Fourth Quarter 2009

Prosafe Production

www.prosafeproduction.com

CONDENSED INTERIM FINANCIAL STATEMENT
QUARTER ENDED 31 DECEMBER 2009

HIGHLIGHTS

- Operating result before depreciation of USD 50.4 million
- Impairment charge relating to FPSO *Ningaloo Vision* and *M/T Takama*
- FPSO *Ningaloo Vision* ready to commence production – on dayrate since start of 2010
- MoU with Höegh LNG regarding LNG FPSOs

Main figures – Q4 2009

(Figures in brackets refer to the corresponding period of 2008)

Operating revenues for 4th quarter of 2009 were USD 90.4 million compared to USD 71.4 million for the same period in 2008.

Operating profit before depreciation amounted to USD 50.4 million (USD 35.8 million) for the fourth quarter. The main reason for the increase is FDPSO *Azurite* and FPSO *Cidade de São Mateus* which commenced operations during 2009. This was partly offset by the scheduled decline in the dayrate for FPSO *Umuroa*.

As reported to the market in connection with previous interim result announcements, the conversion of FPSO *Ningaloo Vision* was substantially delayed due to damages sustained during an electrical fire, as well as technical challenges on the steam systems and the gas compressors. As such, the total project cost ended up at a higher level than anticipated at the start of 2009. Moreover, the market value of M/T *Takama*, a VLCC sized single hull conversion candidate, has dropped further. Due to these factors, an impairment charge of USD 46.7 million has been recognised in the 4th quarter.

Thus, operating result for the 4th quarter amounted to USD -26.5 million (USD -175.9 million). Excluding impairment charges, the operating profit for 4th quarter came in at USD 20.1 million (USD 20.9 million).

Interest expenses amounted to USD 11.3 million (USD 11.2 million) for the quarter. Other financial items amounted to USD 3.2 million (USD -4.3 million). The difference compared to the same period last year is mainly an effect of favourable changes in foreign exchange rates as well as change in value of hedging instruments.

The tax cost for the 4th quarter equalled USD 6.6 million (USD -3.8 million). Taxes in this quarter was higher than normal, as the company made adjustments to the tax position in New Zealand, as well as accounted for changes in deferred tax. Changes to deferred tax are largely related to currency fluctuation on assets and liabilities.

The net result for the 4th quarter totalled USD -41.1 million (USD -186.7 million). Excluding impairment charges the net profit was USD 5.6 million (USD 10.1 million).

As a result of investments in the new units, total assets amounted to USD 2,097 million (USD 1,985 million) as of 31 December 2009. Equity amounted to USD 814 million (USD 806 million), resulting in a book equity ratio of 39%.

Net interest-bearing debt amounted to USD 1,018 million (USD 822 million).

Financial results – Year ended 31 Dec 2009

Operating result for the year ended 31 December 2009 amounted to USD 54.5 million (USD -111.8) million), while the net result was USD -10.3 million (USD -203.6 million). Excluding the impairment charge, the operating profit was USD 101.2 million (USD 85 million). The increase reflect the contribution from FDPSO *Azurite* and FPSO *Cidade de São Mateus* during 2009, partly offset by the scheduled decline in the dayrate for FPSO *Umuroa* as well as lower contribution from variation orders.

Chairman of the Board

Reidar Lund, Chairman of the Board, has informed the Election Committee that he will not seek re-election on the Annual General Meeting in May.

MoU with Höegh LNG

Prosafe Production and Höegh LNG have entered into a memorandum of understanding for the long term cooperation within the LNG FPSO segment. The cooperation will use as its basis the FEED work already developed by Höegh LNG, and for each specific project Höegh LNG will be responsible for design, project execution, completion and funding, whilst Prosafe Production will, in cooperation with Höegh LNG, be responsible for the operation and maintenance of the LNG FPSO's, and assist Höegh LNG during project execution and completion.

Operations and projects

All contracted units operated as normal in the quarter and the combined uptime was 98.7 per cent (94.3 per cent). Operation of the new vessels, FDPSO *Azurite* and FPSO *Cidade de São Mateus* is going well and both units operate as normal.

FSO *Endeavor* commenced the 12-month contract extension on the PY-3 field in India on 24 January after undergoing repair work paid by the client Aban Offshore. The vessel has been off hire since the original contract expired in July last year. The gross value of the extension is approximately USD 7 million.

FPSO *Ningaloo Vision* sailed from Singapore on 18 December and has been on dayrate since the beginning of January. The final commissioning of the disconnectable turret has gone well and the vessel is now ready to commence production.

