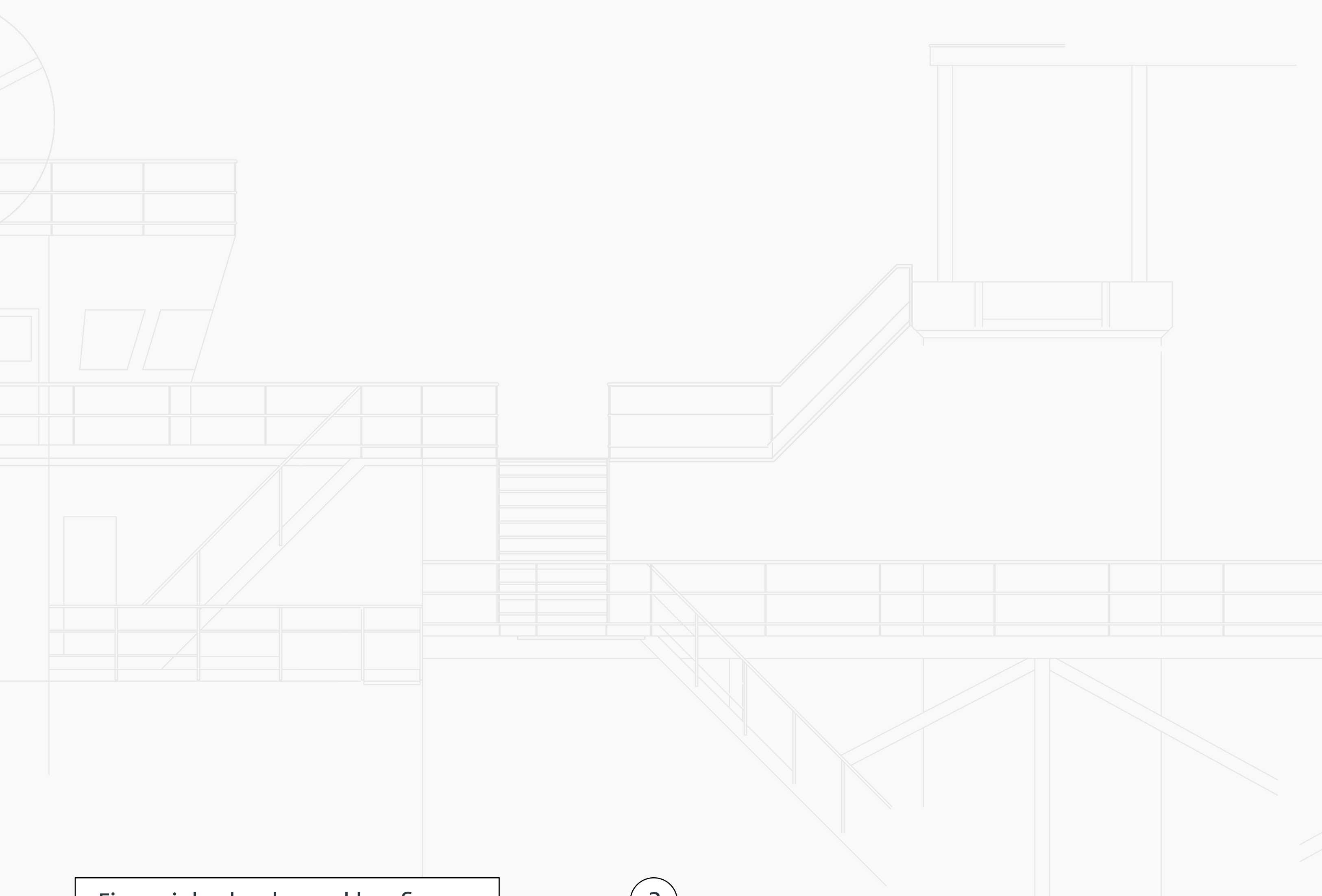
Prosafe

Annual report 2010

Accommodating the Offshore Industry



Prosafe has only prepared a printed short version of the annual report.

For a full report, including information related to HSEQA, corporate governance, social responsibility, shareholders, debt financing etc., please refer to the Download Centre on Prosafe's website www.prosafe.com.

This information will be updated whenever required throughout the year, and will thereby at all times be as updated and correct as possible.

Financial calendar

Reporting results

The following dates have been set for quarterly interim reporting and presentations in 2011:

1st quarter:	25	May	2011
2nd quarter:	25	August	2011
3rd quarter:	2	November	2011
4th quarter:	16	February	2012

Prosafe reserves the right to amend these publication dates.

Annual general meeting

The AGM for Prosafe SE will be held in the company's premises at Stadiou Street 126, CY-6020 Larnaca, Cyprus on Wednesday, 25 May 2011.

Key figures

Key financial figures		Note	2010	2009	2008
Profit					
Operating revenues	USD million		442.4	397.9	491.1
EBITDA	USD million	1	283.1	274.3	281.0
Operating profit	USD million		221.1	218.6	232.2
Net profit	USD million		198.5	127.2	202.8
Earnings per share	USD	2	0.89	0.57	0.89
Operating margin		3	50.0%	54.9%	47.3%
Balance sheet					
Total assets	USD million		1 266.4	1 355.5	1 313.9
Interest-bearing debt	USD million		705.4	915.1	958.7
Net interest-bearing debt	USD million	4	607.1	826.6	843.1
Book equity	USD million		410.3	263.9	124.6
Book equity ratio		5	32.4%	19.5%	9.5%
Valuation					
Market capitalisation	USD million		1 821	1 466	854
Share price	NOK		46.40	36.85	26.00

1 Operating profit before depreciation
2 Net profit / Average number of outstanding and potential shares
3 (Operating profit / Operating revenues) * 100
4 Interest-bearing debt - Cash and deposits
5 (Book equity / Total assets) * 100

About Prosafe

Prosafe is the world's leading owner and operator of semi-submersible accommodation/service rigs. The company operates globally and employed 432 people at year-end. Operating profit for the year 2010 was USD 221.1 million and net profit for 2010 equalled USD 198.5 million.

Prosafe owns 11 semi-submersible accommodation/service rigs and one accommodation/service jack-up. Accommodation/service rigs are used when there is a need for additional accommodation, engineering, construction or storage capacity offshore.

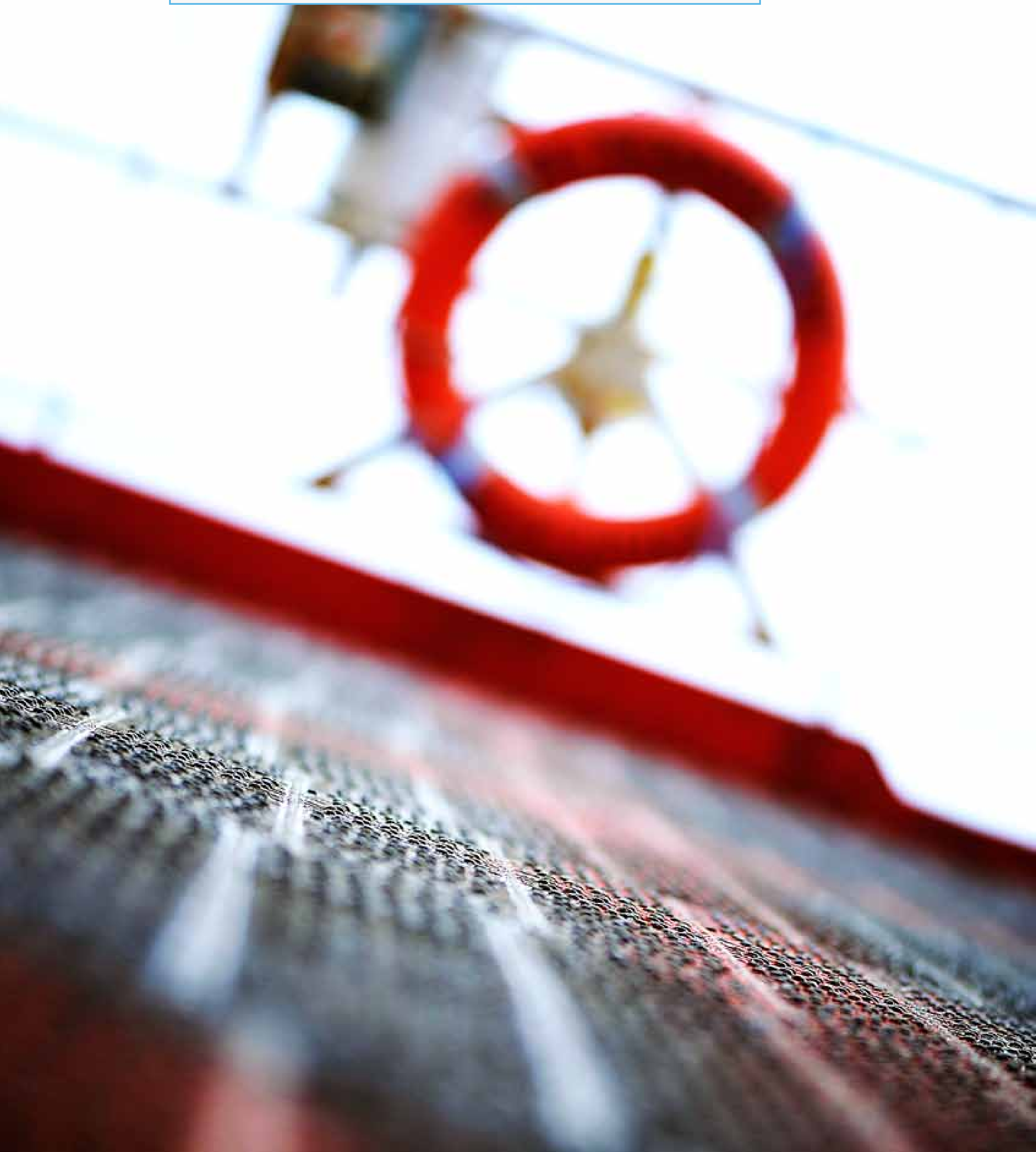
Prosafe's rigs have accommodation capacity for 139-812 people and offer high quality welfare and catering facilities, storage, workshops, offices, medical services, deck cranes and lifesaving and fire fighting equipment. The rigs are positioned alongside the host installation and are connected by means of a telescopic gangway so that personnel can walk to work.

The majority of Prosafe's operations are related to maintenance and modification of installations on fields already in production, while some activity is also related to commissioning and decommissioning.

With six dynamically positioned units, five anchored rigs and one jack-up, Prosafe's rig fleet is versatile and able to operate in nearly all offshore environments. At present, Prosafe is the leader in the provision of offshore accommodation rigs in harsh and semi-harsh environments and in hurricane regions such as the Gulf of Mexico.

Prosafe has extensive experience from operating gangway connected to fixed installations, FPSOs, TLPs, Semis and Spars. The company's track record comprises operations offshore Norway, UK, Denmark, Tunisia, West Africa, North-west and South Australia, the Philippines, Russia, USA and the Gulf of Mexico. In 2011, Prosafe will commence operations offshore Brazil.

Directors' report



With 12 units, Prosafe is the leading player within the global market for semi-submersible accommodation and service rigs for the oil and gas industry. The rigs are most frequently used in connection with maintenance and modification/upgrades in the production phase of an oil or gas field. Some demand is also generated by installation work and decommissioning of production facilities.

Despite fairly low average utilization of the rig fleet, 2010 was a good year with net profit just below the record year of 2008. The year also contained important milestones such as the first contract award in Brazil and the divestment of the shareholding in Prosafe Production.

Income statement

Despite the relatively low utilization rate of 75 per cent (86 per cent), consolidated operating revenues grew to USD 442.4 million (USD 397.9 million in 2009) due to an increase in average dayrates for the fleet. Operating expenses were USD 159.3 million (USD 123.6 million). The increase is mainly attributable to a higher level of reimbursable expenses and more maintenance spending. This resulted in operating profit before depreciation of USD 283.1 million (USD 274.3 million).

Depreciation increased to USD 62.0 million (USD 55.7 million) as result of the investments made in the fleet. This gave an operating profit of USD 221.1 million (USD 218.6 million). Net interest expenses amounted to USD 42.6 million (44.4 million). The decrease is mainly attributable to lower debt levels. Net interest-bearing debt stood at USD 607.1 million as of 31 December 2010, while it was USD 826.6 million a year before.

Other financial items totalled USD 23.7 million (USD -33.3 million). In addition to the net effect from changes in value of financial instruments, this includes a sales gain of USD 23.7 million related to the divestment of the holding in Prosafe Production Public Ltd.

The tax cost for 2010 was USD 3.7 million (USD 13.7 million). This is lower than what normally would be the case due to reversal of tax provisions previously made on currency gains in Norway.

Net profit amounted to USD 198.5 million (USD 127.2 million), leading to diluted earnings per share of USD 0.89 (USD 0.57).

Capital

Total assets stood at USD 1 266.4 million (USD 1 355.6 million) at the end of 2010. Investments in tangible assets totalled USD 46.9 million (USD 141.9 million), considerably less than the depreciation charge of USD 62.0 million (USD 55.7 million).

In 2010, Prosafe SE paid interim dividends of USD 61.8 million (USD 51.3 million), corresponding to NOK 1.72 per share (NOK 1.35).

Interest-bearing debt amounted to USD 705.4 million (USD 915.1 million) at year-end.

Repayments summed up to USD 258.0 million (USD 183.8 million), while gross increase in borrowing amounted to USD 50.0 million (USD 133.5 million).

As of year-end 2010, the Group had total liquid assets of USD 98.3 million (USD 88.5 million). Total shareholders' equity amounted to USD 410.3 million (USD 263.9 million), resulting in a book equity ratio of 32.4 per cent (19.5 per cent). The increase reflects a net profit for the period of USD 198.5 million and dividend payments of USD 61.8 million, as well as revaluation of financial instruments.

Overall, Prosafe has developed a sound financial position based on solid operations, a good contract portfolio and competitive debt facilities.

Pursuant to Section 3-3 of the Norwegian Accounting Act, the Board confirms that the going-concern assumption applies and that the annual accounts have been prepared on this assumption.

Reference is made to note 26 to the consolidated accounts for a description of events after the balance sheet date.

Operations

Prosafe owns 11 of the world's 19 semi-submersible accommodation and service rigs. During the year, these rigs have served charters in the North Sea, Mexico and the Philippines. Total rig utilisation in 2010 was 75 per cent (86 per cent).

Safe Hibernia, Jasminia, Safe Britannia, Safe Lancia and *Safe Regency* operated on long-term charters in Mexico throughout the year.

Safe Concordia was idle for the entire year. In the first quarter of 2010, the vessel underwent the five-yearly Special Periodic Survey in the yard in Pascagoula in the US. In June, the rig was taken to yard in Curaçao where she was prepared for a long-term charter in Brazil scheduled to commence in 2011.

