



*Third Quarter
2000*



ProSafe

MAIN FIGURES

PROFIT & LOSS ACCOUNT (MNOK)	3Q 00	2Q 00	3Q 99	30-09-00	30-09-99	1999
Operating revenues	693	538	394	1 626	1 209	1 573
Operating expenses	-388	-342	-298	-1 022	-930	-1 198
Merger and reorganisation expenses	0	0	0	0	-19	-19
Operating profit before depreciation	305	196	96	604	260	356
Depreciation	-55	-45	-38	-146	-114	-157
Operating profit	250	151	58	458	146	199
Interest income	9	8	6	23	21	28
Interest expenses	-26	-23	-16	-69	-48	-65
Other financial items	-71	-18	-62	-133	-90	-111
Profit before other items	162	118	-14	279	29	51
Other items	-38	-5	-4	-44	-18	-19
Profit before taxes	124	113	-18	235	11	32
Taxes	-8	-1	-5	-6	-6	-9
Profit for the period	116	112	-23	229	5	23
Profit per share fully diluted (in NOK)	4,40	4,26	-0,90	8,72	0,21	0,88

Other items include all revenues and expenses related to the operations of Consafe (Burmislund) Ltd. which ProSafe will not remain committed to. The comparison figures have been restated accordingly.

BALANCE SHEET (MNOK)	30-09-00	30-06-00	30-09-99	31-12-99
Rigs	2 422	1 577	1 270	1 636
Other fixed assets	240	279	297	265
Total fixed assets	2 662	1 856	1 567	1 900
Other current assets	575	501	480	433
Cash and deposits	380	556	448	405
Total current assets	955	1 057	928	838
Total assets	3 617	2 913	2 495	2 739
Share capital	262	260	258	258
Other equity	1 264	1 139	996	1 016
Total equity	1 526	1 399	1 254	1 274
Interest free long term liabilities	35	37	30	32
Interest bearing long term liabilities	1 663	1 176	910	1 120
Total long term liabilities	1 698	1 213	940	1 153
Interest free short term liabilities	393	301	301	312
Total short term liabilities	393	301	301	312
Total equity and liabilities	3 617	2 913	2 495	2 739

KEY FIGURES	3Q 00	2Q 00	3Q 99	30-09-00	30-09-99	1999
Operating margin ¹⁾	36,1 %	28,1 %	14,7 %	28,2 %	13,6 %	13,9 %
Equity ratio	42,2 %	48,0 %	50,3 %	42,2 %	50,3 %	46,5 %
Cash flow ¹⁾ (NOK million)	253	167	79	420	231	293
Cash flow per share ¹⁾ (NOK)	9,61	6,35	3,06	15,99	8,96	11,27
Interest service ratio ¹⁾	5,77	5,91	-0,15	4,41	1,75	1,88
Number of outstanding shares (1,000 shares)	26 166	26 036	25 793	26 166	25 793	25 798
Av. no. of outst. and potential shares (1,000 shares)	26 338	26 284	25 758	26 264	25 737	25 978
Market value (NOK million)	3 781	3 307	2 141	3 781	2 141	2 128
Employees	1 330	1 281	1 385	1 330	1 385	1 369

¹⁾ Excl. merger and reorganisation expenses.

HIGHLIGHTS

ProSafe presents its best quarterly result so far:

- Operating revenues increased by 76% to MNOK 693 compared to the prior year period.
- Operating profit increased by 331% to MNOK 250 compared to the prior year period.

ProSafe achieves two strategic milestones:

- ProSafe acquires the MSV Regalia from Halliburton for MUSD 97.3. ProSafe receives a bareboat dayrate of USD 79,000 for 78 days from an existing contract on Oseberg South for Norsk Hydro. At the same time, the parties conclude a 5-year participation agreement which involves use of the rig in the international subsea construction market.
- ProSafe and Schlumberger enter into a co-operation agreement for well intervention of subsea wells. ProSafe will use the MSV Regalia for this work.

