

*Third Quarter
2001*



Prosaf

A large offshore oil rig is shown in the background, partially obscured by a blue gradient overlay. The rig is yellow and white, with the name 'Prosaf' visible on its side. It is situated on the ocean surface.

Main Figures

PROFIT & LOSS ACCOUNT (MNOK)	3Q 01	2Q 01	3Q 00	30-09-01	30-09-00	2000
Operating revenues	711	749	667	1 966	1 554	2 183
Operating expenses	-461	-464	-362	-1 311	-948	-1 374
Operating profit before depreciation	250	285	305	655	606	809
Amortisation goodwill	-17	-17	0	-34	0	0
Depreciation	-92	-93	-53	-243	-142	-200
Operating profit	141	175	252	378	464	609
Interest income	7	10	9	26	23	35
Interest expenses	-44	-49	-26	-125	-69	-103
Other financial items	63	-29	-71	-18	-133	-93
Profit before other items	167	107	164	261	285	448
Other items	0	0	-40	53	-50	-44
Profit before taxes	167	107	124	314	235	404
Taxes	-9	-2	-8	-28	-6	-18
Profit for the period	158	105	116	286	229	386
EPS fully diluted (in NOK)	4.64	3.09	4.40	9.08	8.72	14.60

All items relating to Procon Engineering AS which was sold in February 2001 are classified net under other items.

Comparison figures are adjusted accordingly.

Floating Production is included from the second quarter 2001.

BALANCE SHEET (MNOK)	30-09-01	30-06-01	30-09-00	31-12-00
Goodwill	1 312	1 329	19	18
Rigs	2 382	2 406	2 422	2 487
Ships	1 064	812	0	0
Other fixed assets	154	138	221	145
Total fixed assets	4 912	4 685	2 662	2 650
Other current assets	580	567	575	500
Cash and deposits	663	834	380	627
Total current assets	1 243	1 401	955	1 127
Total assets	6 155	6 086	3 617	3 777
Share capital	337	337	262	262
Other equity	2 484	2 345	1 264	1 420
Total equity	2 821	2 682	1 526	1 682
Interest free long term liabilities	58	55	35	37
Interest bearing long term liabilities	2 726	2 934	1 663	1 614
Total long term liabilities	2 784	2 989	1 698	1 651
Interest free short term liabilities	550	415	393	444
Total short term liabilities	550	415	393	444
Total equity and liabilities	6 155	6 086	3 617	3 777

Movements in equity:

	3Q 01	30-09-01
Equity at the beginning of the period	2 682	1 682
Profit for the period	158	286
Paid in capital	2	866
Change in translation difference	-21	-13
Equity at the end of the period	2 821	2 821

CASH FLOW STATEMENT (MNOK)	3Q 01	2Q 01	3Q 00	30-09-01	30-09-00	2000
Cash flow from operating activities	327	188	267	590	278	572
Cash flow from investing activities	-379	-150	-850	-1 226	-817	-864
Cash flow from financing activities	-119	-6	407	672	514	514
Net cash flow	-171	32	-176	36	-25	222
Cash and deposits at the beginning of the period	834	802	556	627	405	405
Cash and deposits at the end of the period	663	834	380	663	380	627

KEY FIGURES	3Q 01	2Q 01	3Q 00	30-09-01	30-09-00	2000
Operating margin	19.8 %	23.4 %	37.8 %	19.2 %	29.9 %	27.9 %
Equity ratio	45.8 %	44.1 %	42.2 %	45.8 %	42.2 %	44.5 %
Net interest bearing debt (NOK million)	2 063	2 100	1 283	2 063	1 283	987
Cash flow (NOK million)	327	188	267	590	278	572
Cash flow per share (NOK)	9.60	5.52	10.14	18.72	10.58	21.63
Interest service ratio	4.80	3.18	5.77	3.51	4.41	4.92
Number of outstanding shares (1 000 shares)	33 705	33 670	26 166	33 705	26 166	26 179
Av. no. of outst. and potential shares (1 000 shares)	34 026	34 027	26 338	31 498	26 264	26 439
Market value (NOK million)	3 472	4 007	3 781	3 472	3 781	3 560
Number of employees	1 759	1 607	1 330	1 759	1 330	1 279

KEY FIGURES - DEFINITIONS

Operating margin	(Operating profit / Operating revenues) * 100
Equity ratio	(Equity / Total assets) * 100
Net interest bearing debt	Interest bearing debt - Cash and deposits
Cash flow	Cash flow from operating activities
Cash flow per share	Cash flow / Average number of outstanding and potential shares
Interest service ratio	(Profit before taxes + Interest expenses) / Interest expenses
Profit per share fully diluted	Profit for the period / Average number of outstanding and potential shares