Safe Caledonia was on charter on the UK Continental Shelf until mid September. The rig underwent a short yard stay in late 2010 and early 2011.

Safe Scandinavia operated for Statoil in Norway from late April until October, when she replaced MSV *Regalia*, working for BP in Norway. MSV *Regalia*, which had worked for BP since July 2009, stayed idle for the remainder of the year.

Safe Bristolia operated in Mexico until late January 2010, after which she transited to the UK Continental Shelf to work for Nexen. The contract with Nexen commenced in the beginning of April and expired at the end of September.

Safe Esbjerg was on contract for Maersk in Denmark for most parts of 2010.

Safe Astoria was engaged on a charter in the Philippines for the first six months of the year.

Outlook

Accommodation and service rigs are mainly used in relation to the production phase of an oil field, meaning that it is a late-cyclical business. Maintenance and upgrades of existing facilities are the most important demand drivers, but hook-up and commissioning of production units, tie-ins of satellite fields to existing facilities and decommissioning of fields also generate demand.

Following the oil price slump in the autumn of 2008, oil companies cut back on spending and a number of planned maintenance and upgrade projects was postponed. This resulted in a period with low tendering activity. In the first quarter of 2008, the order backlog peaked at 933 million, while the trough was seen in second quarter of 2010 at USD 421 million. Over the last year, there has been a clear improvement in the market and the number of enquiries from oil companies has been on the rise. A handful of contracts were awarded during the second half of 2010 and the first couple of months of 2011. The order backlog stood at USD 592 million as at 31 December 2010.

Historically, there have been two main markets for semi-submersible accommodation and service rigs; the North Sea and Mexico. Prosafe had five units in the North Sea during 2010 and it was the most important market in terms of earnings contribution. The North Sea is a mature area and appears to be well explored and the number of fields and installation is likely to decline in the longer term. However, as most of the production installations were put in place more than 10-15 years ago, the need for maintenance and upgrades should continue to stay at a high level. Furthermore, the oil price seems to have established at a high level, meaning that the financial return of investing in increased recovery rates, extended field lifetimes and tie-ins of satellite fields looks more attractive. Consequently, the Board expects the demand in the North Sea to be stable or moderately increasing.

Prosafe had five units employed in Mexico in 2010. All the units are working with maintenance and upgrades of production facilities on the Cantarell field. Although production on the field has been in decline for a number of years, it is still expected to produce for more than a decade. The Board thus expects demand from Mexico to remain stable in the foreseeable future.

Prosafe was awarded its first contract ever in Brazil in September 2010. Commencing in 2011, *Safe Concordia* is going to assist on a maintenance programme in the Campos basin for three years. Many of the production installations in Brazil have reached an age where the maintenance need is increasing. Moreover, there could also be a need of support related to the hook-up of new production installations in the pre-salt fields. As such, the Board expects the demand from Brazil will increase over the coming years.

The semi-submersible accommodation and service rig concept has also been utilized in other parts of the world such as West Africa and Asia. However, in these areas the weather conditions are such that also other and cheaper concepts may be used. Consequently, the demand picture in these regions is a bit more uncertain. However, the Board notes that the number of prospects has increased over the last few months and that the outlook appears more positive than it did a year ago.

The supply side is set to remain steady over the next couple of years as no new capacity has been ordered lately. Last year there was an addition of two new rigs, meaning that the world fleet now comprises 19 units, whereof 11 are owned by Prosafe.

All in all, the Board regards the supply/demand balance in the accommodation and service rig segment as sensible. Depending on the size and timing of the anticipated demand from Brazil, the market could tighten further in the medium to long-tem, which should have a positive impact on utilization rates and dayrates.

Health, safety and the environment (HSE)

Health, safety and the environment represent fundamental success factors for Prosafe, and are reflected in the core values. The company works proactively and systematically to reduce injuries and sickness absence. Sickness absence fell to 2.9 per cent in 2010 from 3.1 per cent in 2009.

In 2010, Prosafe recorded four incidents requiring medical treatment. Two of the incidents were classified as Lost Time Injuries (LTIs), which means the employees were absent from the next work shift because of the injury. Fortunately, none of the incidents had long-term consequences.

Prosafe works according to a zero mindset philosophy. This implies that no accidents or serious incidents are acceptable. During recent years, Prosafe has enhanced its focus on preventive work and has initiated a number of new measures to continuously instill safety awareness. These efforts have resulted in improved safety results. The LTI frequency, which is calculated by multiplying the number of LTIs by 1 million and dividing this by the total number of man-hours worked, was 2.4 in 2010, as opposed to 2.5 in 2009. The injury frequency, which expresses the number of personal injuries per million working hours, was 4.8, which is an improvement from 2009, when it was 5.0.

Prosafe had no accidental discharges to the natural environment in 2010.

Prosafe's vessels use diesel engines for generation of electrical power. These types of engines, which are widely used in the industry, cause emissions to the environment. However, the company is working actively to reduce these emissions by investments in more modern and fuel efficient equipment and continuous improvement in operating procedures.

Human resources and diversity

Prosafe's workforce as of 31 December 2010 counted 432 employees from 23 countries, an increase from the 385 employed at the end of 2009. Overall workforce turnover in the group was 8.5 per cent in 2010, as opposed to 8.7 per cent in 2009.

Men have traditionally made up a greater proportion of the recruitment base for offshore operations, and this is reflected in Prosafe's gender breakdown. As of 31 December 2010, women accounted for 12 per cent of the overall workforce, which is more or less the same as in 2008, while their proportion on land was 42 per cent, as opposed to 49 per cent in 2009.

In 2010, the proportion of women among Prosafe's managers was 12 per cent, as opposed to 8 per cent in 2009. The company's policy is full equality between women and men.

Corporate governance

Corporate governance in Prosafe is based on the principles contained in the Norwegian Code of Practice for Corporate Governance of 21 October 2010. There are no significant deviations between the Code of Practice and the way it has been implemented in Prosafe.

By displaying robust corporate governance, the company will strengthen confidence in the company among shareholders, the capital market and other interested parties, and will help ensure maximum value creation over time in the best interest of shareholders, employees and other stakeholders.

At the Annual General Meeting on 12 May 2010, Michael R. Parker was elected as Chairman of the Board for a period of one year. He succeeded Reidar Lund, who chose to step down after 11 years as Chairman. Christian Brinch (Deputy Chairman), Ronny J. Langeland and Gunn Elin Nicolaisen were re-elected for a period of two years. In connection with Mr. Lund's retirement, the number of Directors was reduced to six from seven.

Corporate social responsibility

Prosafe aims to be a socially responsible company and to further develop its business in a sustainable manner. In order to ensure long-term, viable development and profit, the company balances economic, environmental and social objectives and integrates them into its daily business activities and decisions.

Prosafe's objectives for corporate social responsibility are based on the company's strategy, core values, Code of Conduct and principles for corporate governance, in addition to international recognised principles and guidelines. In order to advance its commitment to sustainability and corporate citizenship, Prosafe signed up as a member of the United Nations Global Compact in October 2008.

Going forward, the company will aim for continuous improvement of its internal standards, the way it works with partners and suppliers, and to manage the impact of its operations.

Risk

Prosafe must deal with the following primary risk categories: strategic, operational, financial and insurance-related. The company's Board and senior officers manage these risk factors through continuous reporting, board meetings, periodic reviews of the business and tenders, and rolling strategy and budget processes. This is supplemented by dialogue and exchange of views with the company's management.

The company aims to create shareholder value by allocating capital and resources to the business opportunities that yield the best return relative to the risk involved within its specified strategic direction.

Prosafe seeks to reduce its exposure to operational, financial and insurance-related risk through proper operating routines, the use of financial instruments and insurance policies.

Further information on financial risk management is given in note 21 to the consolidated financial statements.

Shareholders
The shareholder register at 31 December 2010 showed that the ten largest shareholders owned a total of 42.8 per cent of shares, with the remaining held by 4 743 investors. Folketrygdfondet (The Norwegian State Pension Fund) was the largest shareholder, owning 7.4 per cent of the outstanding shares.

The number of issued shares in Prosafe is 229 936 790 at a nominal value of EUR 0.25 each, of which 6 988 031 shares were owned by Prosafe SE. There has been no change in share capital in the reporting period.

Further information is shown in note 16 to the consolidated financial statements.

Auditor
The independent auditor of the company, Ernst & Young, has expressed its willingness to continue as the company's auditor. Reference to auditors' fee is made to note 8 to the consolidated accounts.

Proposed dividend
Prosafe's shareholders are to receive a competitive return on their shares through a combination of share price appreciation and a direct return in the form of dividends. The level of dividend is to reflect the underlying financial development of the company, while taking into account opportunities for further value creation though profitable investment.

The Board has defined a dividend policy with a target distribution of 40-50 per cent of the company's net profit paid tri-annually the following year. In 2010, a total dividend equivalent to USD 0.285 per share was distributed to the shareholders. The dividend was paid in the form of NOK 1.72 per share. Typically an interim dividend will be declared in relation to presenting the quarterly accounts for the first, second and third quarter.

At 31 December 2010, Prosafe SE had a distributable equity of USD 1 161.9 million. The parent company showed a net profit of USD 110.5 million for 2010, which the Board proposes to be allocated as follows (in USD million):

Dividend	0.0 million
Transferred to equity	110.5 million
Total	**110.5 million**

Larnaca, 23 March 2011
Board of directors of Prosafe SE

Michael Raymond Parker
Non-executive chairman

Christian Brinch
Non-executive deputy chairman

Roger Cornish
Non-executive director

Ronny Johan Langeland
Non-executive director

Elin Nicolaisen
Non-executive director

Christakis Pavlou
Non-executive director

Consolidated accounts

CONSOLIDATED INCOME STATEMENT

(USD million)	Note	2010	2009
Charter revenues		397.1	368.5
Other operating revenues	6	45.3	29.4
Operating revenues		**442.4**	**397.9**
Employee benefits	8	(68.6)	(53.2)
Other operating expenses	9	(90.7)	(70.4)
Operating profit before depreciation		**283.1**	**274.3**
Depreciation	10	(62.0)	(55.7)
Operating profit		**221.1**	**218.6**
Interest income	12	0.3	0.4
Interest expenses	12	(42.9)	(44.8)
Other financial income	11, 12	26.6	41.3
Other financial expenses	11, 12	(2.9)	(74.6)
Net financial items		**(18.9)**	**(77.7)**
Profit before taxes		**202.2**	**140.9**
Taxes	13	(3.7)	(13.7)
Net profit		**198.5**	**127.2**
Attributable to equity holders of the parent		**198.5**	**127.2**
Earnings per share (USD)	14	**0.89**	**0.57**
Diluted earnings per share (USD)	14	**0.89**	**0.57**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(USD million)	Note	2010	2009
Net profit for the year		**198.5**	**127.2**
Foreign currency translation		0.9	(13.6)
Revaluation hedging instruments	21	8.8	8.5
Revaluation shares	4	0.0	68.5
Income tax effect on components of comprehensive income		0.0	0.0
Other comprehensive income, net of tax		**9.7**	**63.4**
Total comprehensive income		**208.2**	**190.6**
Attributable to equity holders of the parent		**208.2**	**190.6**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(USD million)	Note	31.12.2010	31.21.2009
ASSETS			
Goodwill	10	226.7	226.7
Rigs	10	898.8	913.5
Other tangible assets	10	4.5	4.9
Total non-current assets		**1 130.0**	**1 145.1**
Cash and deposits	20, 22	98.3	88.5
Debtors	20, 21	17.5	41.0
Assets held for sale	4, 20	0.0	54.7
Fair value on derivatives	20, 21	3.6	6.5
Other current assets	20, 23	17.0	19.7
Total current assets		**136.4**	**210.4**
Total assets		**1 266.4**	**1 355.5**
EQUITY AND LIABILITIES			
Share capital	16	63.9	63.9
Other equity		346.4	200.0
Total equity		**410.3**	**263.9**
Interest-bearing long-term debt	17, 20, 21	705.4	876.6
Deferred tax	13	41.7	53.8
Fair value on derivatives	20, 21	33.6	43.2
Other provisions		2.3	3.4
Total long-term liabilities		**783.0**	**977.0**
Accounts payable	20, 21	10.4	8.7
Interest-bearing current debt	17, 20, 21	0.0	38.5
Taxes payable	13	24.1	38.5
Other current liabilities	18, 20, 21	38.6	28.9
Total current liabilities		**73.1**	**114.6**
Total equity and liabilities		**1 266.4**	**1 355.5**

Larnaca, 23 March 2011

Michael Raymond Parker
Non-executive chairman

Christian Brinch
Non-executive deputy chairman

Roger Cornish
Non-executive director

Ronny Johan Langeland
Non-executive director

Elin Nicolaisen
Non-executive director

Christakis Pavlou
Non-executive director

CONSOLIDATED CASH FLOW STATEMENT

(USD million)	Note	**2010**	**2009**
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes		202.2	140.9
Unrealised currency (gain)/loss on long-term debt	17	(1.7)	6.7
Depreciation	10	62.0	55.7
Financial income		(0.3)	(0.4)
Financial cost		42.9	44.8
Change in working capital		80.4	39.4
Other items from operating activities		(16.4)	(26.3)
Net cash flow from operating activities		**369.1**	**260.8**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of tangible assets	10	(46.9)	(141.9)
Interest received		0.3	0.4
Net cash flow from investing activities		**(46.6)**	**(141.5)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from new interest-bearing debt	17, 20, 21	50.0	133.5
Repayments of interest-bearing debt	17, 20, 21	(258.0)	(183.8)
Dividends paid		(61.8)	(51.3)
Interest paid		(42.9)	(44.8)
Net cash flow from financing activities		**(312.7)**	**(146.4)**
Net cash flow		**9.8**	**(27.1)**
Cash and deposits at 1 January		88.5	115.6
Cash and deposits at 31 December	22	**98.3**	**88.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(USD million)	Share capital	Own shares	Other equity	Cash flow hedges	Revaluation shares	Foreign currency translation	Total equity
Equity at 31 December 2008	**63.9**	**(49.2)**	**163.2**	**(41.5)**	**(68.5)**	**56.7**	**124.6**
Net profit	0.0	0.0	127.2	0.0	0.0	0.0	127.2
Other comprehensive income	0.0	0.0	0.0	8.5	68.5	(13.6)	63.4
Total comprehensive income *)	**0.0**	**0.0**	**127.2**	**8.5**	**68.5**	**(13.6)**	**190.6**
Dividend	0.0	0.0	(51.3)	0.0	0.0	0.0	(51.3)
Equity at 31 December 2009	**63.9**	**(49.2)**	**239.1**	**(33.0)**	**0.0**	**43.1**	**263.9**
Net profit	0.0	0.0	198.5	0.0	0.0	0.0	198.5
Other comprehensive income	0.0	0.0	0.0	8.8	0.0	0.9	9.7
Total comprehensive income *)	**0.0**	**0.0**	**198.5**	**8.8**	**0.0**	**0.9**	**208.2**
Sale of own shares	0.0	0.1	(0.1)	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	(61.8)	0.0	0.0	0.0	(61.8)
Equity at 31 December 2010	**63.9**	**(49.1)**	**375.7**	**(24.2)**	**0.0**	**44.0**	**410.3**

*) Total comprehensive income is attributable to the equity owner of the parent

The legal form of the share capital and the share premium accounts are reflected in the statement of changes in equity of the accompanying parent financial statements.

