)**	**(25.8)**	**(44.4)**
Profit before taxes	**56.2**	**0.4**	**36.5**	**56.6**	**84.6**	**178.0**
Taxes	(1.3)	(1.1)	(0.6)	(2.4)	(1.2)	(0.5)
Net profit	**54.9**	**(0.7)**	**35.9**	**54.2**	**83.4**	**177.5**
EPS	**0.24**	**0.00**	**0.16**	**0.24**	**0.37**	**0.80**
Diluted EPS	**0.24**	**0.00**	**0.16**	**0.24**	**0.37**	**0.80**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in USD million)	Q2 13	Q1 13	Q2 12	YTD 2013	YTD 2012	2012
Net profit for the period	**54.9**	**(0.7)**	**35.9**	**54.2**	**83.4**	**177.5**
Foreign currency translation	0.8	0.0	1.4	0.8	0.5	(0.9)
Revaluation hedging instruments	27.5	1.4	(7.9)	28.9	(3.5)	(3.7)
Other comprehensive income	**28.3**	**1.4**	**(6.5)**	**29.7**	**(3.0)**	**(4.6)**
Comprehensive income	**83.2**	**0.7**	**29.4**	**83.9**	**80.4**	**172.9**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	30.06.13	31.03.13	31.12.12	30.06.12
Goodwill	226.7	226.7	226.7	226.7
Rigs	926.6	926.3	896.3	909.3
New builds	148.6	142.0	135.6	64.1
Other non-current assets	18.3	20.3	21.9	5.0
Total non-current assets	**1 320.2**	**1 315.3**	**1 280.5**	**1 205.1**
Cash and deposits	78.5	81.5	103.6	73.4
Other current assets	104.2	62.4	103.1	111.3
Total current assets	**182.7**	**143.9**	**206.7**	**184.7**
Total assets	**1 502.9**	**1 459.2**	**1 487.2**	**1 389.8**
Share capital	65.9	68.2	63.9	63.9
Other equity	594.7	544.6	452.4	419.0
Total equity	**660.6**	**612.8**	**516.3**	**482.9**
Interest-free long-term liabilities	36.0	64.3	66.8	71.1
Interest-bearing long-term debt	695.9	654.5	745.6	747.4
Total long-term liabilities	**731.9**	**718.8**	**812.4**	**818.5**
Other interest-free current liabilities	76.5	92.5	93.7	88.4
Current portion of long-term debt	33.9	35.1	64.8	0.0
Total current liabilities	**110.4**	**127.6**	**158.5**	**88.4**
Total equity and liabilities	**1 502.9**	**1 459.2**	**1 487.2**	**1 389.8**

CONSOLIDATED CASH FLOW STATEMENT

(Unaudited figures in USD million)	Q2 13	Q1 13	Q2 12	YTD 2013	YTD 2012	2012
Profit before taxes	56.2	0.4	36.5	56.6	84.6	178.0
Unrealised currency (gain)/loss on debt	(9.8)	(13.8)	(11.6)	(23.6)	(2.0)	15.0
Gain on sale of non-current assets	0.0	0.0	0.0	0.0	0.0	(4.8)
Depreciation	14.5	14.4	14.3	28.9	28.3	57.7
Financial income	(0.3)	(0.5)	(0.1)	(0.8)	(0.1)	(1.1)
Financial costs	8.4	9.0	10.5	17.4	22.3	40.9
Change in working capital	(57.8)	39.5	(6.9)	(18.3)	(9.5)	4.0
Other items from operating activities	(1.3)	(2.2)	(1.8)	(3.5)	(1.4)	(6.6)
Net cash flow from operating activities	**9.9**	**46.8**	**40.9**	**56.7**	**122.2**	**283.1**
Acquisition of tangible assets	(21.2)	(50.6)	(26.4)	(71.8)	(49.6)	(188.1)
Proceeds from sale of tangible assets	1.8	1.4	0.0	3.2	0.0	38.5
Interests received	0.3	0.5	0.1	0.8	0.1	1.1
Net cash flow from investing activities	**(19.1)**	**(48.7)**	**(26.3)**	**(67.8)**	**(49.5)**	**(148.5)**
Proceeds from new interest-bearing debt	50.0	120.8	20.0	170.8	137.1	317.1
Repayment of interest-bearing debt	0.0	(227.8)	(10.0)	(227.8)	(148.2)	(282.2)
New share issue	0.0	129.2	0.0	129.2	0.0	0.0
Dividends paid	(35.4)	(33.4)	(29.6)	(68.8)	(59.3)	(118.6)
Sale of own shares	0.0	0.0	0.0	0.0	0.0	0.2
Interests paid	(8.4)	(9.0)	(10.5)	(17.4)	(22.3)	(40.9)
Net cash flow from financing activities	**6.2**	**(20.2)**	**(30.1)**	**(14.0)**	**(92.7)**	**(124.4)**
Net cash flow	**(3.0)**	**(22.1)**	**(15.5)**	**(25.1)**	**(20.0)**	**10.2**
Cash and deposits at beginning of period	81.5	103.6	88.9	103.6	93.4	93.4
Cash and deposits at end of period	**78.5**	**81.5**	**73.4**	**78.5**	**73.4**	**103.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Q2 13	Q1 13	Q2 12	YTD 2013	YTD 2012	2012
Equity at beginning of period	612.8	516.3	483.1	516.3	461.8	461.8
New share issue	0.0	129.2	0.0	129.2	0.0	0.0
Comprehensive income for the period	83.2	0.7	29.4	83.9	80.4	172.9
Sale of own shares	0.0	0.0	0.0	0.0	0.0	0.2
Dividends	(35.4)	(33.4)	(29.6)	(68.8)	(59.3)	(118.6)
Equity at end of period	**660.6**	**612.8**	**482.9**	**660.6**	**482.9**	**516.3**