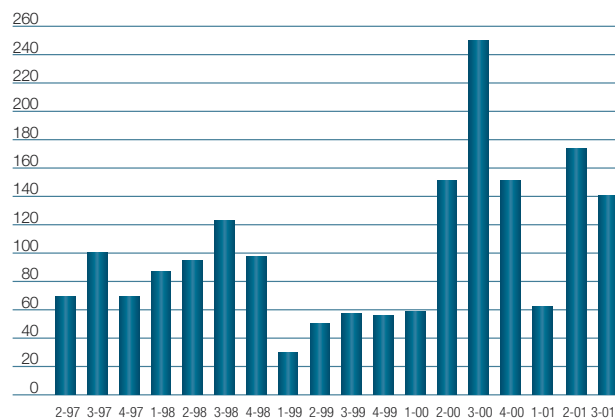
SUMMARY OF SHAREHOLDERS AS AT 17-10-01

Number of shares: 33 704 900

Foreign ownership: 42.77%

Shareholder	Number of shares	Percentage
Cherryhayes Shipping	4 363 065	12.94 %
JCE	3 982 867	11.82 %
Folketrygdfondet	1 737 800	5.16 %
Odin	1 641 128	4.87 %
Storebrand	1 605 206	4.76 %
Denver Investment Advisors	846 936	2.51 %
DnB	770 381	2.29 %
Abaco	766 355	2.27 %
Gjensidige NOR	646 340	1.92 %
Avanse	644 500	1.91 %
Total 10 largest shareholders	17 004 578	50.45 %

DEVELOPMENT IN OPERATING PROFIT



Business Areas

(MNOK)	3Q 01	2Q 01	3Q 00	30-09-01	30-09-00	2000
OFFSHORE SUPPORT SERVICES						
Operating revenues	248	297	354	704	738	982
Operating expenses	-80	-99	-75	-244	-178	-263
Operating profit before depreciation	168	198	279	460	560	719
Depreciation	-49	-50	-43	-148	-116	-165
Operating profit	119	148	236	312	444	554
Total assets	2 615	2 758	2 733	2 615	2 733	2 800
Employees	118	85	76	118	76	69
FLOATING PRODUCTION						
Operating revenues	89	93	-	182	-	-
Operating expenses	-28	-30	-	-58	-	-
Operating profit before depreciation	61	63	-	124	-	-
Amortisation goodwill	-17	-17	-	-34	-	-
Depreciation	-34	-33	-	-67	-	-
Operating profit	10	13	-	23	-	-
Total assets	2 148	2 106	-	2 148	-	-
Employees	286	259	-	286	-	-
OFFSHORE DRILLING & RELATED SERVICES						
Operating revenues	325	301	275	930	726	1 065
Operating expenses	-296	-275	-247	-845	-664	-957
Operating profit before depreciation	29	26	28	85	62	108
Depreciation	-10	-8	-9	-26	-23	-30
Operating profit	19	18	19	59	39	78
Total assets	656	608	596	656	596	690
Employees	1 173	1 095	1 039	1 173	1 039	1 005
OTHER BUSINESS						
Operating revenues	53	58	47	154	110	163
Operating expenses	-53	-58	-43	-153	-106	-157
Operating profit before depreciation	0	0	4	1	4	6
Depreciation	0	0	0	-1	-2	-3
Operating profit	0	0	4	0	2	3
Total assets	174	170	189	174	189	142
Employees	168	154	167	168	167	91

Prosafe Third Quarter 2001

THE QUARTER IN BRIEF

- *FPSO Espoir Ivoirien* is renamed in Singapore and will be mobilising to the Espoir field off the Ivory Coast, where the ship is expected to arrive in the first half of December. First oil is expected in the first quarter 2002.
- *FPSO Petroleo Nautipa* is awarded a two-year contract with Vaalco offshore Gabon¹⁾. Contract value for Prosafe is ca. MUSD 15.
- Prosafe wins a contract with Ocean Oil for the use of *Safe Britannia* on the Cantarell field offshore Mexico. The bareboat contract has a duration of 300 days and a value of MUSD 21.
- Prosafe is awarded a contract with Chevron for provision of flotel services on the Alba field. The contract has a fixed duration of 91 days and a value of ca. MUSD 7 for the fixed period.
- Statoil awards Prosafe two contracts for provision of flotel services on the Sleipner and Statfjord fields. The contracts have a fixed duration of four and three months respectively, and a total value of MUSD 16,7.
- Statoil and BP award Prosafe contracts for use of *MSV Regalia* on the Åsgard field and West of Shetland, respectively. The contracts have a total value of ca. MNOK 270, and secure engagement for the rig into the autumn of 2003. With these contracts, Prosafe has won ten contracts for the service rigs to date this year.