Notes to the consolidated financial statements

NOTE 1: CORPORATE INFORMATION

Prosafe SE (the 'Company') is a public limited company domiciled in Larnaca, Cyprus. The Company is listed on the Oslo Stock Exchange with ticker code PRS. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group'). The consolidated financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the board of directors on 23 March 2011. The Group is the world's leading owner and operator of semi-submersible accommodation/service rigs.

NOTE 2: BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap 113. The accounts have been prepared on a historical cost basis, except for derivative financial instruments and financial investments that are stated at fair value. The consolidated financial statements are presented in US dollars (USD), and all values are presented in USD million unless otherwise stated. The accounting principles adopted are consistent with those of the previous financial year.

New and amended standards and interpretations applicable to December 2010 year-end
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2010:

- IFRS 2 Share-based payments: Group Cash-settled Share-based Payment Transactions effective 1 January 2010
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5, IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IAS 39 Financial instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009
- IFRIC 17 Distributions of Non-cash assets to owners effective 1 July 2009
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009)

The adoption of the standards or interpretations is described below.

IFRS 2 Share-based Payment (Revised)
The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payments transactions. The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. The changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010.

The change in accounting policy was applied prospectively and due to the fact that there is no business combination in 2010, it did not have an impact on the financial position or performance of the Group in 2010.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
The amended clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group.

IFRIC 17 Distribution of Non-cash assets to owners
The interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either the financial position or performance of the Group.

Improvements to IFRSs
In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments did not have any impact on the financial position or performance of the Group.

Issued in May 2008
- IFRS 5 Non-current assets held for sale and discontinued operations: Clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction.

Issued in April 2009
- IFRS 5 Non-current assets held for sale and discontinued operations: Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.
- IFRS 8 Operating segments: Clarifies that segment assets and liabilities need only to be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.
- IAS 7 Statement of cash flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.
- IAS 36 Impairment of assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.

Other amendments resulting from improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

Issued in April 2009
- IFRS 2 Share-based Payment
- IAS 1 Presentation of Financial Statements
- IAS 17 Leases
- IAS 38 Intangible assets
- IAS 39 Financial instruments: Recognition and Measurement

- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedge of a Net Investment in a Foreign Operation

IFRSs and IFRICs issued but not yet effective

Amendments to IFRS 7 Financial Instruments - Disclosures
The amendment relates to disclosure requirements for financial assets that are derecognised in their entirety, but where the entity has a continuing involvement. The amendments will assist users in understanding the implications of transfers of financial assets and the potential risks that may remain with the transferor. The amended IFRS 7 is effective for annual periods beginning on or after 1 July 2011, but the standard is not yet approved by the EU. The Group expects to implement the amended IFRS 7 as of 1 January 2012.

IFRS 9 *Financial Instruments*
IFRS 9 replaces the classification and measurement rules in IAS 39 *Financial Instruments- Recognition and measurement* for financial instruments. According to IFRS 9 financial assets with basic loan features shall be measured at amortised cost, unless one opts to measure these assets at fair value. All other financial assets shall be measured at fair value. The classification and measurement of financial liabilities under IFRS 9 is a continuation from IAS 39, with the exception of financial liabilities designated at fair value through profit or loss (Fair value option), where change in fair value relating to own credit risk shall be separated and shall be presented in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after 1 January 2013, but the standard is not yet approved by the EU. The Group expects to apply IFRS 9 as of 1 January 2013.

Amendments to IAS 12 *Income Taxes*
The amendments intend to provide a practical solution to a problem relating to investment properties that arises in certain jurisdictions. As a result of the amendments, deferred tax on investment property measured at fair value is required to be determined using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale (rather than use). The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through use. The amendments incorporate SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into IAS 12. As a result, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 Property, plant and equipment will always be determined on a sale basis. The amended IAS 12 is effective for annual periods beginning on or after 1 January 2012, but the standard is not yet approved by the EU. The Group expects to implement the amended IAS 12 as of 1 January 2012.

IAS 24 (revised) *Related Party Disclosures*
The revised IAS 24 clarifies and simplifies the definition of a related party, compared to the current IAS 24. The revised standard also provides some relief for government-related entities to disclose details of all transactions with other government-related entities (as well as with the government itself). IAS 24 (R) is effective for annual periods beginning on or after 1 January 2011, but the revised standard is not yet approved by the EU. The Group expects to implement IAS 24 (R) as of 1 January 2011.

Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
The amendment to IAS 32 Financial Instruments - Presentation provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met. Application of the amendment is retrospective and will result in the reversal of profits or losses previously recognised. The amendment is effective for annual periods beginning on or after 1 February 2010. The Group expects to implement the amendments as of 1 January 2011.

Amendments to IFRIC *14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum funding Requirement*

The amendment to IFRIC 14 intends to correct an unintended consequence of IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This amendment will allow entities to recognise a prepayment of pension contributions as an asset rather than as an expense. The amendment is effective for annual periods beginning on or after 1 January 2011. The Group expects to implement the amendment as of 1 January 2011.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

The interpretation clarifies the accounting treatment of financial liabilities that, as a result of a renegotiation of the terms of the financial liability, are fully, or partially, extinguished with equity instruments. The interpretation is effective for annual periods beginning on or after 1 July 2010. The Group expects to implement IFRIC 19 as of 1 January 2011.

Annual improvements project 2010

The IASB issued amendments to its standards and the related Basis for Conclusions in its annual "improvements to IFRSs". The improvement project is an annual project that provides a mechanism for making necessary but non-urgent amendments. The improvements are effective for annual periods beginning on 1 July 2010 or later, but the improvements are not yet approved by the EU. The Group plans to implement the amendments from 1 January 2011.

- IFRS 3 Business Combinations
  - Clarifies that the amendments to IFRS 7, IAS 32 and IAS 39 that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3(R).
  - Introduces a limit on the scope of the measurement choices for components of non-controlling interests.
  - Clarification regarding the requirements of an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transaction. If the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognised as post-combination expenses.
- IFRS 7 Financial Instruments – Disclosures
  - Emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. In addition changes are made to disclosure requirements relating to quantitative information and to credit risk.
- IAS 1 Presentation of Financial Statements
  - Clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
- IAS 27 Consolidated and Separate Financial Statements
  - Clarifies that the consequential amendments from IAS 27 made to IAS 21, IAS 28 and IAS 31, apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied early.
- IAS 34 Interim Financial Reporting
  - Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements concerning circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets.
- IFRIC 13 Customer Loyalty Programmes
  - Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.
- IFRS 1 First time adoption.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

JUDGMENTS. The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amount recognised in the consolidated financial statements.

The Group has entered into lease contracts on its fleet of accommodation and service rigs. Based on an evaluation of the terms and conditions of the arrangements, the Group has determined that it retains all significant risks and rewards of ownership of the vessels and therefore accounts for the leases as operation leases.

ESTIMATES AND ASSUMPTIONS. The estimates and assumptions are assessed on a continuous basis. The estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements relate to depreciation of fixed assets, impairment assessment of non-financial assets, share-based payments, taxes and fair value of financial instruments. Estimated useful life of the Group's accommodation/service rigs is 5 to 45 years dependent on the age at the time of acquisition and subsequent refurbishments. The management determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated, which requires management to estimate the future cash flow from the cash-generating units and to apply a suitable discount rate. Further details are given in note 10. Estimating fair value for share-based payments requires determination of the most appropriate valuation model and the most appropriate inputs to the valuation model.

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

BASIS OF CONSOLIDATION. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2010. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets and liability of the subsidiary
- derecognises the carrying amount of any non-controlling interest

- derecognises the cumulative translation differences, recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit and loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

BUSINESS COMBINATIONS AND GOODWILL. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

FOREIGN CURRENCY TRANSLATION. The Group's presentation currency is USD. This is also the Group's functional currency. Transactions in other currencies than the USD are translated at the exchange rate prevailing at the transaction date. Monetary items in other currencies than the functional currency are translated to the functional currency at the exchange rate on the balance sheet date, and the currency difference is recognised in the profit and loss account. Non-monetary items in other currencies than the functional currency are translated at the exchange rate at the transaction date. When consolidating companies with a functional currency other than the USD, profit and loss items are translated at the monthly average exchange rate, while balance sheet items are translated at the exchange rate on the balance sheet date. Translation differences are taken directly to equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular operation is recognised in the income statement.

SEGMENT REPORTING. After the spin-off of Prosafe Production (the Floating Production division) in May 2008, only one division remains in Prosafe: Offshore Support Services (chartering and operation of accommodation/service rigs). For geographical information, reference is made to note 5.

REVENUE RECOGNITION. Revenue is recognised to the extent that it is probable that the economic benefits will flow to Prosafe and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Charter income is recognised according to the terms of the agreement and in the period the work is performed. Management, crew services and other related income are recognised in the period the services are rendered. Interest income is recognised on an accrual basis. Interest income is included in financial items in the income statement. Dividends are recognised when Prosafe's right to receive the payment is established.

LEASES. The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. Prosafe acts as a lessor of accommodation and service rigs. Leases where Prosafe does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Charter revenue is recognised as revenue in the period in which it is earned.

PROVISIONS are recognised when, and only when, the Group has a present obligation as a result of events that have taken place, and it can be proven probable that a financial settlement will take place as a result of this liability, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability.

TANGIBLE ASSETS are stated at acquisition cost less cumulative depreciation and accumulated impairment losses, if any. Assets are depreciated on a straight-line basis over their estimated economically useful lives, with account taken of their estimated residual value. The management makes annual assessments of residual value, methods of depreciation and the remaining economic life of the assets. Components of an asset which have an estimated shorter life than the main component of the asset are accordingly depreciated over this shorter period. Acquisition cost includes costs directly attributable to the acquisition of the assets. Subsequent expenditures are added to the book value of the asset or accounted for on a separate basis, when it is likely that future benefits would derive from the expenditures. The rigs are subject to a periodic survey every five years, and associated costs are amortised over the five-year period to the next survey. Other repair and maintenance costs are expensed in the period they are incurred.

In accordance with revised IAS 23, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009.

Tangible fixed assets are depreciated on a straight line basis over their useful lifetime as follows:
- Rigs – 5 to 45 years dependent on the age at the time of the acquisition and subsequent refurbishments
- Buildings – 20 to 30 years
- Equipment – 3 to 5 years

IMPAIRMENT OF NON-FINANCIAL ASSETS. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determine for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed forecast calculations which are prepared separately for each of the Group's cash generating units to which the individual assets are allocated. These forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, Prosafe estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

IMPAIRMENT OF GOODWILL. Goodwill is tested for impairment annually, and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. When the recoverable amount is lower than the carrying amount, the impairment loss is recognised in the income statement. Impairment losses related to goodwill cannot be reversed in future periods.

INVENTORIES are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

FINANCIAL ASSETS

Initial recognition
Financial assets in Prosafe SE are classified as financial assets at fair value through profit or loss, loans and receivables, available for sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Prosafe determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus directly attributable costs, with the exception of assets measured at fair value through profit and loss.

Prosafe's financial assets include cash and short-term deposits, trade and other receivables, financial derivatives and shares.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit and loss
Financial assets at fair value through profit and loss include financial assets held for trading. Prosafe has no financial instruments designated as at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future. This category also includes derivative instruments entered into that do not meet the hedge accounting criteria as defined by IAS 39. Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with gains and losses recognised in the income statement.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the three preceding categories. After initial measurement, available for sale financial assets are measured at fair value with unrealised gains and losses recognised directly in equity until

the investment is derecognised, at which time cumulative gain or loss recorded in equity is recognised in the income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the income statement.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets are deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliable estimated.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Significant is evaluated against the original cost of the investment and prolonged against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the investment previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

FINANCIAL LIABILITIES

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, financial liabilities measured at amortised cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Prosafe determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value plus directly attributable costs.

Prosafe's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near future. This category also includes derivative instruments entered into that do not meet the hedge accounting criteria as defined by IAS 39. Gains and losses on liabilities held for trading are recognised in the income statement.

Financial liabilities measured at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is computed using the effective interest method less any principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

EMPLOYEE BENEFITS. Companies within the Group make contributions to pension schemes that are defined contribution plans. The companies' payments are recognised in the income statement for the year to which the contribution applies.

SHARE-BASED PLANS. The Group has an option plan for senior officers which provides a cash settlement if an option is exercised. The fair value of the options is expensed over the period until vesting with recognition of a corresponding liability which also includes social security tax where relevant. This liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognised in the income statement.

EVENTS AFTER THE BALANCE SHEET DATE. New information on the Group's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the position at the balance sheet date, but which will affect the position in the future, are stated if significant.

BORROWING COSTS. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

DERIVATIVE FINANCIAL INSTRUMENTS. Prosafe uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is

positive and as financial liabilities when the fair value is negative.
Any gains and losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the income statement.

The fair value of forward currency contracts is the discounted difference between the forward exchange rate and the contract price. The fair value of interest rate swap contracts is determined by reference to market price for similar instruments.

At the inception of a hedge relationship, Prosafe formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows, and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges
The change in fair value of a hedging derivative is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk is recorded as a part of the carrying value of the hedged item and is also recognised in the income statement.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the income statement over the remaining term to maturity.

Cash flow hedges
The effective portion of the gain and loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement.

The amount taken to equity is transferred to the income statement when the hedged transaction affects profit and loss due to the hedge risk.

Current versus non-current classification
Derivative instruments that are not a designated and effective hedging instrument are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances.

When Prosafe holds a derivative as an economic hedge for a period beyond 12 months after the balance sheet date or a derivative instrument is designated as an effective hedging instrument, the derivative is classified as current or non-current consistent with the classification of the underlying item.

TAXES in the income statement include taxes payable and changes in deferred tax. Deferred tax is calculated on the basis of temporary differences between book and tax values that exist at the end of the period. Deferred tax asset is recognised in the balance sheet when it is likely that the tax benefit can be utilised. Deferred tax and deferred tax asset are measured at nominal value.

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid to the taxation authorities.

Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

CASH AND DEPOSITS include cash, bank deposits and other short-term deposits with an original maturity of three months or less.

SHAREHOLDER'S EQUITY. Any difference between the issue price of share capital and the nominal value is recognised as share premium. The costs incurred attributable to the issue of share capital are deducted from equity.

OWN SHARES. Own equity instruments which are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

NOTE 4: SALE OF SHARES IN PROSAFE PRODUCTION PUBLIC LIMITED

As at 31 December 2009, the Group owned 25 375 142 shares in Prosafe Production Public Limited (PROD). The shares were valued at the share price prevailing on the balance sheet date. The shares were included under 'other current assets' in the balance sheet. As the shares were considered impaired, unrealised loss previously taken directly to equity, was charged to the income statement. The impact on the consolidated statement of comprehensive income for 2009 amounted to USD 68.5 million. In October 2010, the Group exchanged the shares in PROD for 1.2 shares in BW Offshore Limited (BWO) plus a cash consideration of NOK 3 per share in PROD, and subsequently sold the shares in BWO. These transactions had a profit contribution of USD 23.7 million in 2010, which was recognised as a financial income. Net proceeds were USD 78.4 million.

NOTE 5: SEGMENT REPORTING

Prosafe has one segment, which is chartering and operation of accommodation/service rigs.

Operating revenues by geographical location	2010	2009
Europe	287.4	204.4
Americas	126.0	169.9
Other	29.0	23.6
Total operating revenues	**442.4**	**397.9**

The revenue information above is based on the location of the customer.

Operating revenues from major customers situated in:	2010		2009	
	1)	2)	1)	2)
Americas	126.0	28%	162.4	41%
Europe	87.5	20%	79.8	20%
Europe	68.8	16%	0.0	0%
Europe	64.9	15%	0.0	0%
Europe	44.1	10%	50.3	13%
Europe/Other	0.0	0%	70.5	18%

1) Operating revenues in USD million

2) Percentage of total revenues

Total assets by geographical location	2010	2009
Europe	1 023.9	584.4
Americas	142.9	428.2
Other	99.6	342.9
Total assets	**1 266.4**	**1 355.5**

NOTE 6: OTHER OPERATING REVENUES

	2010	2009
Mobilisation/demobilisation income	6.5	4.0
Other contract income	38.8	25.4
Total other operating revenues	**45.3**	**29.4**

NOTE 7: QUARTERLY RESULTS

	Q1	Q2	Q3	Q4	2010
Operating revenues	87.4	139.3	140.4	75.3	442.4
Operating expenses	(32.0)	(44.2)	(41.7)	(41.4)	(159.3)
EBITDA	**55.4**	**95.1**	**98.7**	**33.9**	**283.1**
Depreciation	(15.4)	(15.4)	(15.7)	(15.5)	(62.0)
Operating profit	**40.0**	**79.7**	**83.0**	**18.4**	**221.1**
Net financial items	**(12.4)**	**(11.9)**	**(6.4)**	**11.8**	**(18.9)**
Profit before taxes	**27.6**	**67.8**	**76.6**	**30.2**	**202.2**
Taxes	(0.8)	1.9	(4.6)	(0.2)	(3.7)
Net profit	**26.8**	**69.7**	**72.0**	**30.0**	**198.5**

NOTE 8: EMPLOYEE BENEFITS, MANAGEMENT REMUNERATION AND AUDIT FEE

	2010	2009
Wages and salaries	29.7	24.7
Contract personnel	25.0	17.3
Other remuneration	2.1	2.1
Social security taxes	3.3	2.3
Share option costs	(0.3)	1.9
Pension expenses	2.9	2.3
Other personnel-related expenses	6.0	2.5
Total employee benefits	**68.6**	**53.1**

Bonus scheme

The Company's bonus scheme was introduced in 2003, and embraces the corporate management and the operational management team. The bonus depends on achieving defined results relating to earnings, the attainment of strategic goals and HSE.

Share options

The corporate management and other key employees (in total 15 persons) are included in a synthetic share option programme. The outstanding options were granted in 2008 and 2009. When a synthetic option is exercised, the option holder is paid a cash consideration corresponding to the difference between the share price at the exercise date adjusted for any dividends paid during the period, and the share price at grant. Net proceeds after tax shall be used to purchase shares in the Company at market price. This plan has no dilution effect, since the shares will be purchased in the market. The options are valued by using the Black-Scholes option pricing model. The right to exercise is subject to the employee being employed during the vesting period.

	2010	2009
Share price at 31 December (NOK)	46.40	36.85
Weighted average fair value (NOK) at 31 December	6.20	5.69
Provision at 31 December (USD million)	2.6	2.8

Options granted 2008	2 768 829
Options granted 2009	910 000
Options granted 2010	0
Exercised in 2010	0
Forfeited in 2010	(917 524)
Outstanding options at 31 December 2010	2 761 305
Exercisable at 31 December 2010	1 986 305

Vesting date in May 2009	
Grant date	09.06.2008
Exercise price at grant (NOK)	56.18
Exercise price at 31.12.2010 (NOK)	53.11
Vesting date	15.05.2009
Expiry date	15.05.2012
Lifetime opening balance	0.62
Lifetime closing balance	0.37
Volatility opening balance	36.61%
Volatility closing balance	33.83%
Interest rate opening balance	2.38%
Interest rate closing balance	2.47%
Fair value opening balance (NOK)	0.56
Fair value closing balance (NOK)	1.68
Outstanding options at 31.12.2010	1 113 786

Vesting date in May 2010	
Grant date	09.06.2008
Exercise price at grant (NOK)	56.18
Exercise price at 31.12.2010 (NOK)	53.11
Vesting date	15.05.2010
Expiry date	15.05.2012
Lifetime opening balance	1.62
Lifetime closing balance	1.37
Volatility opening balance	48.53%
Volatility closing balance	36.34%
Interest rate opening balance	2.32%
Interest rate closing balance	2.39%
Fair value opening balance (NOK)	4.58
Fair value closing balance (NOK)	5.97
Outstanding options at 31.12.2010	872 519

Vesting date in May 2011	
Grant date	22.05.2009
Exercise price at grant (NOK)	30.45
Exercise price at 31.12.2010 (NOK)	27.38
Vesting date	22.05.2011
Expiry date	22.05.2013
Lifetime opening balance	2.64
Lifetime closing balance	2.39
Volatility opening balance	53.32%
Volatility closing balance	40.61%

Interest rate opening balance	2.33%
Interest rate closing balance	2.51%
Fair value opening balance (NOK)	8.14
Fair value closing balance (NOK)	12.95
Outstanding options at 31.12.2010	775 000

The right to exercise is subject to the employee being employed during the vesting period.

Pension and severance pay

Members of the corporate management have agreements on severance pay. Under these agreements, the Company guarantees a remuneration corresponding to the base salary received at the time of departure for a period of up to two years after the normal six-month period of notice. With the exception of the agreement with the CEO, these agreements specify that benefits received from new employers are deducted from the remuneration due unless the person concerned left as a result of an acquisition, sale or merger. The CEO has an agreement on early retirement pension after the age of 60 and until the age of 67. With full earning of pension entitlement, the annual early retirement pension will equal 24 times the Norwegian national insurance base rate.

In accordance with the code of practice for corporate governance recommended by the Oslo Stock Exchange, remuneration for the corporate management and the board of directors is specified below.

Corporate management (USD 1 000)	**Year**	**Salary**	**Bonus** [1]	**Pension** [2]	**Other benefits**	**Value of options 31 Dec** [3]
Arne Austreid (CEO until 1 October 2010)	2010	532	359	106	92	0
Karl Ronny Klungtvedt (exec VP until 1 Oct, CEO from 1 Oct)	2010	494	232	22	32	515
Robin Laird (president Offshore Support Services)	2010	463	270	69	167	527
Martin Kolnes (CFO)	2010	365	161	70	100	421
Arne Austreid (CEO until 1 October 2010)	2009	744	667	365	134	701
Karl Ronny Klungtvedt (exec VP until 1 Oct, CEO from 1 Oct)	2009	466	319	45	72	554
Robin Laird (president Offshore Support Services)	2009	432	300	65	211	584
Martin Kolnes (CFO)	2009	355	220	71	116	467

1) Payment based on previous years' achievements

2) For Arne Austreid, the figure in 2009 includes increase in early retirement pension liability. This liability was settled in 2010.

3) Valuation based on the Black-Scholes option pricing model

Board of directors

(USD 1 000)	Year	Board fee	Pension [1]
Michael Raymond Parker (chair from May 2010)	2010	96	0
Reidar Lund (chair until May 2010)	2010	37	187
Christian Brinch (deputy chair)	2010	87	0
Ronny Johan Langeland	2010	85	0
Elin Nicolaisen	2010	73	0
Christakis Pavlou	2010	71	0
Roger Cornish	2010	76	0
Michael Raymond Parker	2009	74	0
Reidar Lund (chair)	2009	111	208
Christian Brinch (deputy chair)	2009	91	0
Ronny Johan Langeland	2009	81	0
Elin Nicolaisen	2009	74	0
Christakis Pavlou	2009	65	0
Roger Cornish (from 15 May 2009)	2009	45	0
Andreas Sohmen Pao (until 25 Feb 2009)	2009	20	0

[1] Payment based on pension rights earned whilst he was the CEO of the Company.

Auditors' fee

(USD 1 000)	**2010**	**2009**
Audit	372	314
Fees for other services	112	259
Total auditors' fee	**484**	**573**

NOTE 9: OTHER OPERATING EXPENSES

	2010	**2009**
Repair and maintenance	22.6	17.8
Other vessel operating expenses	40.3	29.7
General and administrative expenses	27.9	23.0
Total other operating expenses	**90.8**	**70.5**

NOTE 10: TANGIBLE ASSETS AND GOODWILL

	Rigs	Equipment	Buildings	Goodwill	Total
Acquisition cost 31 Dec 2008	**1 144.8**	**2.3**	**4.9**	**226.7**	**1 378.7**
Additions	140.2	0.4	1.2	0.0	141.8
Disposals	0.0	0.0	0.0	0.0	0.0
Acquisition cost 31 Dec 2009	**1 285.0**	**2.7**	**6.1**	**226.7**	**1 520.5**
Additions	46.7	0.2	0.1	0.0	46.9
Disposals	0.0	0.0	0.0	0.0	0.0
Acquisition cost 31 Dec 2010	**1 331.7**	**2.8**	**6.2**	**226.7**	**1 567.4**
Accumulated depreciation 31 Dec 2008	**316.4**	**1.5**	**1.8**	**0.0**	**319.7**
Accumulated depreciation on disposals	0.0	0.0	0.0	0.0	0.0
Depreciation for the year	55.1	0.4	0.3	0.0	55.7
Accumulated depreciation 31 Dec 2009	**371.5**	**1.9**	**2.1**	**0.0**	**375.4**
Accumulated depreciation on disposals	0.0	0.0	0.0	0.0	0.0
Depreciation for the year	61.4	0.3	0.3	0.0	62.0
Accumulated depreciation 31 Dec 2010	**432.8**	**2.2**	**2.4**	**0.0**	**437.4**
Net carrying amount 31 Dec 2010	**898.8**	**0.6**	**3.9**	**226.7**	**1 130.0**
Net carrying amount 31 Dec 2009	**913.5**	**0.8**	**4.1**	**226.7**	**1 145.1**
Depreciation rate (%)	**3-20**	**20-33**	**3-5**	**-**	**-**
Economically useful life (years)	**5-45**	**3-5**	**20-30**	**-**	**-**

Tangible fixed assets and goodwill are initially recorded at cost. Subsequent to recognition, these assets are stated at cost less accumulated depreciation and any accumulated impairment losses. The costs of upgrades and modification of vessels are capitalised, and each vessel is accounted for as a single asset.

For qualifying assets commencing on or after 1 January 2009, interest costs will be capitalised as part of the asset in accordance with revised IAS 23. As at 31 December 2010, capitalised interest costs is nil. Interest costs related to projects commencing before 1 January 2009 are expensed in the period in which they are incurred.

Estimated useful life for the semi-submersible accommodation/service rigs is 30-45 years. The estimated useful life of the accommodation jack-up is 20 years. Certain equipment on a rig is depreciated over a shorter period than the life of the rig itself. The estimated scrap value is USD 3 million per rig.

The goodwill of USD 226.7 million relates to the acquisition of Consafe Offshore AB in 2006, and has been allocated to a cash-generating unit comprising all accommodation/service rigs in Offshore Support Services. The recoverable amount for each item has been identified by calculating the value in use. This calculation is based on the present value of the estimated cash flow from each cash-generating unit. The discount rates applied reflect management's estimate of the risks specific to each unit. The present value of this cash flow exceeds the carrying value, and no need for a write-down is indicated.

The present value of the estimated cash flows from each cash-generating unit, is based on the following inputs:

Revenues
- Current contracts portfolio and contract renewals reflecting current market conditions, remaining life of asset, and historical utilisation rates
- Annual increase of operating revenues 3%

Expenses
- Operating expenses and overheads reflecting current market conditions and historical utilisation rates
- Annual increase of operating expenses and overheads 3%

Capital expenditures
- Maintenance capex reflecting historical actuals and value-enhancing capex reflecting long-term capex projections
- Annual increase of maintenance- and value-enhancing capex 3%

Weighted average cost of capital (WACC) 8%.