ProSafe wins orders at a total value of MNOK 1.500 during the period:

- Statoil awards ProSafe the drilling- and maintenance contract on Kvitebjørn. The contract has a duration of 3 years, and option periods of 3*1 years. Value MNOK 350 excl. options.
- Esso awards ProSafe the drilling- and maintenance contract on Ringhorne. The contract has a duration of 4 1/2 years, and option periods of 3*2 years. Value MNOK 500 excl. options.
- Ocean Oil awards ProSafe a contract for the use of Safe Regency on the Cantarel field off Mexico. The contract has a duration of 768 days. Value MNOK 240.
- Norsk Hydro awards ProSafe a flotel contract on Grane. The contract has a duration of 152 days. Value MNOK 203.
- Ocean Oil extends the contract for the use of Jasminia on the Cantarel field by 113 days. Value MNOK 38.
- Shell extends the contract for the use of Safe Caledonia on the Shearwater field by 39 days. Value MGBP 2.
- Phillips awards ProSafe a 42 days contract for the use of Safe Scandinavia (former Polycrown) on the Judy field. Value MGBP 3.
- Statoil extends the contract for the use of Safe Britannia on Åsgard by 21 days. Value MUSD 2.
- Hyundai awards ProSafe a contract for the delivery of mud mix and mud control system for Maersk XL-1. Value MNOK 20.

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

MAIN FIGURES

In the 3rd quarter ProSafe made an operating profit of MNOK 250 (MNOK 58). The increase

in operating profit compared to the same period last year is due to all time high profits within Offshore Support Services. The operating profit within this business area increased from MNOK 39 in the 3rd quarter last year to MNOK 236 in the 3rd quarter this year. The operating profit within Offshore Drilling & Related Services showed a reduction as a result of a temporary decline in activity levels, while the operating profit within Other Business increased as a result of some higher activity levels and also cost reductions.

During the 3rd quarter the Board decided not to remain committed to the fabrication activity at Burntisland in Scotland. The estimated cost of MGBP 1.1 has been charged to the 3rd quarter accounts. In general terms this cost estimate is associated with personnel reductions, yard rental cost and write-down of the value of certain assets.

In the 3rd quarter profit after taxes was MNOK 116 (MNOK -23), whilst the cash flow amounted to MNOK 253 (MNOK 79). The USD currency ratio strengthened compared to NOK during the 3rd quarter. A strong USD is of benefit to ProSafe as a major part of the charter rates are denominated in USD and the rigs are valued in USD. Thus the operating profit and also the value of the assets are strengthened by a strong USD. However, a strong USD has led to an unrealised currency loss of MNOK 76 relating to the long term USD loan being charged to the accounts in the 3rd quarter.

Adjusted for the unrealised currency loss, profit per share was NOK 7,29 in the 3rd quarter. Cash flow per share was NOK 9,61 (NOK 3,06).

Year to date operating profit as at 30 September 2000 was MNOK 458 (MNOK 146), profit after taxes MNOK 229 (MNOK 5) and cash flow per share NOK 15,99 (NOK 8,96). Adjusted for an accumulated currency loss of MNOK 151, profit per share was NOK 14,47.

During the 3rd quarter, ProSafe acquired the semi submersible service rig MSV Regalia from Halliburton. The acquisition price of MUSD 97,3 was financed through the utilisation of a credit facility of MUSD 50. The credit facility will be converted into an ordinary term loan within the end of January 2001. The remaining amount was paid out of the cash balance of ProSafe.

During the last 12 months, ProSafe has invested MUSD 150 in new rigs. These investments are financed by using the strong cash flow and balance sheet of ProSafe.

At the end of the period, total assets amounted to MNOK 3.617 (MNOK 2.495), whilst the equity ratio was 42% (50%). The increase in total assets compared to the same period last year is due to the expansion of the rig fleet and increased activity levels.

BUSINESS AREAS

In the 3rd quarter **Offshore Support Services** made an operating profit of MNOK 236 (MNOK 39). Included in the operating profit is a gain on sale of the Discoverer 1 drillship to Seatankers Management of MNOK 20. The fleet utilisation was 100%, an increase of 50%-points compared to the same period last year. The high fleet utilisation and the expansion of the rig fleet gave all time high profits within this area.