Outlook

The FPSO market has improved lately. A handful of contracts were awarded in the latter part of 2009, while another couple of contracts have been signed so far in 2010. Despite the difficult macro environment experienced over the last eighteen to twenty four months, the pipeline of potential FPSO developments around the world has continued to grow. With a world economy showing signs of recovery and an oil price that seems to have stabilised on a higher level, an increasing number of these projects will approach the tendering phase. Consequently, it is likely that the gradual improvement of the market will continue throughout the year.

The long-term picture remains bright. The demand for oil is likely to continue to grow in the foreseeable future. At the same time the decline rate of existing oil fields is likely to be exacerbated. As such the development of new oil fields should accelerate. As most of the easy accessible reserves have been discovered, an increasing part of future production will stem from difficult areas, such as deep water and remote areas with limited infrastructure, where the FPSO concept has its competitive advantage.

Based on experience gained over the last few projects, the company has implemented several improvement initiatives to the project bidding and execution phase. Amongst other the company will do substantially more engineering in the bidding phase in order to minimise changes to the scope and the number of change orders necessary in the project execution phase.

With the changes to the bid and execution procedures, the improved organisation, as well as Prosafe Production's strong operating cash flow and balance sheet capacity, the company is ready to pursue new interesting opportunities, provided that the return requirement is met.

Limassol, 16 February 2010

The Board of Directors of Prosafe Production Public Limited

CONDENSED INCOME STATEMENT

(unaudited figures in USD million)	Note	Q4 09	Q4 08	2009	2008
Operating revenues		90.4	71.4	315.0	264.7
Operating expenses		(40.0)	(35.6)	(130.1)	(122.1)
Operating profit before depreciation		**50.4**	**35.8**	**184.9**	**142.6**
Depreciation		(30.3)	(14.9)	(83.7)	(57.6)
Impairment	8	(46.7)	(196.8)	(46.7)	(196.8)
Operating profit		**(26.5)**	**(175.9)**	**54.5**	**(111.8)**
Interest income		0.1	0.8	0.7	3.3
Interest expenses		(11.3)	(11.2)	(44.9)	(28.7)
Other financial items	3	3.2	(4.3)	(0.6)	(56.2)
Net financial items		**(8.1)**	**(14.6)**	**(44.8)**	**(81.6)**
Profit before taxes		**(34.6)**	**(190.5)**	**9.6**	**(193.3)**
Taxes		(6.6)	3.8	(19.9)	(10.2)
Net profit (loss)		**(41.1)**	**(186.7)**	**(10.3)**	**(203.6)**
Earnings per share	1	**(0.16)**	**(0.73)**	**(0.04)**	**(0.80)**
Earnings per share diluted	1	**(0.16)**	**(0.73)**	**(0.04)**	**(0.80)**

STATEMENT OF COMPREHENSIVE INCOME

(unaudited figures in USD million)	Note	Q4 09	Q4 08	2009	2008
Net profit (loss)		**(41.1)**	**(186.7)**	**(10.3)**	**(203.6)**
Net gains/losses on cash flow hedges		5.2	(63.0)	17.9	(51.2)
Foreign currency translation		(0.0)	(0.3)	0.4	0.3
Other comprehensive income		**5.1**	**(63.3)**	**18.3**	**(50.9)**
Total comprehensive income		**(36.0)**	**(250.1)**	**8.0**	**(254.5)**

CONDENSED BALANCE SHEET

(unaudited figures in USD million)	Note	31/12/09	31/12/08
Goodwill	8	128.3	128.3
Ships	5,8	1,756.2	1,567.4
Other non-current assets		7.3	15.7
Total non-current assets		**1,891.8**	**1,711.4**
Cash and deposits		133.8	211.0
Other current assets		71.0	62.2
Total current assets		**204.8**	**273.2**
Total assets		**2,096.6**	**1,984.6**
Share capital	6	25.5	25.5
Other equity		788.2	780.2
Total equity		**813.7**	**805.7**
Interest-free long-term liabilities	9	38.3	56.3
Interest-bearing long-term debt	4	1,001.1	1,013.8
Total long-term liabilities		**1,039.4**	**1,070.1**
Other interest-free current liabilities		92.9	90.0
Current interest-bearing debt	4	150.6	18.8
Total current liabilities		**243.5**	**108.7**
Total equity and liabilities		**2,096.6**	**1,984.6**