NOTE 11: OTHER FINANCIAL ITEMS

	2010	2009
Currency gain	2.1	0.0
Fair value adjustment currency forwards	0.0	31.8
Fair value adjustment interest rate swaps	0.8	0.0
Gain on sale of shares	23.7	0.0
Other financial income	0.0	9.5
Total other financial income	**26.6**	**41.3**
Currency loss	0.0	(22.2)
Fair value adjustment currency forwards	(2.9)	0.0
Fair value adjustment interest rate swaps	0.0	(0.5)
Impairment shares in Prosafe Production	0.0	(51.9)
Other financial expenses	0.0	0.0
Total other financial expenses	**(2.9)**	**(74.6)**

NOTE 12: FINANCIAL ITEMS - IAS 39 CATEGORIES

Year ended 31 Dec 2010	Loans and receivables	Fair value through profit and loss	Financial liabilities measured at amortised cost	Available for sale	Total
Interest income	0.3	0.0	0.0	0.0	0.3
Fair value adjustment FX forwards	0.0	0.0	0.0	0.0	0.0
Fair value adjustment interest swaps	0.0	0.8	0.0	0.0	0.8
Other financial items	0.0	0.0	0.0	23.7	23.7
Currency gain [1)]	0.0	0.0	0.0	0.0	2.1
Total financial income	**0.3**	**0.8**	**0.0**	**23.7**	**26.9**
Interest expenses	0.0	0.0	(42.9)	0.0	(42.9)
Fair value adjustment FX forwards	0.0	(2.9)	0.0	0.0	(2.9)
Fair value adjustment interest swaps	0.0	0.0	0.0	0.0	0.0
Other financial items	0.0	0.0	0.0	0.0	0.0
Currency loss [1)]	0.0	0.0	0.0	0.0	0.0
Total financial expenses	**0.0**	**(2.9)**	**(42.9)**	**0.0**	**(45.8)**
Net financial items	**0.3**	**(2.1)**	**(42.9)**	**23.7**	**(18.9)**

Year ended 31 Dec 2009	Loans and receivables	Fair value through profit and loss	Financial liabilities measured at amortised cost	Available for sale	Total
Interest income	0.4	0.0	0.0	0.0	0.4
Fair value adjustment FX forwards	0.0	31.8	0.0	0.0	31.8
Fair value adjustment interest swaps	0.0	0.0	0.0	0.0	0.0
Other financial items	9.5	0.0	0.0	0.0	9.5
Currency gain [1)]	0.0	0.0	0.0	0.0	0.0
Total financial income	**9.9**	**31.8**	**0.0**	**0.0**	**41.7**
Interest expenses	0.0	0.0	(44.8)	0.0	(44.8)
Fair value adjustment FX forwards	0.0	0.0	0.0	0.0	0.0
Fair value adjustment interest swaps	0.0	(0.5)	0.0	0.0	(0.5)
Impairment shares in Prosafe Production	0.0	0.0	0.0	(51.9)	(51.9)
Other financial items	0.0	0.0	0.0	0.0	0.0
Currency loss [1)]	0.0	0.0	0.0	0.0	(22.2)
Total financial expenses	**0.0**	**(0.5)**	**(44.8)**	**(51.9)**	**(119.4)**
Net financial items	**9.9**	**31.3**	**(44.8)**	**(51.9)**	**(77.7)**

[1)] Currency effects (gain/loss) are excluded from the category break-down, but added to the total for net effect.

NOTE 13: TAXES

	2010	2009
Taxes in income statement:		
Taxes payable	12.9	25.4
Change in deferred tax	(9.2)	(11.7)
Total taxes in income statement	**3.7**	**13.7**
Temporary differences:		
Exit from Norwegian tonnage tax system	150.4	190.6
Non-current assets	(3.9)	(4.0)
Long-term debt	0.0	5.5
Current liabilities	5.4	0.0
Tax loss carried forward	(2.9)	0.0
Basis for deferred tax	**149.0**	**192.1**
Recognised deferred tax	**41.7**	**53.8**
Deferred tax 1 January	53.8	54.0
Change in deferred tax in income statement	(9.2)	(11.7)
Translation difference	(2.9)	11.5
Deferred tax 31 December	**41.7**	**53.8**
Payable tax as at 31 December	**24.1**	**38.5**

Tax loss carried forward in Cyprus as at 31 December 2010 and 2009 amounts to USD 23.1 million and USD 20.3 million respectively. The tax rate in Cyprus is 10%. No deferred tax asset is recognised in respect of this tax loss carried forward. The tax loss may be carried forward indefinitely.

The main part of taxes in the income statement relates to withholding tax paid on several of the Group's operations. The tax cost may therefore vary independently of profit before taxes.

The Group's vessels are subject to taxation based on the special rules for taxation of shipping and offshore companies in Singapore. Profit from these charters is not taxable to Singapore, but the company pays tax deducted at source in some of the countries in which it operates.

The deferred tax liability related to the enforced departure of the rig business from the Norwegian tonnage tax system effective 1 January 2006 was initially calculated to NOK 780 million equivalent to USD 115 million applying the exchange rate prevailing on this date. This liability is paid at a rate of 20 per cent annually on the outstanding balance.

NOTE 14: EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the year. There are no dilutive share options.

	2010	2009
Net profit	198.5	127.2
Weighted average number of outstanding shares (1 000)	222 942	222 935
Basic earnings per share	**0.89**	**0.57**
Weighted average number of outstanding and potential shares (1 000)	222 942	222 935
Diluted earnings per share	**0.89**	**0.57**

NOTE 15: DIVIDENDS

	2010	2009
Cash dividend declared during the year	61.8	51.3
Total dividends declared	**61.8**	**51.3**
Cash dividends per share (NOK)	1.72	1.35

NOTE 16: SHARE CAPITAL AND SHAREHOLDER INFORMATION

	2010	2009
Issued, authorised and paid number of shares at 31 December	229 936 790	229 936 790
Holding of own shares at 31 December	6 988 031	6 994 355
Nominal value at 31 December	EUR 0.25	EUR 0.25
Number of shareholders at 31 December	4 753	5 025

Largest shareholders/groups of shareholders at 31.12.2010	No of shares	Percentage
Folketrygdfondet	17 095 735	7.4%
Pareto	14 463 618	6.3%
Goldman Sachs (nom.)	11 715 249	5.1%
KAS Depositary Trust nom.)	10 317 101	4.5%
State Street Bank (nom.)	10 279 490	4.5%
Brown Brothers Harriman	8 140 896	3.5%
JP Morgan Chase Bank (nom.)	7 035 532	3.1%
Prosafe SE	6 988 031	3.0%
Clearstream Banking (nom.)	6 776 686	2.9%
JP Morgan Chase Bank (nom.)	5 652 340	2.5%
State Street Bank (nom.)	5 480 517	2.4%
Morgan Stanley (nom.)	5 109 002	2.2%
RBC Dexia Investor Services Trust (nom.)	4 403 996	1.9%
Bank of New York (nom.)	4 201 959	1.8%
Odin	3 729 816	1.6%
DnBNOR	3 544 091	1.5%
State Street Bank (nom.)	3 336 498	1.5%
Vital	3 090 966	1.3%
KLP	2 895 663	1.3%
Citibank (nom.)	2 000 000	0.9%
Total 20 largest shareholders/groups of shareholders	**136 257 186**	**59.3%**

NOTE 17: INTEREST-BEARING DEBT

As of 31 December 2010, Prosafe's interest-bearing debt totalled about USD 705 million. Loans secured by mortgages (credit facility) accounted for USD 570 million of this total and unsecured bond loans accounted for about USD 135 million.

	2010	2009
Credit facility	570.0	740.0
Bond loans	135.4	175.1
Total interest-bearing debt	**705.4**	**915.1**
Debt in NOK	85.4	125.1
Debt in USD	620.0	790.0
Total interest-bearing debt	**705.4**	**915.1**
Long-term interest-bearing debt	705.4	876.6
Current interest-bearing debt	0.0	38.5
Total interest-bearing debt	**705.4**	**915.1**

Credit facility repayment structure

In connection with the split of Prosafe in May 2008, the company secured a new credit facility. The credit facility had a total availability of USD 1.1 billion and a maturity of seven years. The availability under the credit facility is reduced semi-annually with USD 70 million, starting November 2008. As of 31 December 2010, the availability under the credit facility totalled USD 750 million (USD 180 million undrawn credit lines) (2009: USD 890 million and USD 150 undrawn credit lines).

Applicable margin on the credit facility was 0.75 per cent per annum in 2010. From 2010 onwards, it will vary in the range 0.65-0.95 percent per annum depending on the leverage ratio. The leverage ratio is defined as the ratio of total debt to 12 month historical EBITDA.

Financial covenants credit facility

- Liquidity: Minimum USD 65 million
- Leverage ratio: Total debt/EBITDA must not exceed 5.0 (4.5 following the second annum after closing, i.e. in May 2010)
- Value adjusted equity ratio: Minimum 35 per cent
- Collateral maintenance: Market value vessels/total commitments above 150 per cent
- Working capital: Positive (including unutilised credit lines with maturity in excess of 12 months and excluding the borrower's short-term portion of long-term debt)

Bond loans repayment structure

The bond debt is divided into two loans of USD 50 million maturing March 2012 (PRS03) and NOK 500 million maturing October 2013 (PRS06 PRO). PRS03 is listed on the Oslo Stock Exchange and PRS06 PRO is listed on Oslo ABM (Alternative Bond Market).

Loan	Principal	Maturity	Interest	Loan margin
PRS03	USD 50 million	March 2012	3m Libor	1.40%
PRS06 PRO	NOK 500 million	October 2013	3m Nibor	4.00%

Financial covenants bond loans
PRS 03
Value adjusted equity ratio: Minimum 35 per cent

PRS 06 PRO
Value adjusted equity ratio: Minimum 30 per cent
Leverage ratio: Total debt/EBITDA must not exceed 5.0

As of 31 December 2010, the Group was in compliance with all covenants on interest-bearing debt.

LIBOR is the basis for interests on the bank loan and the unsecured bond loan in USD, whereas NIBOR is the basis for interests on the unsecured bond loan in NOK. On average, both LIBOR and NIBOR interest fixings were slightly higher in 2010 compared to 2009. The average interest cost, including interest rate swap agreements, was 5.0 per cent in 2010 as opposed to 4.5 per cent in 2009.

NOTE 18: OTHER CURRENT LIABILITIES

	2010	2009
Other accrued costs	33.4	17.9
Accrued pay	0.0	1.8
Accrued interest costs	1.9	2.1
Public taxes	0.0	4.0
Provision share option costs	2.6	2.8
Deferred income	0.7	0.3
Total interest-free current liabilities	**38.6**	**28.9**

NOTE 19: MORTGAGES AND GUARANTEES

As of 31 December 2010, Prosafe's interest-bearing debt secured by mortgages totalled USD 570 million. This debt is secured by mortgages on shares in Prosafe Rigs Pte Ltd, and the accommodation/service fleet owned by this entity. Book value of the fleet is USD 898.8 million. In line with industry practice, Prosafe has issued parent company guarantees (completion guarantees) and bank guarantees (total USD 10 million) to customers on behalf of its subsidiaries in connection with the award and performance of contracts.

NOTE 20: FINANCIAL ASSETS AND LIABILITIES

As of 31 December 2010, the group had financial assets and liabilities in the following categories:

Year ended 31 Dec 2010	Loans and receivables	Fair value through profit and loss	Financial liabilities measured at amortised cost	Available for sale	Book value	Fair value
Cash and deposits	98.3	0.0	0.0	0.0	98.3	98.3
Fair value FX forwards	0.0	3.6	0.0	0.0	3.6	3.6
Fair value interest swaps	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	17.5	0.0	0.0	0.0	17.5	17.5
Other current assets	6.2	0.0	0.0	0.0	6.2	6.2
Total financial assets	**122.0**	**3.6**	**0.0**	**0.0**	**125.6**	**125.6**
Credit facility [1]	0.0	0.0	570.0	0.0	570.0	540.0
Bond loan PRS03 [3]	0.0	0.0	50.0	0.0	50.0	48.8
Bond loan PRS06 PRO [4]	0.0	0.0	85.4	0.0	85.4	86.7
Fair value FX forwards	0.0	0.0	0.0	0.0	0.0	0.0
Fair value interest swaps	0.0	33.6	0.0	0.0	33.6	33.6
Accounts payable	0.0	0.0	10.4	0.0	10.4	10.4
Other current liabilities	0.0	0.0	38.6	0.0	38.6	38.6
Total financial liabilities	**0.0**	**33.6**	**754.4**	**0.0**	**788.0**	**758.0**

[1] Fair value reflect current market conditions with the assumption that the credit margin would increase from the actual 75 basis points to 200 basis points. The net present value of the interest advantage, discounted with USD 5-year swap rate, is around USD 30 million.

[3,4] Fair value reflect current market conditions based on prices estimated by the Norwegian Securities Dealers Association as of 31 December 2010: PRS03 97.25, PRS06 PRO 101.50.

Assets measured at fair value in the balance sheet

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The FX forwards and interest swaps are valued based on current exchange rates and forward curves.

	Total	Level 1	Level 2	Level 3
Fair value FX forwards	3.6	0.0	3.6	0.0
Fair value interest swaps	0.0	0.0	0.0	0.0
Total financial assets	**3.6**	**0.0**	**3.6**	**0.0**
Fair value FX forwards	0.0	0.0	0.0	0.0
Fair value interest swaps	33.6	0.0	33.6	0.0
Total financial liabilities	**33.6**	**0.0**	**33.6**	**0.0**

As of 31 December 2009, the group had financial assets and liabilities in the following categories:

Year ended 31 Dec 2009	Loans and receivables	Fair value through profit and loss	Financial liabilities measured at amortised cost	Available for sale	Book value	Fair value
Cash and deposits	88.5	0.0	0.0	0.0	88.5	88.5
Shares	0.0	0.0	0.0	54.7	54.7	54.7
Fair value FX forwards	0.0	6.5	0.0	0.0	6.5	6.5
Fair value interest swaps	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	41.0	0.0	0.0	0.0	41.0	41.0
Other current assets	15.9	0.0	0.0	0.0	15.9	15.9
Total financial assets	**145.4**	**6.5**	**0.0**	**54.7**	**206.6**	**206.6**
Credit facility [1)]	0.0	0.0	740.0	0.0	740.0	668.0
Bond loan PRS02 [2)]	0.0	0.0	38.5	0.0	38.5	38.6
Bond loan PRS03 [3)]	0.0	0.0	50.0	0.0	50.0	48.2
Bond loan PRS06 PRO [4)]	0.0	0.0	86.6	0.0	86.6	87.5
Fair value FX forwards	0.0	0.0	0.0	0.0	0.0	0.0
Fair value interest swaps	0.0	43.2	0.0	0.0	43.2	43.2
Accounts payable	0.0	0.0	8.7	0.0	8.7	8.7
Other current liabilities	0.0	0.0	24.9	0.0	24.9	24.9
Total financial liabilities	**0.0**	**43.2**	**948.7**	**0.0**	**991.9**	**919.1**

[1)] Fair value reflect current market conditions with the assumption that the credit margin would increase from the actual 85 basis points to 400 basis points. The net present value of the interest advantage, discounted with USD 5-year swap rate, is around USD 72 million.

[2,3,4)] Fair value reflect current market conditions based on prices estimated by the Norwegian Securities Dealers Association as of 31 December 2009: PRS02 100.15, PRS03 96.3, PRS06 PRO 101.00.

Assets measured at fair value in the balance sheet

The shares in Prosafe Production Public Ltd were listed at the Oslo Stock Exchange and actively traded, while the FX forwards and interest swaps are valued based on current exchange rates and forward curves.

	Total	Level 1	Level 2	Level 3
Shares	54.7	54.7	0.0	0.0
Fair value FX forwards	6.5	0.0	6.5	0.0
Fair value interest swaps	0.0	0.0	0.0	0.0
Total financial assets	**61.2**	**54.7**	**6.5**	**0.0**
Fair value FX forwards	0.0	0.0	0.0	0.0
Fair value interest swaps	43.2	0.0	43.2	0.0
Total financial liabilities	**43.2**	**0.0**	**43.2**	**0.0**

NOTE 21: FINANCIAL RISKS AND DERIVATIVE FINANCIAL INSTRUMENTS

Prosafe operates on a global basis with cash flows and financing in various currencies. This means that the Group is exposed to market risks related to fluctuations in exchange rates and interest rates. Prosafe's functional currency is USD, and financial risk exposure is managed with financial instruments.