MAIN FIGURES

(Figures in brackets refer to the same period last year)

Prosafe achieved an operating profit of MNOK 141 in the third quarter 2001 (MNOK 252). Adjusted for goodwill amortisation of MNOK 17, the operating profit equalled MNOK 158. Operating profit as at 30 September was MNOK 378 (MNOK 464). In the third quarter profit after taxes amounted to MNOK 158 (MNOK 116).

Currency gain on the company's long term debt due to the weakening of the USD in the period amounted to MNOK 69. Cash flow from operating activities equalled MNOK 327 (MNOK 267), whilst earnings and cash flow per share equalled NOK 4,64 (NOK 4,40) and NOK 9,60 (NOK 10,14), respectively. Adjusted for currency gain on the company's long term debt and goodwill amortisation, earnings per share equalled 3,12. Year to date earnings per share was NOK 9,08 (NOK 8,72).

Total assets amounted to MNOK 6.155 (MNOK 3.617) at the end of the period, and the equity ratio was 45,8% (42,2%). The increase in total assets is due to the acquisition of Nortrans Offshore Ltd in March 2001, and also the ongoing conversion of *FPSO Espoir Ivoirien*. Equity ratio is strengthened on the back of positive results.

BUSINESS AREAS

Offshore Support Services achieved an operating profit of MNOK 119 (MNOK 236). The utilisation of the rig fleet was 84% (100%). A gain of MNOK 20 on the sale of the Discoverer I drillship is included in the operating profit for third quarter last year. *Safe Britannia* mobilised to Mexico in September, and she commenced a new 300-days contract with Ocean Oil 13 October. Consequently, Prosafe currently has five rigs located on the Cantarell field in the Gulf of Mexico. *Safe Caledonia*, *Safe Lancia*, *Jasminia* and *Safe Regency* are engaged in the Gulf of Mexico until November 2001, July 2002, November 2002 and December 2002, respectively. *Safe Scandinavia* has in the majority of the third quarter provided flotel services in the North Sea. In the third quarter, *MSV Regalia* has been engaged with BP West of Shetland. In early October, the rig was mobilised to the Åsgard field, where she will be engaged until April next year. Subsequently, she will be redelivered to BP for subsea construction work West of Shetland. When this work is finished in the autumn of 2002, the rig will be taken to yard for upgrade to subsea well intervention. The subsea well intervention work

for Statoil will be carried out by Prosafe in the spring of 2003.

In the third quarter, **Floating Production** achieved an operating profit of MNOK 10. Operating profit before goodwill amortisation equalled MNOK 27. *FPSO Ruby Princess* remains on the Ruby field offshore Vietnam until October 2002. *FPSO Petroleo Nautipa* is on contract on the Kiame field offshore Angola until June next year, when the ship is planned to be taken to yard for necessary upgrade before mobilisation to the Etame field offshore Gabon by September 2002. *FSO Endeavor* is engaged off the east coast of India until late July 2002. *FPSO Al Zaafarana* which is operating in the Gulf of Suez, was on a fixed contract until late October 2001. Prosafe still receives day rates for the ship while negotiations are proceeding. *FSO Madura Ayu* is on contract offshore Java in Indonesia until May 2005.

Offshore Drilling & Related Services achieved an operating profit of MNOK 19 (MNOK 19) in the third quarter.

PROSPECTS

Increased international uncertainty, both politically and financially, has so far not influenced the activity level and order intake in Prosafe.

Recently, **Offshore Support Services** have experienced a considerable income of orders, and have only one of seven rigs available for new contracts in the fourth quarter 2001. During the spring of 2002, *Safe Caledonia* will be mobilised back to the North Sea in order to fulfil the company's contractual obligations towards Statoil and Chevron. Demand in the Gulf of Mexico will remain generally strong for the next 2-5 years. In the North Sea, the market seems somewhat more long-term looking than before, and the company has already secured contracts with Norsk Hydro on the Fram and Grane fields, as well as a contract with Statoil within subsea well intervention in 2003. The company will continue to develop a strategy based on

¹⁾ Subject to approval by the Gabonese authorities of Vaalco's field development plan.

a flexible fleet for use in several operating niches and in other geographical regions.