CONDENSED CASH FLOW STATEMENT

(unaudited figures in USD million)	Note	2009	2008
Profit before taxes		9.6	(193.4)
Unrealised currency loss (gain)		(0.9)	(1.2)
Depreciation		83.7	57.6
Impairment	8	46.7	196.8
Taxes paid		(12.7)	(18.2)
Loss on sale of assets	3	0.0	52.6
Change in working capital		(8.1)	78.8
Other items from operating activities		33.3	(25.1)
Net cash flow from operating activities		**151.6**	**148.0**
Acquisition of tangible assets	5	(317.6)	(895.7)
Acquisition of financial assets		0.0	(319.6)
Proceeds from sale of assets		0.0	260.0
Dividends received		0.0	1.5
Interest received		0.7	3.3
Net cash flow from investing activities		**(316.9)**	**(950.6)**
Proceeds from new interest-bearing debt	4	235.0	963.2
Repayment of interest-bearing debt		(107.6)	(50.6)
Paid-in capital		0.0	70.1
Dividends paid/Capital repayment		0.0	0.0
Interest paid		(39.2)	(22.1)
Net cash flow from financing activities		**88.1**	**960.6**
Net cash flow		**(77.2)**	**158.0**
Cash and deposits at beginning of period		211.0	53.0
Cash and deposits at end of period		**133.8**	**211.0**

CONDENSED STATEMENT OF CHANGES IN EQUITY

(unaudited figures in USD million)	2009	2008
Equity at the beginning of period	805.7	990.1
Total comprehensive income for the period	8.0	(254.5)
Dividends	0.0	0.0
Paid-in capital	0.0	70.1
Capital repayment	0.0	0.0
Equity at the end of period	**813.7**	**805.7**

KEY FINANCIAL FIGURES

	Notes to key figures	Q4 09	Q3 09	Q4 08	2009
EBITDA margin		55.8%	60.5%	50.2%	58.7%
Operating margin		-29.3%	36.4%	-246.4%	17.3%
Return on capital employed	1	-5.4%	6.3%	-46.8%	2.8%
Return on equity	2	-20.3%	6.5%	-92.7%	-1.3%
Equity ratio	3	38.8%	40.1%	40.6%	38.8%
EPS (USD)	4	(0.16)	0.05	(0.73)	(0.04)
EPS adjusted (USD)	5	0.02	0.05	0.04	0.14
Working capital (USD million)	6	(38.7)	6.9	164.4	(38.7)
Net interest-bearing debt (USD million)		1,017.9	1,035.2	821.6	1,017.9
Market capitalisation (USD million)		547	599	401	547
Share price (NOK)		12.45	13.70	11.00	12.45
Book equity per share (USD)		3.19	3.33	3.16	3.19
Number of shares (million)		255.2	255.2	255.2	255.2
Average number of shares (million)		255.2	255.2	255.2	255.2
USD/NOK exchange rate		5.81	5.84	7.00	5.81

Notes to key figures

1. Operating profit / [Average total assets - Average interest-free current debt] (Annualised)
2. Net profit / Average book equity (Annualised)
3. Book equtiy / Total assets
4. Net profit / Average number of outstanding and potential shares
5. Figures adjusted for effects from impairment charge
6. Current assets - current liabilities.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT

Prosafe Production Public Limited is a public limited company registered in Limassol, Cyprus. The company is listed on the Oslo Stock Exchange with the ticker code PROD.

The interim condensed financial information of Prosafe Production for the quarter ended 31 December, 2009 were approved by the Board of Directors on 16 February, 2010.

1. BASIS FOR PREPARATION

The condensed interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

The condensed interim financial information does not include all the information and disclosures required in the annual financial information and should be read in conjuntion with the consolidated financial statements for 2008. The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the consolidated financial statements for 2008.

2. SEGMENT INFORMATION

Prosafe Production is a leading owner and operator of floating production and storage vessels and does only have one operating segment.

3. DISPOSAL OF SHARES IN TEEKAY PETROJARL ASA

Shares owned in Teekay Petrojarl ASA (30.1% of the outstanding share capital) where disposed on 20 June 2008. The disposal resulted in a book loss of 52.6 million for Prosafe Production. The Company holds no shares in Teekay Petrojarl ASA following this transaction.

