



August 16, 2010

2<sup>nd</sup> quarter 2010



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# Summary

- EBITDA of USD 59.7 million
- Robust operational performance
- Improved market balance
- Board recommends not to accept offer from BWO
  - Process of exploring strategic alternatives – including actively pursuing other buyers – continues
  - Sale of mooring business postponed as a consequence of the BWO bid



# Financial results

## Financial results

Operations

Market outlook

BWO offer

# Profit & Loss

(unaudited figures in USD million)	Q2 10	Six months ended		Six months ended
		Q2 09	30/06/2010	30/06/2009
Operating revenues	106.5	80.5	211.8	141.1
Operating expenses	(46.8)	(32.4)	(95.1)	(55.8)
<b>Operating profit before depreciation</b>	<b>59.7</b>	<b>48.1</b>	<b>116.7</b>	<b>85.2</b>
Depreciation	(36.0)	(19.6)	(68.6)	(33.3)
Impairment	0.0	0.0	0.0	(0.0)
<b>Operating profit</b>	<b>23.7</b>	<b>28.5</b>	<b>48.1</b>	<b>51.9</b>
Interest income	0.0	0.1	0.1	0.3
Interest expenses	(11.7)	(11.1)	(22.9)	(22.5)
Other financial items	(0.5)	(0.7)	(1.3)	(3.1)
<b>Net financial items</b>	<b>(12.1)</b>	<b>(11.7)</b>	<b>(24.1)</b>	<b>(25.3)</b>
<b>Profit before taxes</b>	<b>11.6</b>	<b>16.8</b>	<b>24.0</b>	<b>26.6</b>
Taxes	(5.9)	(3.7)	(7.5)	(7.9)
<b>Net profit (loss) from continuing operations</b>	<b>5.7</b>	<b>13.1</b>	<b>16.5</b>	<b>18.6</b>
<b>Discontinued operations</b>				
Net profit (loss) from discontinued operations	(1.3)	(0.9)	(2.1)	(1.3)
<b>Net profit (loss) for the period</b>	<b>4.4</b>	<b>12.2</b>	<b>14.4</b>	<b>17.3</b>
<b>Earnings per share from continuing operations</b>	<b>0.02</b>	<b>0.05</b>	<b>0.06</b>	<b>0.07</b>
<b>Earnings per share diluted from continuing operations</b>	<b>0.02</b>	<b>0.05</b>	<b>0.06</b>	<b>0.07</b>
<b>Earnings per share</b>	<b>0.02</b>	<b>0.05</b>	<b>0.06</b>	<b>0.07</b>
<b>Earnings per share diluted</b>	<b>0.02</b>	<b>0.05</b>	<b>0.06</b>	<b>0.07</b>

# Balance Sheet

<b>(unaudited figures in USD million)</b>	<b>30/06/10</b>	<b>30/06/09</b>	<b>31/12/09</b>
Goodwill	65.5	128.3	128.3
Ships	1,700.1	1,738.7	1,756.2
Other non-current assets	7.2	14.0	7.3
<b>Total non-current assets</b>	<b>1,772.8</b>	<b>1,881.0</b>	<b>1,891.8</b>
Cash and deposits	101.9	111.4	133.8
Other current assets	96.0	90.9	71.0
<b>Total current assets</b>	<b>197.9</b>	<b>202.3</b>	<b>204.8</b>
Assets classified as held for sale	62.8	0.0	0.0
<b>Total assets</b>	<b>2,033.5</b>	<b>2,083.3</b>	<b>2,096.6</b>
Share capital	25.5	25.5	25.5
Other equity	782.5	822.4	788.2
<b>Total equity</b>	<b>808.0</b>	<b>847.9</b>	<b>813.7</b>
Interest-free long-term liabilities	59.6	1.3	38.3
Interest-bearing long-term debt	930.8	1,106.5	1,001.1
<b>Total long-term liabilities</b>	<b>990.4</b>	<b>1,107.8</b>	<b>1,039.4</b>
Other interest-free current liabilities	69.5	111.6	92.9
Current interest-bearing debt	165.6	16.0	150.6
<b>Total current liabilities</b>	<b>235.2</b>	<b>127.6</b>	<b>243.5</b>
<b>Total equity and liabilities</b>	<b>2,033.5</b>	<b>2,083.3</b>	<b>2,096.6</b>