Currency risk

Prosafe is exposed to currencies other than USD associated with operating expenditure, capital expenditure, debt financing, tax liabilities and cash and deposits. Operating expenses are mainly denominated in GBP and NOK, but depending on the country of operation and the nationality of the crew, operating expenses can also be in EUR, USD and SEK. Capital expenditure in terms of general maintenance will typically be denominated in GBP and NOK. Value enhancing investments, such as upgrades and/or refurbishment programmes, will, depending on the origin of equipment and the location of the yard, tend to be in USD, GBP and EUR. Debt financing consists of both USD and NOK denominated liabilities, while tax liabilities predominantly consist of a NOK denominated deferred tax associated with the exit from the Norwegian tonnage tax system effective 1 January 2006. Cash and deposits are mainly denominated in USD, GBP, EUR, NOK and SEK.

Operating expenditure and maintenance related capital expenditure in other currencies than USD is typically currency-hedged using forward contracts with a time horizon of 9-12 months, while planned value enhancing capital expenditure is hedged independent of time horizon. Interest payments related to debt financing in other currencies than USD are typically treated the same way, with a time horizon of 9-12 months, while downpayments are hedged independent of time horizon. Payable tax related to the deferred tax liability is also currency-hedged with a time horizon of 9-12 months. Cash and deposits in currencies other than USD, function as natural hedges for any GBP, EUR, NOK and SEK liabilities.

As of 31 December 2010, Prosafe had entered into the following forward exchange contracts:
- Forward purchase of GBP 48 million against USD 73 million at a weighted average of 1.52
- Forward purchase of EUR 16 million against USD 21 million at a weighted average of 1.31
- Forward purchase of NOK 550 million against USD 91 million at a weighted average of 6.04

Fair value of forward exchange contracts are estimated using quoted market prices. The fair value estimates the gain or loss that would have been realised if the contracts had been closed out at the balance sheet date. As of 31 December 2010, the fair value and maximum credit risk exposure of forward exchange contracts was USD 3.6 million positive.

Currency risk - sensitivity

The sensitivity analysis is based on a reasonably possible change in the relevant exchange rates and reflects the main effects on profit or loss and equity assuming that the change had occurred at the balance sheet date. A 10% strengthening/weakening of the USD towards all other currencies is applied in the analysis.

	2010		2009	
	Income statement effect	Equity effect	Income statement effect	Equity effect
USD +10%				
Re-valuation cash and deposits	(2.5)	0.0	(2.2)	0.0
Re-valuation currency forwards	(18.1)	0.0	(20.8)	0.0
Re-valuation NOK bond	7.7	0.0	12.5	0.0
Re-valuation shares in Prosafe Production Public Ltd	0.0	0.0	0.0	5.5
Total	**(12.9)**	**0.0**	**(10.5)**	**5.5**
USD -10%				
Re-valuation cash and deposits	2.5	0.0	2.2	0.0
Re-valuation currency forwards	18.1	0.0	20.8	0.0
Re-valuation NOK bond	(7.7)	0.0	(12.5)	0.0
Re-valuation shares in Prosafe Production Public Ltd	0.0	0.0	(5.5)	0.0
Total	**12.9**	**0.0**	**5.0**	**0.0**

Interest rate risk

As of 31 December 2010, Prosafe's interest-bearing debt totalled about USD 705 million. Unsecured bond loans accounted for USD 135 million of this total and bank loans secured by mortgages for USD 570 million.

Interest on debt is in principle floating, but has been hedged to reduce the variability of cash flows in the interest payments through the use of interest rate swap agreements. Prosafe evaluates the hedge profile in relation to the repayment schedule of its loans, the company's portfolio of contracts, cash flow and cash in hand. The proportion hedged will normally lie between 75 and 100 percent for all loan terms. The average interest cost, including interest rate swap agreements, was 5.0 per cent in 2010 as opposed to 4.5 per cent in 2009.

Hedge accounting

The objective of the interest rate hedging is to reduce the variability of cash flows in the interest payments for the floating-rate debt (i.e. cash flow hedging). Changes in the cash flows of the interest rate swaps are expected to offset the changes in cash flows (i.e. changes in interest payments) attributable to fluctuations in the benchmark interest rate on the part of the floating-rate debt that is hedged. At the inception of the hedge and in subsequent periods, expected effectiveness during the subsequent quarter is demonstrated based on a comparison of the change in fair value of the actual swap designated as the hedging instrument and the change in fair value of a hypothetical swap (dollar offset). If the terms of the swap and debt differ (notional amount, interest rate reset dates, maturity/expiration date, underlying index) or the counterparty's ability to honor its obligation under the swap change during the life of the hedge, the measurement of hedge ineffectiveness will be based on a comparison of the change in fair value of the actual swap designated as the hedging instrument and the change in fair value of a hypothetical swap (dollar offset). Changes in fair value for interest swaps treated as effective hedges (hedge accounting) will affect equity directly, while interest swaps not treated as effective hedges (not hedge accounting) will affect equity through the income statement. During 2010, interest swaps treated as effective hedges has been highly effective, and no ineffectiveness has been recognised in the income statement.

As of 31 December 2010, Prosafe's hedging agreements totalled USD 829 million (including USD 100 million with forward start in 2012):

Notional amount	Fixed rate	Maturity	Swap type	Fair value	
USD 150 million	3.8600%	2011	Bullet	(1.2)	hedge accounting
USD 150 million	4.0150%	2012	Bullet	(6.5)	hedge accounting
USD 150 million	4.1200%	2012	Bullet	(10.0)	hedge accounting
USD 100 million	5.1150%	2012	Bullet	(8.0)	hedge accounting
USD 100 million	2.0450%	2015	Bullet	(0.4)	hedge accounting
USD 100 million*	2.0600%	2015	Bullet	2.9	hedge accounting
USD 75 million	5.1940%	2014	Bullet	(10.1)	hedge accounting
USD 28 million (2 million**)	3.6090%	2011	Amortising	(0.2)	not hedge accounting
USD 28 million (2 million**)	3.6100%	2011	Amortising	(0.2)	not hedge accounting
Total				**(33.6)**	

* forward start in 2012

** USD 2 million as of 31 December 2010

Fair value of interest rate swap agreements are estimated using quoted market prices. The fair value estimates the gain or loss that would have been realised if the contracts had been closed out at the balance sheet date. As of 31 December 2010, the fair value and maximum credit risk exposure of interest rate swap agreements was USD 33.6 million negative.

Interest rate risk - sensitivity

The sensitivity analysis is based on a reasonably possible change in the relevant forward curves and reflects the main effects on profit or loss and equity assuming that the change had occurred at the balance sheet date. A forward curve shift of ±100bps is applied in the analysis.

	2010		2009	
	Income statement effect	Equity effect	Income statement effect	Equity effect
Forward curve +100bps				
Re-valuation interest rate swaps	0.1	17.7	0.1	16.4
Total	**0.1**	**17.7**	**0.1**	**16.4**
Forward curve -100bps				
Re-valuation interest rate swaps	(0.1)	(18.5)	(0.1)	(17.1)
Total	**(0.1)**	**(18.5)**	**(0.1)**	**(17.1)**

Changes in equity related to financial instruments

As of 31 December 2010, the following changes in equity were related to financial instruments:

	Change	2010	2009
Re-valuation interest rate swaps	8.8	(33.3)	(42.1)
Ineffectiveness	0.0	0.0	0.0
Total	**8.8**	**(33.3)**	**(42.1)**

Credit risk

The Gulf of Mexico contracts contain a cancellation clause allowing the ultimate customer, Pemex, to cancel the agreement with 30 days notice without compensation, if the Mexican authorities annul financing of the project. These clauses reflect the crisis that Mexico saw during the 1980s. Prosafe takes the view that a cancellation on this basis is only likely if the Mexican economy suffers another deep and lengthy crisis. Prosafe does not regard this as a realistic scenario, given the high present and planned levels of activity in the Gulf of Mexico, and the importance of oil production to Mexico's economic development.

In line with industry practice, other contracts normally contain clauses which give the customer an opportunity for early cancellation under specified conditions. Providing Prosafe has not acted negligently, however, the effect on results in such cases will normally be wholly or partly offset by a financial settlement in the company's favour. Following a potential notice of convenience termination, the customer will have to pay Prosafe a substantial part of the remaining contract value.

Credit assessment of yards, sub-contractors and equipment suppliers is part of Prosafe's project evaluations and risk analyses.

The counterparty risk is in general limited when it comes to Prosafe's clients, since these are typically major oil companies and national oil companies with strong balance sheets and high credit ratings.

As of 31 December 2010, there is no objective evidence that accounts receivable is impaired, and no impairment loss has been recognised in the income statement.

Liquidity risk
Under the existing credit facility agreement, the Group is required to maintain a minimum liquidity reserve of USD 65 million. Cash available to meet the liquidity reserve requirement as at 31.12. is 98.3 USD million. Prosafe makes active use of a system for planning and forecasting the development of its liquidity, and utilises scenario analyses to secure stable and sound development.

As of 31 December 2010, the Group's main financial liabilities had the following remaining contractual maturities:

	2011	2012	2013	2014	2015 →
Interest-bearing debt (downpayments)	0.0	(150.0)	(225.4)	(140.0)	(190.0)
Interest-bearing debt (interest including interest swaps)	(36.0)	(32.0)	(26.6)	(19.7)	(12.3)
Accounts payable	(10.4)	0.0	0.0	0.0	0.0
Other current liabilities	(38.6)	0.0	0.0	0.0	0.0
Total	**(85.0)**	**(182.0)**	**(252.0)**	**(159.7)**	**(202.3)**

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a healthy capital structure in line with economic conditions. Prosafe's main tool to assess its capital structure is the leverage ratio, which is calculated by dividing total interest-bearing debt, including bank guarantees, by EBITDA over the last 12 months. To stay in compliance with financial covenants, the leverage ratio is not allowed to exceed 5.00 up until 5 May 2010, and 4.50 thereafter. At 31 December 2010 (2009), the leverage ratio was 2.53 (3.34).

	2010	2009
Credit facility	570.0	740.0
Bond loan PRS02 ISIN NO 001 025576.3	0.0	38.5
Bond loan PRS03 ISIN NO 001 025756.1	50.0	50.0
Bond loan PRS06 PRO ISIN NO 001 054247.5	85.4	86.6
Total interest-bearing debt	**705.4**	**915.1**
Bank guarantees	10.0	0.0
EBITDA last 12 months	283.1	274.3
Leverage ratio	**2.5**	**3.3**

NOTE 22: CASH AND DEPOSTITS

	2010	2009
Restricted cash deposits	0.1	0.1
Free cash and short-term deposits	98.2	88.4
Total cash and deposits	**98.3**	**88.5**

NOTE 23: OTHER CURRENT ASSETS

	2010	2009
Receivables	6.0	13.7
Prepayments	8.8	3.5
Stock	1.9	0.3
Other current assets	0.2	2.2
Total other current assets	**17.0**	**19.7**

NOTE 24: RELATED PARTY DISCLOSURES

The financial statements comprise the parent company, Prosafe SE, and the subsidiaries listed below.

Company name	Country	Ownership	Voting share
Prosafe AS	Norway	100%	100%
Prosafe Offshore AS	Norway	100%	100%
Prosafe Management AS	Norway	100%	100%
Prosafe (UK) Holdings Ltd	United Kingdom	100%	100%
Prosafe Rigs Ltd	United Kingdom	100%	100%
Prosafe Offshore Ltd	United Kingdom	100%	100%
Prosafe Rigs (Cyprus) Ltd	Cyprus	100%	100%
Prosafe Holding Ltd	Cyprus	100%	100%
Consafe Offshore AB	Sweden	100%	100%
Prosafe Rigs Pte Ltd	Singapore	100%	100%
Prosafe Offshore Pte Ltd	Singapore	100%	100%
Prosafe Offshore Employment Company Pte Ltd	Singapore	100%	100%
Prosafe Offshore Services Pte Ltd	Singapore	100%	100%
Prosafe Offshore S.a.r.l.	Luxembourg	100%	100%
Prosafe Offshore Sp.zo.o.	Poland	100%	100%
Prosafe Offshore B.V.	Netherlands	100%	100%
Prosafe Services Maritimos Ltda	Brazil	100%	100%

Transactions and outstanding balances within the Group have been eliminated in full as of year-end.

Shares owned by senior officers and directors at 31 December 2010:
(includes shares owned by wholly-owned companies)

Senior officers:	Shares	Synthetic options
Karl Ronny Klungtvedt - CEO	45 930	690 019
Robin Laird - president Offshore Support Services	58 000	731 271
Martin Kolnes - CFO (until 31 December 2010)	35 615	585 015
Sven Børre Larsen - CFO (from 1 January 2011)	3 000	0

Directors:		
Michael Raymond Parker - chair	0	0
Christian Brinch - deputy chair	0	0
Ronny Johan Langeland - director	15 000	0
Gunn Elin Nicolaisen - director	0	0
Christakis Pavlou - director	0	0
Roger Cornish - director	0	0

Other key management compensation is disclosed in note 8.