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 second quarter of 2013 were authorised for issue in accordance with a resolution of the board of directors on 21 August 2013. 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: SHARE ISSUE AND CANCELLATION OF TREASURY SHARES

On 15 March 2013, the Company announced the successful completion of a private placement of 13 000 000 new shares directed towards Norwegian and international institutional investors after close of the Oslo Stock Exchange on 14 March 2013. The over-subscribed placement was made at a subscription price of NOK 58 per share, and the share capital increase represented approximately 5.7 per cent of the issued shares in the Company. Gross proceeds amounted to NOK 754 million, and will be used to fund value enhancing growth investments.

The issuance of the new shares was resolved by the Company's board of directors pursuant to an authorisation granted at the Company's annual general meeting on 23 May 2012. The shares allocated in the private placement were issued and registered in the Norwegian Central Securities Depository (VPS) on 18 March 2013, and thus tradable on the Oslo Stock Exchange from the same date. The new share capital of the Company was increased by EUR 3 250 000 to EUR 60 734 197.50, divided on 242 936 790 shares with a nominal value of EUR 0.25 per share.

On 14 May 2013, the annual general meeting approved the reduction of the issued share capital from EUR 60 734 197.50 divided into 242 936 790 ordinary shares of EUR 0.25 each, to EUR 58 993 264.75 divided into 235 973 059 ordinary shares of EUR 0.25 each by the cancellation of 6 963 731 ordinary shares held by the Company as treasury shares. On 18 May 2013, these treasury shares were cancelled in the Norwegian Central Securities Depository (VPS).

NOTE 4: INTEREST-BEARING DEBT

On 4 January 2013, Prosafe successfully completed a NOK 500 million unsecured bond issue with maturity in January 2020. In connection with this bond issue, Prosafe bought back NOK 156 million in one of the existing bonds, PRS06 PRO, with maturity 14 October 2013 at 102.25. For details on the other facilities and the bond loans, please refer to the annual report for 2012.

KEY FIGURES	**Q2 13**	**Q1 13**	**Q2 12**	**YTD 2013**	**YTD 2012**	**2012**
Operating margin	47.9 %	22.1 %	38.5 %	38.2 %	43.3 %	43.6 %
Equity ratio	44.0 %	42.0 %	34.7 %	44.0 %	34.7 %	34.7 %
Return on equity	34.5 %	-0.5 %	30.4 %	18.4 %	35.3 %	48.4 %
Net interest bearing debt (USD million)	651.3	608.1	674.0	651.3	674.0	706.8
Number of shares (1 000)	235 973	242 937	229 937	235 973	229 937	229 937
Average no. of outstanding shares (1 000)	235 973	224 362	222 961	230 371	222 961	222 961
USD/NOK exchange rate at end of period	5.90	5.83	5.98	5.90	5.98	5.57
Share price (NOK)	53.35	56.50	43.05	53.35	43.05	47.32
Share price (USD)	9.04	9.69	7.20	9.04	7.20	8.50
Market capitalisation (NOK million)	12 589	13 726	9 899	12 589	9 899	10 881
Market capitalisation (USD million)	2 134	2 354	1 655	2 134	1 655	1 953

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