4. SECURED INTEREST-BEARING DEBT

Prosafe Production had the following secured interest-bearing debt as at 31 December 2009:

(unaudited figures in USD million)	**2009**	**2008**
USD 1200 mill facility	1043.6	950.0
Umuroa facility	98.1	70.5
Petróleo Nautipa facility	10.0	12.1
Total interest-bearing debt	**1,151.7**	**1,032.6**

Prosafe Production Public Limited as borrower has entered into a senior secured revolving credit facility dated 5 May 2008, with a total availability of USD 1200 million where Nordea Norge ASA act as facility agent on behalf of a number of lenders. The loan period is seven years with the final maturity date 5 May 2015. The revolving credit facility has financial covenants related to liquidity, leverage ratio, equity ratio, working capital and collateral maintenance, and include a standard change of control clause that can be triggered if a party exceeds 30% ownership.

Prosafe Production Services Pte Ltd (acting through its New Zealand branch) as borrower has entered into a senior secured reducing revolving credit facility agreement dated 30 October 2009, with a total initial availability of USD 130 million related to the FPSO *Umuroa*. The loan period is six years with the final maturity date 3 November 2015. The revolving credit facility has financial covenants related to liquidity, leverage ratio, equity ratio and working capital, and include a standard change of control clause that can be triggered if a party exceeds 30 % ownership.

The *Petróleo Nautipa* facility is a credit facility related to the FPSO *Petróleo Nautipa*. The facility matures in December 2012.

5. SHIPS
Increase in book value of ships is a result of investments in connection with the finalisation of existing conversion projects. Capital expenditure related to vessels and vessels under conversion for fourth quarter of 2009 amounted to USD 58.8 million.

6. EQUITY
The number of authorised shares issued and fully paid as at 31 December 2009 were 255,201,764. There has been no change to the number of shares issued in the fourth quarter of 2009.

As at 31 December 2009 Prosafe Production Public Limited has no holding of own shares.

7. RELATED PARTY

Shares held by members of the board and management group	**31/12/09**
Members of the board	
Reidar Lund	190,000
Arne Austreid	93,500
Ronny Johan Langeland	10,000
Management	
Bjørn Henriksen	156,000
Roy Hallås	105,930
Sven Børre Larsen	24,500

8. IMPAIRMENT
Ships
The carrying amount of the Company's fleet have been tested for impairment by the year end.

An impairment charge has been recognised in the income statement to write down *FPSO Ningaloo Vision* to its recoverable amount as this was lower than the carrying amount at year end. The recoverable amount has been based on value in use calculations and is calculated separately per vessel. Each vessel is regarded as one cash-generating unit. The calculation of recoverable amount has been based on cash flows from firm contracts and estimates for residual values, which have been discounted by a combined weighted average cost of capital of 7.9%.

An impairment charge in the income statement has also been taken on the vessel M/T Takama due to the declining market for VLCCs. The assessment of recoverable amount has been based on a fair value less cost estimate, based on market values obtained. This assessment has determined that the recoverable amount was lower than the carrying amount at year end.

The impairment assessment has resulted in a total impairment of USD 46.7 million in 2009.

Goodwill
The Group has performed an annual impairment test as at 31 December 2009. Goodwill impairment assessment has been done by determining the recoverable amount from assets to which goodwill has been allocated, based on a value in use calculation. The assessment has not resulted in any impairment of existing goodwill.