Within **Floating Production** the conversion of *FPSO Espoir Ivoirien* is on schedule. The vessel was renamed at Keppel in Singapore 22 October and will leave the yard for the Ivory Coast in November. On arrival connection and commissioning will be carried out prior to first oil which is expected in the first quarter 2002. The fixed contract is for ten years and there are ten one-year extension options with Canadian Natural Resources. The board maintains an optimistic view with regards to new contracts for both *FPSO Al Zaafarana* and *FPSO Ruby Princess*. The company has started

preparations for upgrade of the tanker *Grey Warrior* which was acquired this summer. The activity level within the international FPSO market is high, and the board is optimistic in respect of a new contract award.

The operations within **Offshore Drilling & Related Services** are performing well, and the board sees interesting opportunities ahead; the commencement of the Ringhorne contract with Esso in the autumn of 2002 and a possible tender from Phillips on the Ekofisk field. The company's strategy which is based upon development of the existing contract portfolio, assessment of related services and selective internationalisation remains firm.

In light of the international fight against terrorism following the terrorist attacks on the USA, there is uncertainty attached to the development of world economy and the oil price. However, the board maintains a cautious optimism for new contract awards in the course of the next quarters. The activity level within the oil industry is traditionally lower during the winter season, and the board expects the fourth quarter to be slightly weaker than the third quarter. The start of the contract for *FPSO Espoir Ivoirien* and the company's market positions, focused strategy, financial solidity and the relatively robust day rate business, substantiate an optimistic view with regards to the company's continued profitability and development.

Pro forma accounts incl. Floating Production

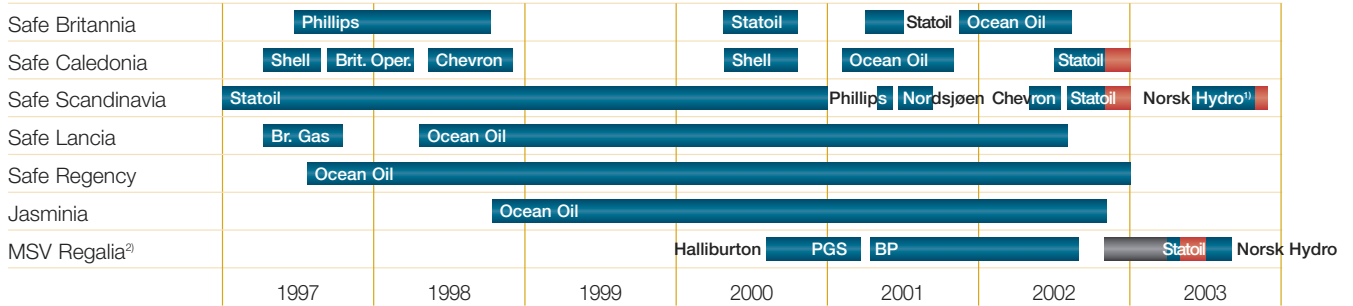
PROFIT & LOSS ACCOUNT

(MNOK)	30-09-01	2000
Operating revenues	2 055	2 530
Operating expenses	-1 340	-1 478
Operating profit before depr.	715	1 051
Amortisation goodwill	-51	-67
Depreciation	-276	-334
Operating profit	388	651
Interest income	28	46
Interest expenses	-152	-211
Other financial items	-18	-93
Profit before other items	246	393
Other items	53	-44
Profit before taxes	299	349
Taxes	-25	-13
Profit for the period	273	336

BALANCE SHEET

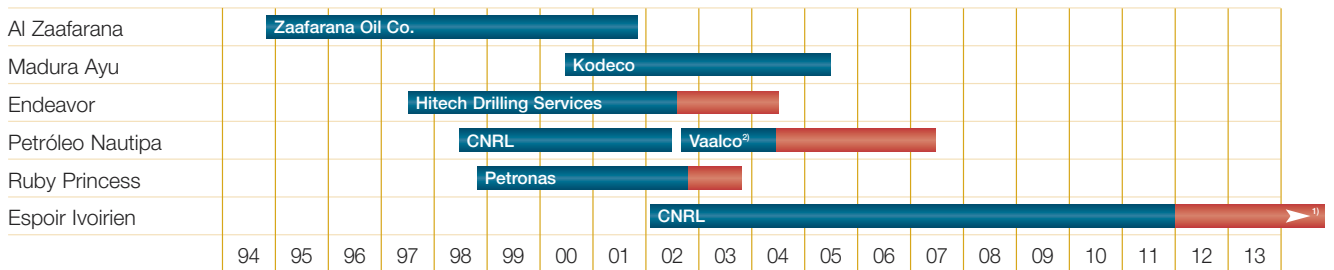
(MNOK)	31-12-00
Goodwill	1 376
Rigs	2 487
Ships	577
Other fixed assets	147
Total fixed assets	4 587
Other current assets	544
Cash and deposits	788
Total current assets	1 333
Total assets	5 920
Share capital	335
Other equity	2 206
Total equity	2 541
Interest free long term liabilities	37
Interest bearing long term liabilities	2 830
Total long term liabilities	2 867
Interest free short term liabilities	512
Total short term liabilities	512
Total equity and liabilities	5 920

