

FOURTH QUARTER 2002

Main figures

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

2002 was the first full year with the Floating Production division in Prosafe. This division was established as from the second quarter 2001, when Prosafe acquired Nortrans Offshore Ltd.

Operating profit for 2002 equalled NOK 702m (NOK 510m). Adjusted for goodwill amortisation of NOK 68m, the operating profit was NOK 770m (NOK 561m).

Profit after tax for 2002 came to NOK 524m (NOK 375m), and fully diluted earnings per share equalled NOK 15.39 (11.66). Adjusted for goodwill amortisation, fully diluted earnings per share equalled NOK 17.38 (13.25).

Operating profit for the fourth quarter came to NOK 136m (NOK 126m). Adjusted for goodwill amortisation of NOK 17m, the operating profit equalled NOK 153m.

Profit after tax for the fourth quarter amounted to NOK 88m (NOK 98m), and fully diluted earnings per share equalled NOK 2.60 (2.87). Adjusted for goodwill amortisation, fully diluted earnings per share equalled NOK 3.10 (3.38).

Total assets amounted to NOK 7,245m (NOK 6,511m) at the end of the period, and the equity ratio was 47% (47%). The increase in total assets is mainly attributable to the conversion project Abo, the upgrade of the MSV *Regalia* and the acquisition of the *Safe Hibernia* (ex. *Polyconcord*).

The financial statements are prepared in accordance with the same accounting policies as for the annual report 2001, with the exception of policy changes for long term USD debt and classification costs relating to the company's accommodation and service rigs. Comparison figures have been restated accordingly. Estimated useful life for the accommodation and service rigs has been increased from 30 to 35 years. Please refer to the first quarter report for a detailed description of these changes.

Offshore Support Services

Four of the company's units, the *Safe Britannia*, *Safe Lancia*, *Jasminia* and *Safe Regency*, have been engaged in the Gulf of Mexico throughout the year. The *Safe Caledonia* was on contract in the Gulf of Mexico until May, and subsequently she went on contract with Statoil on Sleipner, where she operated until October. The *Safe Hibernia* (ex. *Polyconcord*), which the company acquired in February, commenced a one-year contract in the Gulf of Mexico in May.

In 2002, the *Safe Scandinavia* has been on contract with Chevron on Alba in the UK sector from April to July. Subsequently, the rig was engaged by Statoil on Statfjord from August to October. In November, the rig was taken to yard to increase accommodation capacity. In 2002, the MSV *Regalia* has been on contract with Statoil on Åsgard and with BP west of Shetland. In October, the rig was taken to yard to undergo upgrade to subsea well intervention mode.

In 2002, the operating revenues from Offshore Support Services came to NOK 990m (NOK 918m), and the operating profit amounted to NOK 513m (NOK 416m). Utilisation ratio in 2002 was 84% (80%). The increased operating profit is mainly attributable to higher utilisation of the *Safe Britannia*, the contract for the *Safe Hibernia*, and also lower depreciation due to revised estimate of useful life of the vessels. Factors which have had an opposite effect on the operating profit are lower USD/NOK exchange rate, and lower utilisation of the *Safe Caledonia* and MSV *Regalia*, the former due to mobilisation from the Gulf of Mexico to the North Sea, and subsequently to the Timor Sea, and the latter due to upgrade.

Operating profit for the fourth quarter equalled NOK 79m (NOK 101m). Utilisation ratio in the fourth quarter was 73% (84%). The decreased operating profit is due to lower utilisation ratio and lower USD/NOK exchange rate. The MSV *Regalia* and *Safe Scandinavia* have been taken to yard during the fourth quarter to undergo upgrade work. Depreciation is suspended during the yard stays for these units.