Safe Britannia went off contract on Åsgard on 18 October, and ProSafe is currently working on securing new jobs for the rig. The contract for *Safe Caledonia* on Shearwater ended up 3 times as large as originally negotiated, and the rig did not go off contract until 18 October. *Safe Caledonia* will start the mobilisation for Mexico in the first half of November, and is expected to commence the contract on the Cantarell field during January 2001. *Safe Lancia* is on contract until the end of August 2001, whilst *Safe Regency* is on contract until the end of 2002. The contract for *Jasminia* expires at year end, however ProSafe considers that there is a high possibility that the rig will be engaged on the Cantarell field also after the expiry of this contract. At the beginning of 2001, ProSafe will thus have 4 rigs located in Mexico. *Safe Scandinavia* is on contract with Statoil until the end of 2000. The rig will commence a 42-days contract for Phillips on the Judy field in April/May next year. ProSafe is working on securing new work for the rig. Currently *MSV Regalia* is involved in the rescue operation of the perished seamen from the sunken submarine Kursk in the Barents Sea. The Board has an optimistic view with regards to getting new assignments for the rig, also before the rig commences the contract with BP West of Shetland. The main challenges for Offshore Support Services in 2001 will be to secure a high fleet utilisation in the North Sea.

In the 3rd quarter **Offshore Drilling & Related Services** made an operating profit of MNOK 17 mill (MNOK 23), an increase of MNOK 7

compared to the same period last year. The increase is due to the start-up of the light-weight rig Rubicon on Snorre TLP and also the Oseberg South operation for Norsk Hydro. The decrease in operating profit compared to the same period last year is due to the fact that Rubicon was in operation during the whole period last year, and also the shortfall of the Valhall operation.

During the 3rd quarter, the company was awarded both the Kvitebjørn contract for Statoil and the Ringhorne contract for Esso. Thus the company has again consolidated its reputation as the leading contractor with-in production drilling from fixed installations on the Norwegian Continental Shelf. The Board expects profits to increase in the 4th quarter due to a higher utilisation of Rubicon, the start-up of the drilling operation on Oseberg South and also the work-over operation on Oseberg C. In addition, the main challenges going forward is to gain from the leading position the company holds and simultaneously evaluate additional services in connection with the drilling process and related offshore operations.

In the 3rd quarter **Other Business** made an operating profit of MNOK 4 (MNOK 1). During the period, the activity level has been moderate. The order backlog as at the end of the period was MNOK 172, and relates to the remaining business activities.

During the last year, this business area has experienced low activity levels and therefore weak results. The low activity is due to the fact that several big development projects have been postponed. However, the number of live quotations is large and the bidding activity is high. The Board expects profits to improve in the 4th quarter, however believes that the positive effects in main terms will be postponed until next year.

In spite of a major turnaround operation and cost cuts, the market for offshore fabrication services has remained depressed, especially on the British Continental Shelf. Also the market prospects remain pessimistic. Based on these facts, the Board has decided not to remain committed to the fabrication activity at Burntisland in Scotland. The

Aberdeen and Azerbaijan operation will remain as before.

PROSPECTS

While ProSafe is always working towards organic growth, the company will also maintain a continuous evaluation of new markets, assets and partners. The acquisition of MSV Regalia and the conclusion of the participation agreements with Halliburton and Schlumberger regarding subsea construction and well intervention is as such important steps towards bringing ProSafe into new international growth markets.

The board of ProSafe has strong focus on the composition of the company. As a result, the sale of the Discoverer 1 drillship took place during the 3rd quarter. Further, ProSafe has decided to rename the business area Technology & Engineering to Other Business to clearly illustrate that core business is within Offshore Support Services and Offshore Drilling & Related Services.