CONTRACT SUMMARY – OFFSHORE SUPPORT SERVICES



Contracts **Options** **Yard stay** ¹⁾ Prosafe shall by 1 July 2002 nominate one of the following rigs: Safe Scandinavia, Safe Caledonia or Safe Britannia. ²⁾ Yard stay due to upgrade into subsea well intervention vessel.

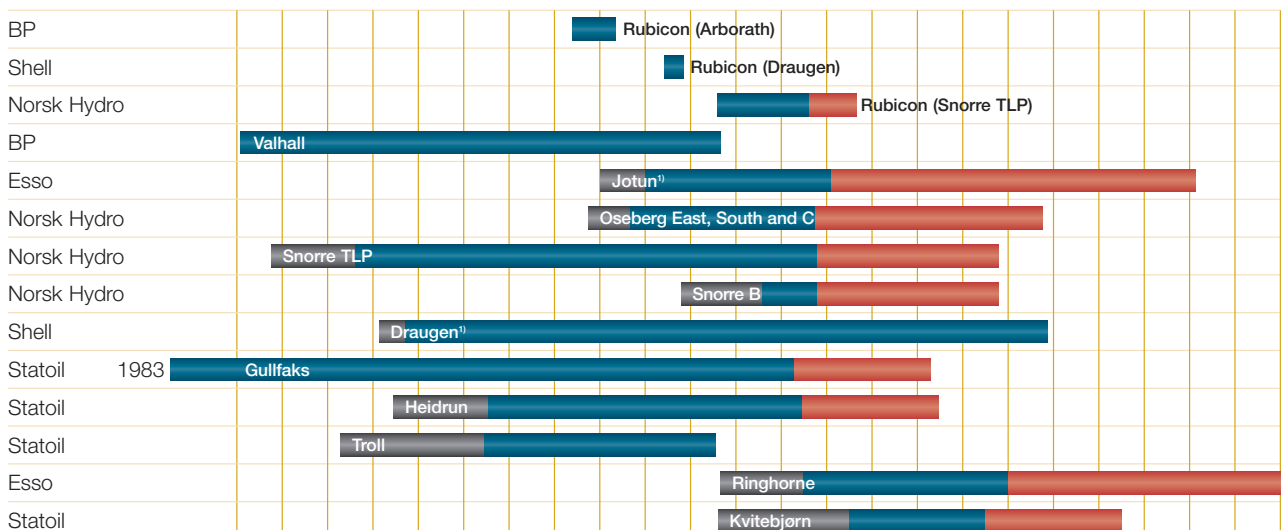
CONTRACT SUMMARY – FLOATING PRODUCTION



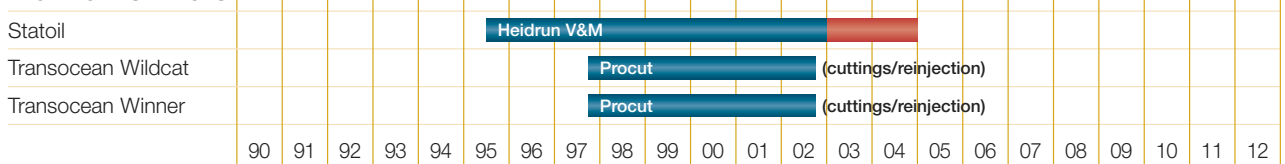
Contracts **Options** ¹⁾ Option 10 years, until 31-12-21. ²⁾ Subject to approval by the Gabonese authorities of Vaalco's field development plan.

CONTRACT SUMMARY – OFFSHORE DRILLING & RELATED SERVICES

DRILLING CONTRACTS



TECHNICAL SERVICES



Project phase **Fixed contracts** **Options** ¹⁾ Draugen and Jotun have been in the maintenance phase since Sep 1995 and Feb 2001 respectively.

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