Floating Production

The FPSO *Espoir Ivoirien* commenced the ten-year contract offshore the Côte d'Ivoire in February 2002. The FPSO *Petróleo Nautipa* completed the contract with Canadian Natural Resources on Kiame offshore Angola in April 2002, and commenced a 2 + 3 x 1 year contract with Vaalco offshore Gabon in September 2002. Throughout the year, the FPSO *Endeavor*, FPSO *Madura Ayu* and FPSO *Al Zaafarana* have operated in India, Indonesia and the Gulf of Suez, respectively.

In 2002, Floating Production generated operating revenues of NOK 460m (NOK 253m), and the operating profit before goodwill amortisation equalled NOK 173m (NOK 84m). Operating profit for the fourth quarter amounted to NOK 39m (NOK 27m) before goodwill amortisation. The improvement is mainly attributable to the contract for the FPSO *Espoir Ivoirien* offshore the Côte d'Ivoire. Adverse factors are lower USD/NOK exchange rate and the sale of the FPSO *Ruby Princess* in October, whereas she was in operation in the full fourth quarter last year.

Drilling Services

In 2002, the activity within Drilling Services has increased and profitability has improved. The company started drilling on Ringhorne for Esso in October 2002, and has also achieved extensions of important contracts which expired in 2002. Specifically, the contracts that have been extended are Snorre B, Snorre TLP, and the contract for Rubicon on Snorre TLP. In addition, the contracts on Gullfaks and Heidrun have been extended to the summer of 2004.

In 2002, the operating revenues reached NOK 1,459m (NOK 1,252m), and the operating profit was NOK 109m (NOK 82m). The operating profit is the best result so far for this division. Operating profit for the fourth quarter equalled NOK 42m (NOK 20m). The main reason for the improvement, both for the full year and for the fourth quarter alone, is high efficiency.

Outlook

Prospects for the Norwegian continental shelf are positive for the segments in which the company operates. Despite a declining rate of investments in general, prognoses show that considerable amounts still are to be invested on operations and maintenance in the years ahead. Increasing focus on increased recovery from existing fields, and hook-up of satellite fields to existing installations, are

strong driving forces. In addition, there are opportunities for new exploration areas in the north, dependent on the Norwegian authorities' ongoing study of consequences relating to this issue.

Internationally, there is a similar focus on increased recovery, and also a potential for new discoveries as the industry is moving towards deeper water. Development solutions based on floating concepts and subsea technology, and also cost-effective solutions for development of marginal fields, e.g. FPSO, are other important trends.

In connection with a continuous, global growth in demand for oil and gas, this justifies maintaining an optimistic view on the outlook for the segments in which Prosafe operates.

As regards **Offshore Support Services**, also the first quarter of 2003 will be influenced by the company having two rigs undergoing upgrade works, the MSV *Regalia* and *Safe Scandinavia*, and also by the *Safe Caledonia* mobilising for the Timor Sea. The MSV *Regalia* will start testing and preparations in the course of March, prior to the first contract for intervention of four wells for Statoil in April. Subsequently, she will prepare for the accommodation contract for Norsk Hydro on Fram at the end of the second quarter and in the beginning of the third quarter. Prosafe is currently working on further engagements for the rig after the Fram contract, alternatively in the Gulf of Mexico. The *Safe Scandinavia* will finish her yard stay in Gothenburg in the course of February, and subsequently start preparations for the contract with Statoil on Gullfaks in March, followed by a 152 days contract with Norsk Hydro on Grane which is to start in May. The *Safe Caledonia* is expected to start her engagement with Phillips on Bayu Undan in the course of May. Five of Prosafe's rigs, the *Safe Lancia*, *Safe Britannia*, *Safe Regency*, *Safe Hibernia* and *Jasminia* are currently in the Gulf of Mexico. The contracts for the units expire during the period from late March to mid May 2003. The activity level in Mexico is high. Pemex has expressed goals relating to increased oil recovery on the Mexican shelf, and several accommodation contracts relating to development, operation and maintenance, are currently out for tender. Prosafe, and the partner Cotemar, which is responsible for the operation of Prosafe's rigs in the Gulf of Mexico, regard the opportunities high for new engagements in the region.