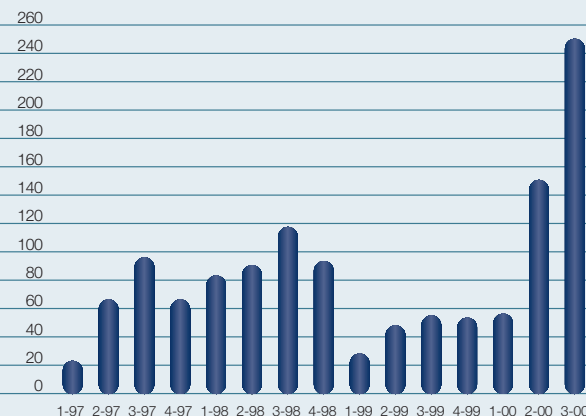
SUMMARY OF SHAREHOLDERS AS AT 25-10-00

Number of shares: 26.165.870
Owned by foreign shareholders: 39,32%

Shareholder	Number of shares	Percentage
JCE Group and ass. companies	3 822 154	14,61%
Storebrand	2 178 677	8,33%
Gjensidige NOR	1 063 690	4,07%
DIA	1 027 849	3,93%
Avanse	1 000 747	3,82%
Putnam	849 493	3,25%
Folketrygdfondet	750 050	2,87%
Vital	659 965	2,52%
GMO	634 900	2,43%
Chase Manhattan Bank	620 800	2,37%

Total 10 largest shareholders 12 608 325 48,19%

DEVELOPMENT IN OPERATING PROFIT



KEY FIGURES - DEFINITIONS

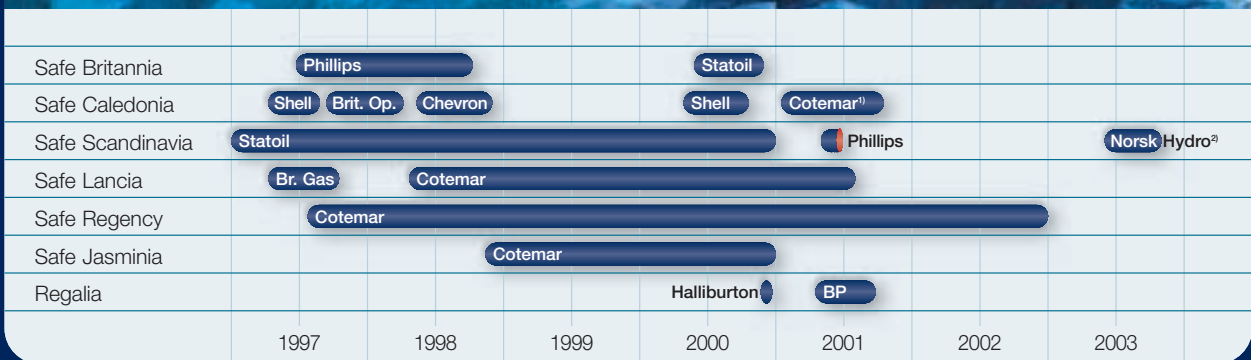
Operating margin (%)	(Operating profit / Operating revenues) * 100
Equity ratio (%)	(Equity / Total assets) * 100
Cash flow (MNOK)	Profit before taxes + Depreciation + Write downs - Taxes paid +/- Unrealised currency loss/gain
Cash flow per share (NOK)	Cash flow / Average number of outstanding and potential shares
Interest service ratio	(Profit before taxes + Interest expenses) / Interest expenses
Profit per share fully diluted (NOK)	Profit for the period / Average number of outstanding and potential shares