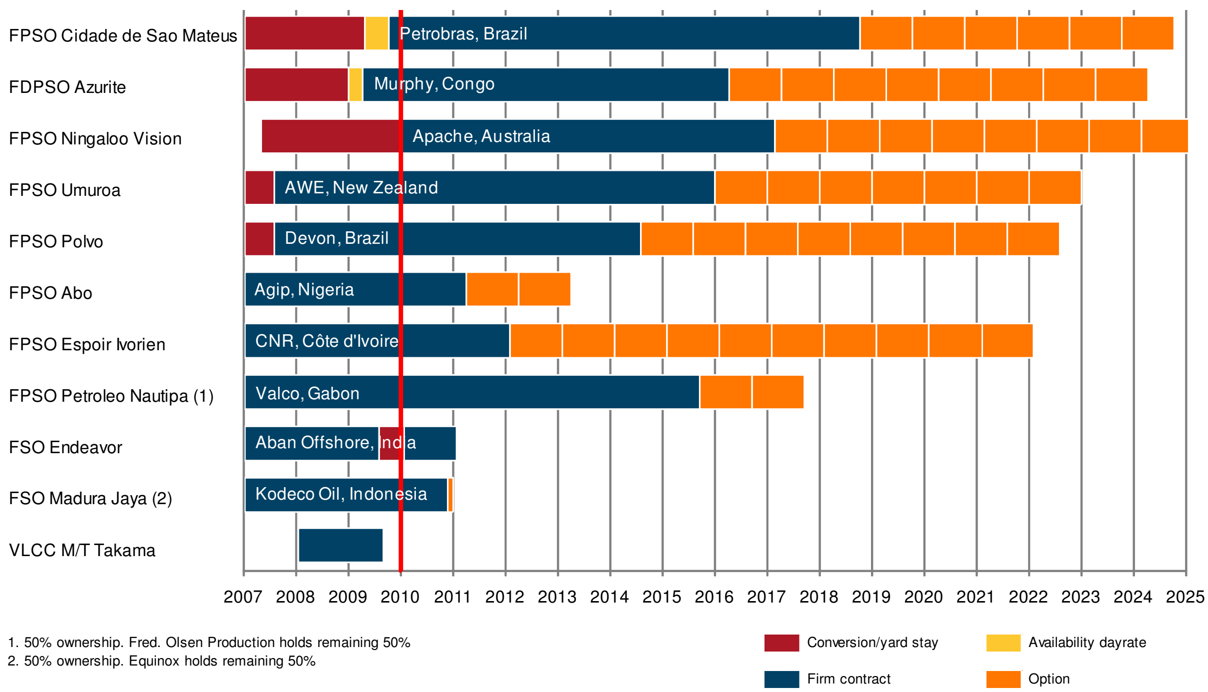
9. INTEREST RATE SWAPS
Interest rate swaps used for hedging of cash flows on floating rate interest rate debt has been reclassified from the balance sheet line *Other interest-free current liabilities*, under short-term liabilities, to the balance sheet line *Interest-free long-term liabilities*, under long-term liabilities. This has been done as the hedging instruments are considered to be of long term nature.

SHAREHOLDERS as at 31 December 2009

	No. of shares	Ownership
BW OFFSHORE CYPRUS LIMITED (1)	44,500,000	17.44%
PROSAFE HOLDING LTD.	19,778,137	7.75%
BW EUROHOLDINGS LTD	15,332,280	6.01%
FOLKETRYGDFONDET	12,798,235	5.01%
BW OFFSHORE CYPRUS LTD	11,432,990	4.48%
RBC DEXIA INVESTOR SERVICES TRUST	7,884,886	3.09%
BROWN BROTHERS HARRIMAN & CO	7,500,000	2.94%
AWILCO INVEST AS	6,638,538	2.60%
JPMORGAN CHASE BANK	6,463,835	2.53%
ORKLA ASA	5,750,000	2.25%
PARETO AKSJE NORGE	5,709,300	2.24%
PROSAFE SE	5,596,997	2.19%
BW LPG FPSO I LTD	5,000,000	1.96%
UBS AG, LONDON BRANCH	4,125,960	1.62%
HSBC BANK PLC	4,061,620	1.59%
BGL BNP PARIBAS	3,978,775	1.56%
BANK OF NEW YORK MELLON	3,963,845	1.55%
ODIN OFFSHORE	3,932,000	1.54%
STATE STREET BANK AND TRUST CO.	3,700,661	1.45%
MORGAN STANLEY & CO INTERNAT. PLC	3,641,705	1.43%
PARETO AKTIV	2,893,950	1.13%
CITIBANK N.A. (LONDON BRANCH)	2,884,495	1.13%
MORGAN STANLEY & CO INC. NEW YORK	2,258,583	0.89%
STATE STREET BANK AND TRUST CO.	2,193,671	0.86%
MORGAN STANLEY & CO INC. NEW YORK	2,087,386	0.82%

1) BW Offshore Ltd is controlled by BW Euroholdings Ltd's parent company BW Group Ltd. In total they own 76,265,270 shares in Prosafe Production Public Ltd, which constitutes 29.88% of the shares outstanding.

CONTRACT STATUS



1. 50% ownership. Fred. Olsen Production holds remaining 50%
2. 50% ownership. Equinox holds remaining 50%

Prosafe Production Public Limited
City House, 3rd Floor
6 Karaiskakis Street
CY-3032 Limassol
Cyprus
Phone: +357 2550 3120
Fax: +357 2550 3001
E-mail: mail@prosafeproduction.com

Prosafe Production Services Pte Ltd
1 International Business Park
#10-01 The Synergy
Singapore 609917
Singapore
Phone: +65 6665 6200
Fax: +65 6567 5110
E-mail: mail@prosafeproduction.com

Investor Relations contact
Sven Børre Larsen
EVP and CFO
Phone: +65 6302 0321
Mob: +65 9657 2590
E-mail: sven.larsen@prosafeproduction.com

www.prosafeproduction.com

Prosafe Production