Within **Floating Production** start up for the *Abo FPSO*, the company's third FPSO, is approaching. The conversion was completed within time and on budget, and the vessel arrived on the field at the end

of January. The vessel is currently being anchored and hooked up, so that production testing can start. First oil is expected by the end of first quarter 2003. Effective late January 2003, the FSO *Madura Ayu* has been replaced by a larger vessel, the FSO *Madura Jaya*. Prosafe is currently seeking new assignment for the FSO *Madura Ayu*. The contract for the FSO *Endeavor* was recently extended until July 2004. Activity in the floating production segment remains high, although some projects are being postponed. Prosafe is considering several new tenders, and sees interesting opportunities for a new contract in the periods ahead.

Activity within ***Drilling Services*** has been high during the recent periods. During the first quarter

2003, the activity on Oseberg C and Oseberg East will be reduced, whereas the activity on the rest of the installations is expected to remain high. On Kvitebjørn, the activity will increase towards June 2003 when Prosafe will start drilling for Statoil in June 2003. In the fourth quarter, Drilling Services has established representation in Aberdeen, the purpose being to follow opportunities for future drilling assignments in the UK sector. Prosafe is one of the bidders on Norsk Hydro's new drilling contract on Oseberg C, Oseberg East, Oseberg South (from the summer of 2004), Oseberg B, Njord and Brage. A decision is expected by the end of the first quarter 2003. The general prospects for the company's business are positive.

Oslo, 10 February 2003

The Board of Directors of Prosafe ASA

Profit & Loss Account

(Unaudited figures in NOK million)	4Q 02	3Q 02	4Q 01	2002	2001
Operating revenues	664	772	624	2.893	2.418
Operating expenses	-445	-469	-400	-1.829	-1.535
Operating profit before depreciation	219	303	223	1.064	883
Goodwill amortisation	-17	-17	-17	-68	-51
Depreciation	-66	-78	-81	-294	-322
Operating profit	136	208	126	702	510
Interest income	5	8	10	31	36
Interest expenses	-28	-30	-33	-129	-158
Other financial items	-10	7	5	-40	-25
Profit before other items	103	193	108	564	363
Other items	0	0	-9	0	41
Profit before taxes	103	193	99	564	404
Taxes	-15	-10	-1	-40	-29
Profit for the period	88	183	98	524	375
EPS (in NOK)	2,61	5,39	2,90	15,48	11,77
EPS fully diluted (in NOK)	2,60	5,36	2,87	15,39	11,66

Balance Sheet

(Unaudited figures in NOK million)	31-12-02	30-09-02	01-01-02
Goodwill	1.243	1.260	1.309
Rigs	2.873	2.770	2.379
Ships	1.666	1.610	1.323
Other fixed assets	205	195	158
Total fixed assets	5.987	5.835	5.169
Other current assets	532	610	579
Cash and deposits	726	556	763
Total current assets	1.258	1.166	1.342
Total assets	7.245	7.001	6.511
Share capital	337	338	337
Other equity	3.070	3.035	2.731
Total equity	3.407	3.373	3.068
Interest free long term liabilities	83	85	89
Interest bearing long term liabilities	2.985	2.902	2.679
Total long term liabilities	3.068	2.987	2.768
Interest free short term liabilities	770	641	675
Total short term liabilities	770	641	675
Total equity and liabilities	7.245	7.001	6.511

<i>Movements in equity:</i>	4Q 02	2002
Equity 31-12-01	-	2.893
Change of accounting policies	-	175
Equity at the beginning of the period	3.373	3.068
Profit for the period	88	524
Paid in capital	0	16
Buy-back of own shares	-4	-19
Change in translation difference	-50	-182
Equity at the end of the period	3.407	3.407

In the fourth quarter equity per 01-01-02 has been adjusted by NOK 25 mill due to a provision for deferred tax relating to the change of accounting policy for long term loans in USD.