BUSINESS AREAS

OFFSHORE SUPPORT SERVICES (MNOK)	3Q 00	2Q 00	3Q 99	30-09-00	30-09-99	1999
Operating revenues	354	263	77	738	242	348
Operating expenses	-75	-74	-9	-178	-42	-62
Merger and reorganisation expenses	0	0	0	0	-8	-8
Operating profit before depreciation	279	189	68	560	191	277
Depreciation	-43	-37	-29	-116	-87	-121
Operating profit	236	152	39	444	104	156
Total assets	2 733	2 084	1 563	2 733	1 563	1 863
Employees	76	80	41	76	41	41
OFFSHORE DRILLING & RELATED SERVICES (MNOK)	3Q 00	2Q 00	3Q 99	30-09-00	30-09-99	1999
Operating revenues	249	224	242	694	690	899
Operating expenses	-223	-207	-211	-631	-608	-794
Merger and reorganisation expenses	0	0	0	0	0	0
Operating profit before depreciation	26	17	31	63	82	105
Depreciation	-9	-7	-7	-23	-21	-27
Operating profit	17	10	23	40	61	78
Total assets	567	544	510	567	510	538
Employees	1 029	942	956	1 029	956	964
OTHER BUSINESS (MNOK)	3Q 00	2Q 00	3Q 99	30-09-00	30-09-99	1999
Operating revenues	99	56	78	214	307	365
Operating expenses	-93	-59	-76	-213	-290	-358
Merger and reorganisation expenses	0	0	0	0	-6	-6
Operating profit before depreciation	6	-3	2	1	11	1
Depreciation	-2	-2	-1	-6	-5	-7
Operating profit	4	-5	1	-5	6	-6
Total assets	218	180	196	218	196	206
Employees	177	162	224	177	224	208

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CONTRACT OVERVIEW OFFSHORE SUPPORT SERVICES

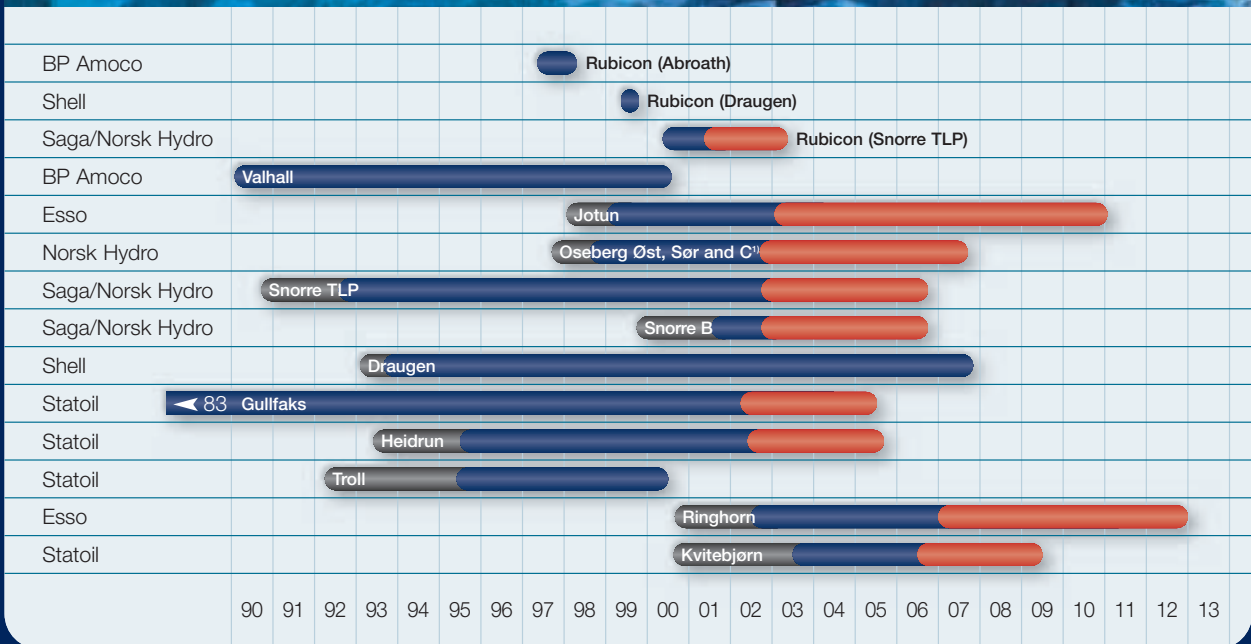


Fixed contracts Options

¹⁾ Mobilisation early November 2000

²⁾ ProSafe shall by 1 July 2002 nominate one of the rigs Safe Scandinavia, Safe Caledonia or Safe Britannia to perform the work.

CONTRACT OVERVIEW OFFSHORE DRILLING & RELATED SERVICES



Project phase Drilling/maintenance Options

¹⁾ Oseberg C will remain in project phase until early December 2000.