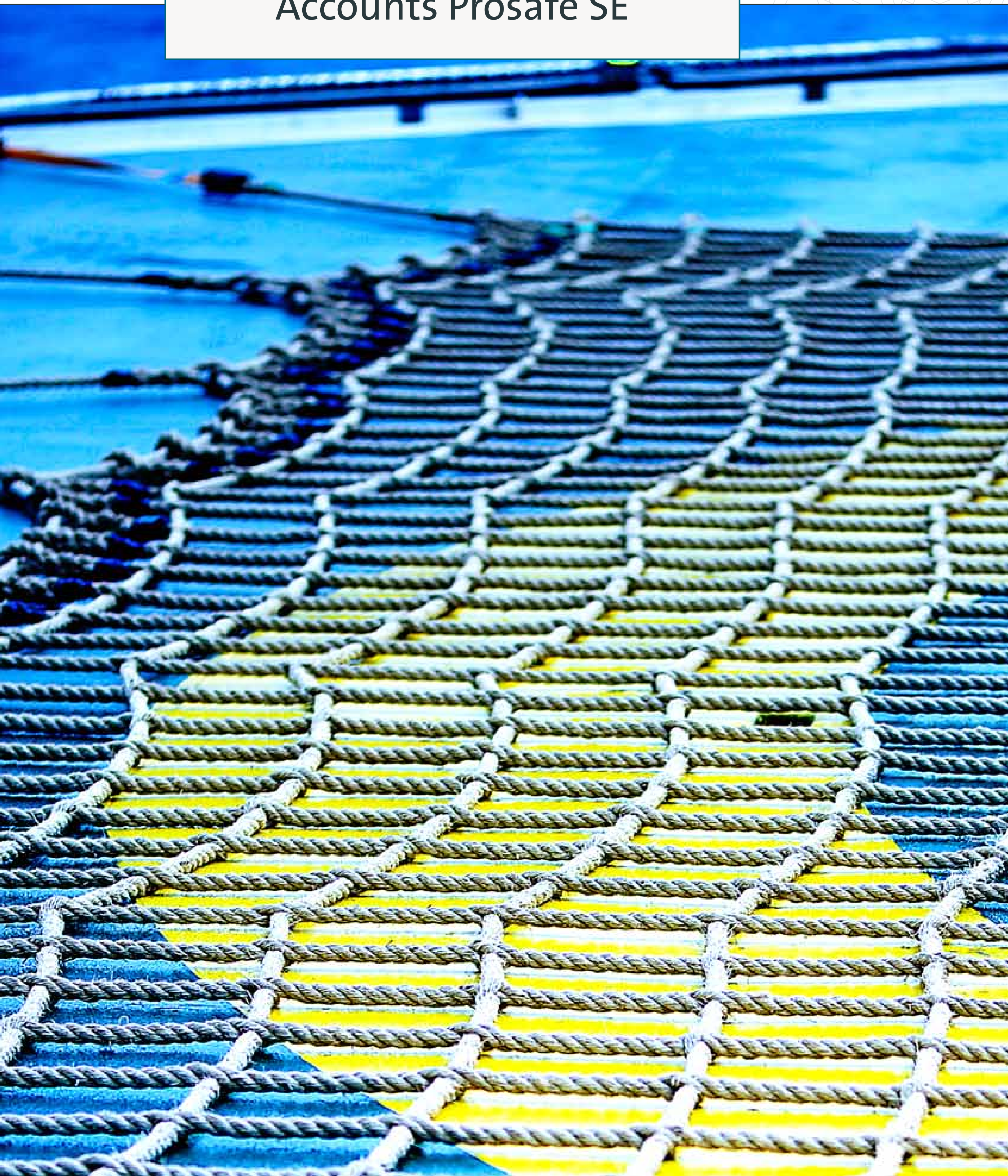
NOTE 25: CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 31 December 2010.

NOTE 26: EVENTS AFTER THE BALANCE SHEET DATE

On 25 February 2011, Prosafe SE issued a NOK 500 million unsecured bond. An application will be made for the bonds to be listed on the Oslo Stock Exchange as soon as practically possible. The proceeds will be used for part refinancing of PRS03 and for general corporate purposes. In connection with the new bond issue, Prosafe SE has bought back USD 46,4 million in PRS03 with ISIN NO 001 25756.1 with maturity 9 March 2012 at par value.

Accounts Prosafe SE



INCOME STATEMENT - PROSAFE SE

(USD 1 000)	Note	2010	2009
Operating revenues		**0**	**0**
Operating expenses	2	(8 284)	(7 980)
Depreciation	3	(6)	(49)
Operating profit		**(8 290)**	**(8 029)**
Income from investments in subsidiaries	5	153 911	145 754
Other financial income	4, 5	53 581	79 100
Other financial expenses	4, 5	(88 396)	(99 642)
Net financial items	5	**119 096**	**125 212**
Profit before taxes		**110 806**	**117 183**
Taxes	6	(321)	0
Net profit		**110 485**	**117 183**
Attributable to the owners of the company		**110 485**	**117 183**

STATEMENT OF COMPREHENSIVE INCOME

(USD 1 000)	2010	2009
Net profit for the year	**110 485**	**117 183**
Revaluation hedging instruments	8 798	8 450
Revaluation Prosafe Production shares	0	13 296
Income tax effect on components of comprehensive income	0	0
Other comprehensive income, net of tax	**8 798**	**21 746**
Total comprehensive income	**119 283**	**138 929**
Attributable to the owners of the company	**119 283**	**138 929**

STATEMENT OF FINANCIAL POSITION - PROSAFE SE

ASSETS

(USD 1 000)	Note	31.12.10	31.12.09
Tangible assets	3	11	15
Shares in subsidiaries	7	2 513 942	2 513 942
Intra-group long-term receivables	13, 15	136 463	197 952
Total non-current assets		**2 650 416**	**2 711 909**
Cash and deposits	15	28 962	26 588
Fair value derivatives	15, 16	2 133	3 752
Assets held for sale	8	0	12 063
Other current assets	9, 15	5 658	16 034
Total current assets		**36 753**	**58 437**
Total assets		**2 687 169**	**2 770 346**

EQUITY AND LIABILITIES

Share capital	10	63 903	63 903
Own shares	10	(49 137)	(49 178)
Share premium reserve		620 496	620 496
Total paid-in equity		**635 262**	**635 221**
Other equity		1 161 851	1 104 371
Total retained earnings		**1 161 851**	**1 104 371**
Total equity		**1 797 113**	**1 739 592**
Interest-bearing long-term debt	11, 15, 16	705 377	876 571
Intra-group long-term debt	13, 15, 16	25 068	28 435
Fair value derivatives	15, 16	33 606	43 212
Interest-free long-term liabilities	15, 16	1 211	2 206
Total long-term liabilities		**765 262**	**950 424**
Interest-bearing current debt	11, 12, 15, 16	0	38 500
Taxes payable	6	0	1 051
Intra-group current liabilities	13, 15	117 405	32 101
Other interest-free current liabilities	12, 15, 16	7 389	8 678
Total current liabilities		**124 794**	**80 330**
Total equity and liabilities		**2 687 169**	**2 770 346**

Larnaca, 23 March 2011

Michael Raymond Parker
Non-executive chairman

Christian Brinch
Non-executive deputy chairman

Roger Cornish
Non-executive director

Ronny Johan Langeland
Non-executive director

Elin Nicolaisen
Non-executive director

Christakis Pavlou
Non-executive director

CASH FLOW STATEMENT - PROSAFE SE

(USD 1 000)	Note	2010	2009
Cash flow from operating activities			
Profit before taxes		110 806	117 183
Unrealised currency loss / (gain) on long-term debt		(1 694)	6 726
Depreciation	3	6	49
Interest income		(3 132)	(6 431)
Interest expenses		42 720	44 545
Change in working capital		21 150	19 544
Taxes paid	5	(1 372)	184
Other from operating activities		(145)	(11 669)
Net cash flow from operating activities		**168 339**	**170 131**
Cash flow from investing activities			
Acquisition of shares		0	(69 400)
Change in intra-group balances	12	143 426	45 210
Interest received		3 132	6 431
Net cash flow from investing activities		**146 558**	**(17 759)**
Cash flow from financing activities			
New interest-bearing long-term debt	10	50 000	133 500
Repayment of interest-bearing long-term debt	10	(258 000)	(183 888)
Dividends paid		(61 803)	(51 339)
Interest paid		(42 720)	(44 545)
Net cash flow from financing activities		**(312 523)**	**(146 272)**
Net cash flow		**2 374**	**6 100**
Cash and deposits at 1 January		26 588	20 488
Cash and deposits at 31 December		**28 962**	**26 588**

STATEMENT OF CHANGES IN EQUITY - PROSAFE SE

(USD 1 000)	Share capital	Own shares	Share premium	Other equity	Cash flow hedges	Revaluation shares	Total equity
Equity at 31 December 2008	**63 903**	**(49 216)**	**620 496**	**1 071 598**	**(41 521)**	**(13 296)**	**1 651 964**
Net profit	0	0	0	117 183	0	0	117 183
Other comprehensive income	0	0	0	0	8 450	13 296	21 746
Total comprehensive income 1)	**0**	**0**	**0**	**117 183**	**8 450**	**13 296**	**138 929**
Dividends	0	0	0	(51 339)	0	0	(51 339)
Sale of own shares	0	38	0	0	0	0	38
Equity at 31 December 2009	**63 903**	**(49 178)**	**620 496**	**1 137 442**	**(33 071)**	**0**	**1 739 592**
Net profit	0	0	0	110 485	0	0	110 485
Other comprehensive income	0	0	0	0	8 798	0	8 798
Total comprehensive income 1)	**0**	**0**	**0**	**110 485**	**8 798**	**0**	**119 283**
Dividends	0	0	0	(61 803)	0	0	(61 803)
Sale of own shares	0	41	0	0	0	0	41
Equity at 31 December 2010	**63 903**	**(49 137)**	**620 496**	**1 186 124**	**(24 273)**	**0**	**1 797 113**

1) Total comprehensive income is attributable to the owners of the company

Notes - Prosafe SE

All figures in USD 1 000 unless otherwise stated.

NOTE 1: ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap 113. The accounting policies applied to the consolidated accounts have also been applied to the parent company, Prosafe SE. The notes to the consolidated accounts provide additional information to the parent company's accounts which is not presented here separately. The company's financial statements are presented in US dollars (USD). Investments in subsidiaries are measured at historic cost, unless there is any indication of impairment. In case of impairment, an investment is written down to fair value.

NOTE 2: OPERATING EXPENSES

	2010	2009
Services from subsidiaries	4 039	2 344
Share option costs	(324)	1 942
Salaries and management bonus	1 137	1 150
Directors' fees	532	580
Pension expenses	34	411
Other remuneration	336	346
Auditors' audit fees	188	116
Payroll taxes	44	48
Auditors' other fees	50	47
Other operating expenses	2 248	996
Total operating expenses	**8 284**	**7 980**

NOTE 3: TANGIBLE ASSETS

	Equipment	Total
Acquisition cost 31.12.08	143	143
Additions	0	0
Disposals at acquisition cost	0	0
Acquisition cost 31.12.09	**143**	**143**
Additions	2	2
Disposals at acquisition cost	0	0
Acquisition cost 31.12.10	**145**	**145**
Accumulated depreciation 31.12.08	79	79
Accumulated depreciation on disposals	0	0
Depreciation for the year	49	49
Accumulated depreciation 31.12.09	**128**	**128**
Accumulated depreciation on disposals	0	0
Depreciation for the year	6	6
Accumulated depreciation 31.12.10	**134**	**134**
Carrying value 31.12.10	**11**	**11**
Carrying value 31.12.09	**15**	**15**
Depreciation rate (%)	**20-30**	-

NOTE 4: OTHER FINANCIAL ITEMS

	2010	2009
Gain on sale of shares	5 257	0
Interest receivable from subsidiaries	2 985	6 431
Other interest receivable	147	137
Currency gain	44 374	38 088
Fair value adjustment derivative financial instruments	818	34 444
Total other financial income	**53 581**	**79 100**
Interest payable to subsidiaries	(96)	(280)
Interest expenses	(42 624)	(44 265)
Currency loss	(42 018)	(41 658)
Fair value adjustment derivative financial instruments	(1 619)	(48)
Impairment shares	0	(10 030)
Other financial items	(2 039)	(3 361)
Total other financial expenses	**(88 396)**	**(99 642)**

NOTE 5: FINANCIAL ITEMS - IAS 39 CATEGORIES

Year ended 31 Dec 2010	Loans and receivables	Fair value through profit and loss	Financial liabilities measured at amortised cost	Available for sale	Total
Interest income	3 132	0	0	0	3 132
Currency gain 1)	0	0	0	0	44 374
Dividend	0	0	0	0	153 911
Gain on sale of shares	0	0	0	5 257	5 257
Fair value adjustment financial instr.	0	818	0	0	818
Total financial income	**3 132**	**818**	**0**	**5 257**	**207 492**
Interest expenses	0	0	(42 720)	0	(42 720)
Currency loss 1)	0	0	0	0	(42 018)
Fair value adjustment financial instr.	0	(1 619)	0	0	(1 619)
Fair value adjustment shares	0	0	0	0	0
Other financial expenses	0	0	(2 039)	0	(2 039)
Total financial expenses	**0**	**(1 619)**	**(44 759)**	**0**	**(88 396)**
Net financial items	**3 132**	**(801)**	**(44 759)**	**5 257**	**119 096**

1) Currency effects (gain/loss) are excluded from the category breakdown, but added to the total for net effect.

Year ended 31 Dec 2009	Loans and receivables	Fair value through profit and loss	Financial liabilities measured at amortised cost	Available for sale	Total
Interest income	6 568	0	0	0	6 568
Currency gain 1)	0	0	0	0	38 088
Dividend	0	0	0	0	145 754
Fair value adjustment financial instr.	0	34 444	0	0	34 444
Total financial income	**6 568**	**34 444**	**0**	**0**	**224 854**
Interest expenses	0	0	(44 545)	0	(44 545)
Currency loss 1)	0	0	0	0	(41 658)
Fair value adjustment financial instr.	0	(48)	0	0	(48)
Fair value adjustment shares	0	0	0	(10 030)	(10 030)
Other financial expenses	0	0	(3 361)	0	(3 361)
Total financial expenses	**0**	**(48)**	**(47 906)**	**(10 030)**	**(99 642)**
Net financial items	**6 568**	**34 396**	**(47 906)**	**(10 030)**	**125 212**

1) Currency effects (gain/loss) are excluded from the category breakdown, but added to the total for net effect.

NOTE 6: TAXES

	2010	2009
Profit before taxes	110 806	117 183
Permanent differences	(113 538)	(114 898)
Change in tax loss carried forward	2 732	(2 285)
Tax base Cyprus	**0**	**0**
Taxes Cyprus	**321**	**0**
Temporary differences:		
Loss carried forward	(23 070)	(20 338)
Basis for deferred tax liability (+)/benefit (-)	**(23 070)**	**(20 338)**
Deferred tax liability (+)/benefit (-)	**0**	**0**
Taxes payable at 31 December	**0**	**1 051**

The tax cost of USD 321 000 relates to prior year adjustments.
No deferred tax asset has been recognised in respect of the tax loss carried forward.
The tax loss is carried forward indefinitely. The tax rate in Cyprus is 10 %.