Key Figures	Note	4Q 02	3Q 02	4Q 01	2002	2001
Operating margin	1	20,5 %	26,9 %	20,2 %	24,3 %	21,1 %
Equity ratio	2	47,0 %	48,2 %	47,1 %	47,0 %	47,1 %
Return on equity	3	2,6 %	5,5 %	3,2 %	16,2 %	15,2 %
Return on capital employed	4	2,2 %	3,5 %	2,4 %	12,1 %	12,1 %
Net interest bearing debt (NOK million)	5	2.259	2.346	1.916	2.259	1.916
Number of outstanding shares (1.000 shares)		33.727	33.775	33.719	33.727	33.719
Average number of outstanding shares (1.000 shares)		33.728	33.948	33.712	33.857	31.836
Av. no. of outst. and potential shares (1.000 shares)		33.886	34.122	34.023	34.059	32.139
Market value (NOK million)		3.187	2.770	4.046	3.187	4.046
Number of employees		1.824	1.815	1.737	1.824	1.737

Definitions

- 1 (Operating profit / Operating revenues) * 100
2 (Equity / Total assets) * 100
3 Profit for the period / Average equity
4 (Operating profit + Interest income) / (Av. total assets - Av. interest free liabilities)
5 Interest bearing debt - Cash and deposits

Summary of shareholders as at 04-02-03

Number of shares: 33,957,900
Foreign ownership: 45,37 %

Shareholder	Number of shares	Percentage
JCE	3.363.367	9,90 %
Odin	2.038.478	6,00 %
Star Navigation Ltd	1.842.000	5,42 %
Folketrygdfondet	1.830.450	5,39 %
Fidelity Investments	1.713.250	5,05 %
Kartron Investments	1.454.355	4,28 %
Sinberg Invest Ltd	1.033.834	3,04 %
Storebrand	892.556	2,63 %
Nordea	829.102	2,44 %
Perny Ltd	765.034	2,25 %
Total 10 largest shareholders	15.762.426	46,42 %

Divisions

(Unaudited figures in NOK million)	Offshore Support Services				
	4Q 02	3Q 02	4Q 01	2002	2001
Operating revenues	183	302	214	990	918
Operating expenses	-76	-97	-63	-331	-304
Operating profit before depreciation	107	205	151	659	614
Depreciation	-28	-41	-50	-146	-198
Operating profit	79	164	101	513	416
Total assets	3.106	3.052	2.612	3.106	2.612
Employees	133	134	122	133	122

(Unaudited figures in NOK million)	Floating Production				
	4Q 02	3Q 02	4Q 01	2002	2001
Operating revenues	107	117	71	460	253
Operating expenses	-43	-47	-25	-185	-83
Operating profit before depreciation	64	70	46	275	170
Goodwill amortisation	-17	-17	-17	-68	-51
Depreciation	-25	-26	-19	-102	-86
Operating profit	22	27	10	105	33
Total assets	3.153	3.098	2.825	3.153	2.825
Employees	452	412	251	452	251

(Unaudited figures in NOK million)	Drilling Services				
	4Q 02	3Q 02	4Q 01	2002	2001
Operating revenues	383	355	340	1.459	1.252
Operating expenses	-328	-322	-310	-1.307	-1.134
Operating profit before depreciation	55	33	30	152	118
Goodwill amortisation	0	-1	0	-1	0
Depreciation	-13	-9	-10	-42	-36
Operating profit	42	23	20	109	82
Total assets	832	761	718	832	718
Employees	1.228	1.258	1.152	1.228	1.152

Pro forma accounts incl. Floating Production

Profit & Loss Account

(Unaudited figures in NOK million)	2001
Operating revenues	2.506
Operating expenses	-1.563
Operating profit before depreciation	943
Goodwill amortisation	-68
Depreciation	-355
Operating profit	520
Interest income	38
Interest expenses	-185
Other financial items	-25
Profit before other items	347
Other items	41
Profit before taxes	388
Taxes	-26
Profit for the period	362