NOTE 7: SHARES IN SUBSIDIARIES

(Share capital and carrying value in 1 000)

Company		Share capital	Carrying value 2010	Carrying value 2009	Ownership
Prosafe AS	NOK	100	69 316	69 316	100%
Prosafe Offshore AS	NOK	100	270	270	100%
Prosafe Management AS	NOK	100	15	15	100%
Prosafe (UK) Holdings Ltd	GBP	11 000	22 826	22 826	100%
Prosafe Offshore Pte Ltd	USD	10 000	10	10	100%
Consafe Offshore AB	SEK	27 786	156 884	156 884	100%
Prosafe Offshore Services Pte Ltd	USD	10	150	150	100%
Marzouka Investments Ltd	USD	10	10	10	100%
Prosafe Rigs Pte Ltd	USD	2 500 040	2 264 461	2 264 461	91%
Total carrying value			**2 513 942**	**2 513 942**	

NOTE 8: SALE OF SHARES IN PROSAFE PRODUCTION PUBLIC LIMITED

As at 31 December 2009, the company owned 5 597 005 shares in Prosafe Production Public Limited (PROD). The shares were valued at the share price prevailing on the balance sheet date. The shares were included under 'other current assets' in the balance sheet. In October 2010, the company exchanged the shares in PROD for 1.2 shares in BW Offshore Limited (BWO) plus a cash consideration of NOK 3 per share in PROD, and subsequently sold the shares in BWO. These transactions had a profit contribution of USD 5.3 million in 2010, which was recognised as a financial income. Net proceeds were USD 20.7 million.

NOTE 9: OTHER CURRENT ASSETS

	2010	2009
Corporation tax refundable	0	8 360
Current receivables from group companies	126	124
Other current assets	5 532	7 550
Total other current assets	**5 658**	**16 034**

NOTE 10: SHARE CAPITAL

	2010	2009
Issued, authorised and paid number of shares	229 936 790	229 936 790
Holding of own shares	6 988 031	6 994 355
Nominal value	EUR 0.25	EUR 0.25

NOTE 11: INTEREST-BEARING DEBT

	2010	2009
Credit facility	570 000	740 000
Bond loans	135 377	175 071
Total interest-bearing debt	**705 377**	**915 071**
Debt in NOK	85 377	125 071
Debt in USD	620 000	790 000
Total interest-bearing debt	**705 377**	**915 071**
Long-term interest-bearing debt	705 377	876 571
Current interest-bearing debt	0	38 500
Total interest-bearing debt	**705 377**	**915 071**

The bond debt is divided into two loans of USD 50 million maturing March 2012 (PRS03) and NOK 500 million maturing October 2013 (PRS06 PRO). PRS03 is listed on the Oslo Stock Exchange and PRS06 PRO is listed on Oslo ABM (Alternative Bond Market).

Loan	Principal	Maturity	Interest	Loan margin
PRS03	USD 50 million	March 2012	3m Libor	1.40%
PRS06 PRO	NOK 500 million	October 2013	3m Nibor	4.00%

For further information, see note 17 of the consolidated accounts.

NOTE 12: OTHER INTEREST-FREE CURRENT LIABILITIES

	2010	2009
Accrued interest costs	1 926	2 121
Provision share-based payments	2 573	2 777
Other current liabilities	2 890	3 780
Total other interest-free current liabilities	**7 389**	**8 678**

NOTE 13: INTRA-GROUP BALANCES

	2010	2009
Loan to Prosafe AS	136 463	197 952
Intra-group long-term receivables	**136 463**	**197 952**
Loan from Consafe Offshore AB	25 068	28 435
Intra-group long-term debt	**25 068**	**28 435**

Loan agreements with subsidiaries are made at normal market prices using 3M NIBOR and STIBOR interest rate and a margin of 1.00% and 0.60% respectively. Outstanding balances at year-end are unsecured, and settlement normally occurs in cash. For the year ended 31 December 2010, the Company has not recorded any impairment of receivables relating to amounts owed by subsidiaries.

Transactions with related parties	2010	2009
Transactions		
Interest income	2 985	6 431
Interest expenses	(96)	(280)
Dividend	153 911	145 754
Year-end balances		
Current receivables of the ultimate parent to subsidiaries	126	122
Intra-group long-term receivables	136 463	197 952
Current payables from the ultimate parent to subsidiaries	117 405	32 101
Loans to subsidiaries of the ultimate parent	25 068	28 435

NOTE 14: MORTGAGES AND GUARANTEES

As of 31 December 2010, the Company's interest-bearing debt secured by mortgages totalled USD 570 million. This debt is secured by mortgages on shares in Prosafe Rigs Pte Ltd (ref note 7 for carrying value of these shares), and the accommodation/service fleet owned by this entity. In line with industry practice, Prosafe has issued parent company guarantees (completion guarantees) to customers on behalf of its subsidiaries in connection with the award and performance of contracts.

NOTE 15: FINANCIAL ASSETS AND LIABILITIES

As of 31 December 2010, the group had financial assets and liabilities in the following categories:

Year ended 31 Dec 2010	Loans and receivables	Fair value through profit and loss	Financial liabilities measured at amortised cost	Available for sale	Book value
Intra-group long-term receivable	136 463	0	0	0	136 463
Cash and deposits	28 962	0	0	0	28 962
Fair value derivatives	0	2 133	0	0	2 133
Other current assets	5 658	0	0	0	5 658
Total assets	**171 083**	**2 133**	**0**	**0**	**173 216**
Credit facility 1)	0	0	570 000	0	570 000
PRS03 - USD bond loan 2)	0	0	50 000	0	50 000
PRS06 PRO - NOK bond loan 2)	0	0	85 377	0	85 377
Intra-group long-term debt	0	0	25 068	0	25 068
Fair value derivatives	0	33 606	0	0	33 606
Interest-free long-term liabilities	0	0	1 211	0	1 211
Intra-group current liabilities	0	0	117 405	0	117 405
Other interest free current liabilities	0	0	7 389	0	7 389
Total liabilities	**0**	**33 606**	**856 450**	**0**	**890 056**

Change in equity related to financial instruments

AS of 31 December 2010, the following changes in equity were related to financial instruments:

	2009	2010	Change
Revaluation interest rate swaps	42 404	33 606	8 798

Assets measured at fair value in the balance

Fair value for all financial assets and liabilities is the same as book value, except for:

	Book value	Fair value
Credit facility 1)	570 000	540 000
PRS03 - USD bond loan 2)	50 000	48 750
PRS03 PRO - NOK bond loan 2)	85 377	86 657

1) Fair value reflects current market conditions with the assumption that the credit margin would increase from the actual 75 basis points to 200 basis points. The net present value of the interest advantage, discounted with USD 5-year swap rate, is around USD 30 million.

2) Fair value reflects current market conditions based on prices estimated by the Norwegian Securities Dealers Association as of 31 December 2010: PRS03 97.25, PRS06 PRO 101.50.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - inputs other than quoted prices included within level 1 that are observable for assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 - inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Total	Level 1	Level 2	Level 3
Fair value FX forwards	2 133	0	2 133	0
Fair value interest swaps	0	0	0	0
Total financial assets	**2 133**	**0**	**2 133**	**0**
Fair value FX forwards	0	0	0	0
Fair value interest swaps	33 606	0	33 606	0
Total financial liabilities	**33 606**	**0**	**33 606**	**0**

As of 31 December 2009, the group had financial assets and liabilities in the following categories:

Year ended 31 Dec 2009	Loans and receivables	Fair value through profit and loss	Financial liabilities measured at amortised cost	Available for sale	Book value
Intra-group long-term receivable	197 952	0	0	0	197 952
Cash and deposits	26 588	0	0	0	26 588
Fair value derivatives	0	3 752	0	0	3 752
Other current assets	7 674	0	0	12 063	19 737
Total assets	**232 214**	**3 752**	**0**	**12 063**	**248 029**
Credit facility 1)	0	0	740 000	0	740 000
PRS02 - NOK bond loan 2)	0	0	38 471	0	38 471
PRS03 - USD bond loan 2)	0	0	50 000	0	50 000
PRS06 PRO - NOK bond loan 2)	0	0	86 600	0	86 600
Intra-group long-term debt	0	0	28 435	0	28 435
Fair value derivatives	0	43 212	0	0	43 212
Interest-free long-term liabilities	0	0	2 206	0	2 206
Intra-group current liabilities	0	0	32 101	0	32 101
Other interest free current liabilities	0	0	8 678	0	8 678
Total liabilities	**0**	**43 212**	**986 491**	**0**	**1 029 703**

Change in equity related to financial instruments

As of 31 December 2009, the following changes in equity were related to financial instruments:

	2008	2009	Change
Revaluation interest rate swaps	50 854	42 404	8 450

Assets measured at fair value in the balance

Fair value for all financial assets and liabilities is the same as book value, except for:

	Book value	Fair value
Credit facility 1)	740 000	668 000
PRS02 - NOK bond loan 2)	38 471	38 600
PRS03 - USD bond loan 2)	50 000	48 200
PRS03 PRO - NOK bond loan 2)	86 600	87 500

1) Fair value reflects current market conditions with the assumption that the credit margin would increase from the actual 85 basis points to 400 basis points. The net present value of the interest advantage, discounted with USD 5-year swap rate, is around USD 72 million.

2) Fair value reflects current market conditions based on prices estimated by the Norwegian Securities Dealers Association as of 31 December 2009: PRS02 100.15, PRS03 96.30, PRS06 PRO 101.00.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - inputs other than quoted prices included within level 1 that are observable for assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 - inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Total	Level 1	Level 2	Level 3
Fair value FX forwards	3 752	0	3 752	0
Fair value interest swaps	0	0	0	0
Total financial assets	**3 752**	**0**	**3 752**	**0**
Fair value FX forwards	0	0	0	0
Fair value interest swaps	43 212	0	43 212	0
Total financial liabilities	**43 212**	**0**	**43 212**	**0**

NOTE 16: MATURITY PROFILE LIABILITIES

As of 31 December, Prosafe SE had the following ageing profile of outstanding short and long-term undiscounted liabilities:

Year ended 31 Dec 2010	2011	2012	2013	2014	2015 →
Interest-bearing debt (instalments)	0	150 000	225 377	140 000	190 000
Interests incl interest swaps	36 000	32 000	27 000	20 000	12 000
Intra-group long-term debt	0	25 068	0	0	0
Interest-free long-term liabilities	1 211	0	0	0	0
Other interest-free current liabilities	124 794	0	0	0	0
Total	**162 005**	**207 068**	**252 377**	**160 000**	**202 000**

NOTE 17: EVENTS AFTER THE BALANCE SHEET DATE

On 25 February 2011, Prosafe SE issued a NOK 500 million unsecured bond. An application will be made for the bonds to be listed on Oslo Stock Exchange as soon as practically possible. The proceeds will be used for part refinancing of PRS03 and for general corporate purposes. In connection with the new bond issue, Prosafe SE has bought back USD 46.4 million in PRS03 with ISIN NO 001 25756.1 with maturity 9 March 2012 at par value.

Auditors' report

TO THE MEMBERS OF PROSAFE SE

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Prosafe SE (the "Company") and its subsidiaries (the "Group") and the Company's separate financial statements, which comprise the statements of financial position of the Group and the Company as at 31 December 2010, and the income statements, statements of comprehensive income, statements of changes in equity and cash flow statements of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements
The Company's Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated and the Company's separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2010, and of the financial performance and the cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal and Regulatory Requirements
Pursuant to the requirements of the Cyprus Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other Matter
This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Cyprus Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
23 March 2011

Safe Concordia

Built, conversion	2005
Design	Deepwater Technology Group
No of beds	455
Gangway	29.5m +/- 5m
Power generation	18 550 kW (5 diesel generator sets)
Mooring system	4 Point Wire Winches
Station keeping	DP2
Thrusters	4 x 2.5 MW Azimuthing

MSV Regalia

Built, conversion	1985, upgraded 2003/2009
Design	GVA 3000 – enhanced
No of beds	282
Gangway	42.5m +/- 7.5m
Power generation	19 130 kW (6 diesel generator sets)
Station keeping	NMD3
Thrusters	6 x 2.64 MW Azimuthing

Safe Caledonia

Built, conversion	1982, upgraded 2004
Design	Pacesetter
No of beds	387
Gangway	37.0m +/_ 6m
Power generation	12 290 KW (6 diesel generator sets)
Mooring system	10 Point Wire Winches
Station keeping	DP2 / thrusters assisted
Thrusters	4 x 2.4 MW Azimuthing

Safe Britannia

Built, conversion	1980, upgraded 1987/2003
Design	Pacesetter - enhanced
No of beds	812
Gangway	36.5m +/- 6m
Power generation	13 700 kW (7 diesel generator sets)
Mooring system	9 Point Wire Winches
Station keeping	DP2 / thrusters assisted
Thrusters	4 x 2.4 MW Azimuthing, 2 x 1.5 MW Fixed

Safe Lancia

Built, conversion	1984, upgraded 2003
Design	GVA 2000
No of beds	605
Gangway	27.5m +/- 5.5m
Power generation	14 500 kW (6 diesel generator sets)
Mooring system	7 Point Wire Winches
Station keeping	DP2
Thrusters	4 x 2.4 MW Azimuthing

Safe Regency

Built, conversion	1982, upgraded 2003/2008
Design	Pacesetter
No of beds	780
Gangway	36.5m +/- 6m
Power generation	13 225 kW (6 diesel generator sets)
Mooring system	8 Point Wire Winches
Station keeping	DP2
Thrusters	4 x 2.4 MW Azimuthing

Safe Scandinavia

Built, conversion	1984, upgraded 2003/2005
Design	Aker H-3.2E
No of beds	583
Gangway	36.5m +/- 6.0m
Power generation	7 500 kW (3 diesel generator sets)
Mooring system	12 Point Chain Winches
Station keeping	Moored

Safe Astoria

Built, conversion	1983, upgraded 2005
Design	Earl & Wright Sedco 600
No of beds	245
Gangway	36.5m +/- 6.0m
Power generation	6 115 kW (4 diesel generator sets)
Mooring system	8 Point Wire Winches
Station keeping	Moored

Safe Bristolia

Built, conversion	1983, upgraded 2006/2008
Design	Earl & Wright Sedco 600
No of beds	587
Gangway	35m +/- 6.0m
Power generation	6 420 kW (4 diesel generator sets)
Mooring system	8 Point Wire Winches
Station keeping	Moored

Safe Hibernia

Built, conversion	1977, upgraded 2006
Design	Aker H-3 (modified)
No of beds	632
Gangway	36.0m +/- 6m
Power generation	6 320 (4 diesel generator sets)
Mooring system	12 Point Wire Winches
Thrusters	2 x 3 300 HP Propulsion (Aft)
Station keeping	Moored

Jasminia

Built, conversion	1982, upgraded 2002
Design	GVA 2000
No of beds	535
Gangway	fixed
Power generation	7 070 kW (3 diesel generator sets)
Mooring system	8 Point Wire Winches
Station keeping	Moored
Thrusters	2 x 2.4 MW Azimuthing

Safe Esbjerg

Built, conversion	1975, upgraded 2005
Design	Type 82 Marathon LeTourneau
No of beds	139
Gangway	fixed, customer provided
Power generation	5 250 kW (5 diesel generator sets)
Mooring system	4 Point Wire Winches
Station keeping	Jack-up

Notes

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Accommodating
the Offshore
Industry

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