# Cash Flow

<b>(unaudited figures in USD million)</b>	<b>Six months ended 30/06/2010</b>	<b>Six months ended 30/06/2009</b>	<b>2009</b>
Profit before taxes from continuing operations	24.0	26.6	12.1
Profit (loss) from discontinued operations	(2.1)	(1.3)	(2.5)
Unrealised currency loss (gain)	1.3	0.0	(0.9)
Depreciation	68.6	33.3	83.7
Impairment	0.0	0.0	46.7
Taxes paid	(6.1)	(6.7)	(12.7)
Change in working capital	(48.3)	(34.7)	(8.1)
Other items from operating activities	19.4	18.5	33.3
<b>Net cash flow from operating activities</b>	<b>56.7</b>	<b>35.7</b>	<b>151.6</b>
Acquisition of tangible assets	(11.5)	(203.7)	(317.6)
Interest received	0.1	0.3	0.7
<b>Net cash flow from investing activities</b>	<b>(11.4)</b>	<b>(203.4)</b>	<b>(316.9)</b>
Proceeds from new interest-bearing debt	20.0	100.0	235.0
Repayment of interest-bearing debt	(76.1)	(10.1)	(107.6)
Interest paid	(21.2)	(21.8)	(39.2)
<b>Net cash flow from financing activities</b>	<b>(77.2)</b>	<b>68.2</b>	<b>88.1</b>
<b>Net cash flow</b>	<b>(31.9)</b>	<b>(99.6)</b>	<b>(77.2)</b>
Cash and deposits at beginning of period	133.8	211.0	211.0
<b>Cash and deposits at end of period</b>	<b>101.9</b>	<b>111.4</b>	<b>133.8</b>

# Shareholders as of 30 June 2010

<b>Account</b>	<b>No. of shares (million)</b>	<b>Ownership</b>
BW OFFSHORE CYPRUS LIMITED (1)	44.50	17.44 %
PROSAFE HOLDING LTD.	19.78	7.75 %
BW EUROHOLDINGS LTD	15.33	6.01 %
BW OFFSHORE CYPRUS LTD	11.43	4.48 %
FOLKETRYGDFONDET	9.95	3.90 %
MORGAN STANLEY & CO INTERNAT. PLC	9.87	3.87 %
AWILCO INVEST AS	8.01	3.14 %
BROWN BROTHERS HARRIMAN & CO	7.50	2.94 %
RBC DEXIA INVESTOR SERVICES TRUST	7.12	2.79 %
ORKLA ASA	6.60	2.59 %
PARETO AKSJE NORGE	5.96	2.34 %
PROSAFE SE	5.60	2.19 %
UBS AG, LONDON BRANCH	5.45	2.14 %
BW LPG FPSO I LTD	5.00	1.96 %
HSBC BANK PLC	4.42	1.73 %
ODIN OFFSHORE	3.93	1.54 %
STATE STREET BANK AND TRUST CO.	3.67	1.44 %
BANK OF NEW YORK MELLON SA/NV	3.23	1.27 %
PARETO AKTIV	2.83	1.11 %
BANK OF NEW YORK MELLON	2.76	1.08 %

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 Prosafte Production Public Ltd, which constitutes 29.88% of the shares outstanding.



# Operations

Financial results

**Operations**

Market outlook

BWO offer

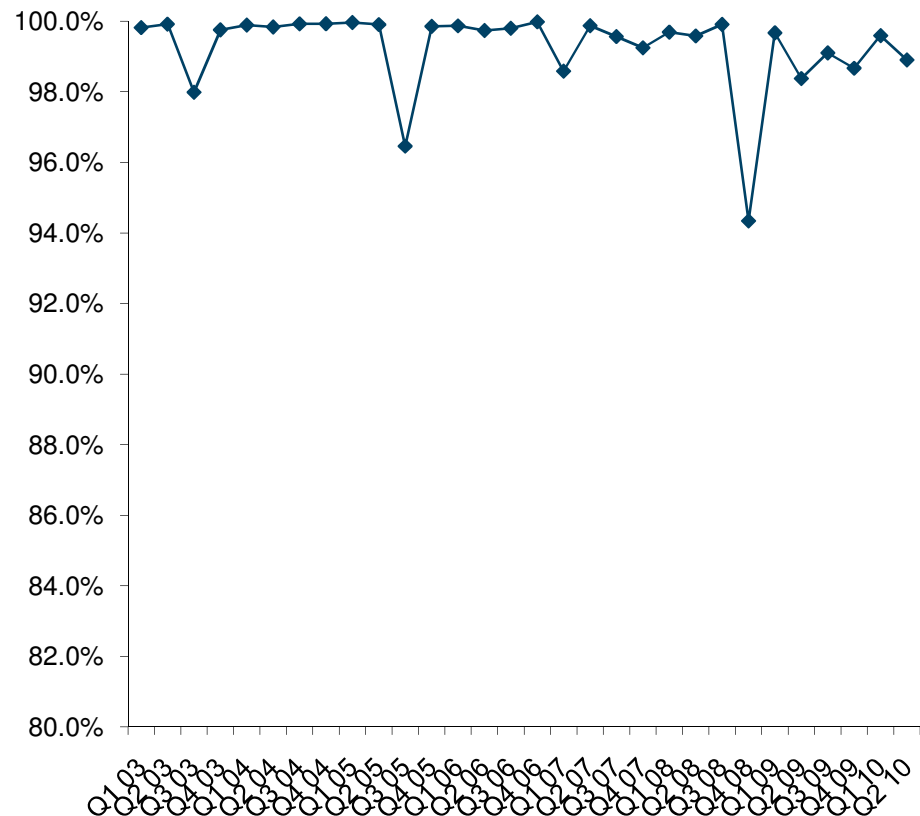
# Solid operational performance



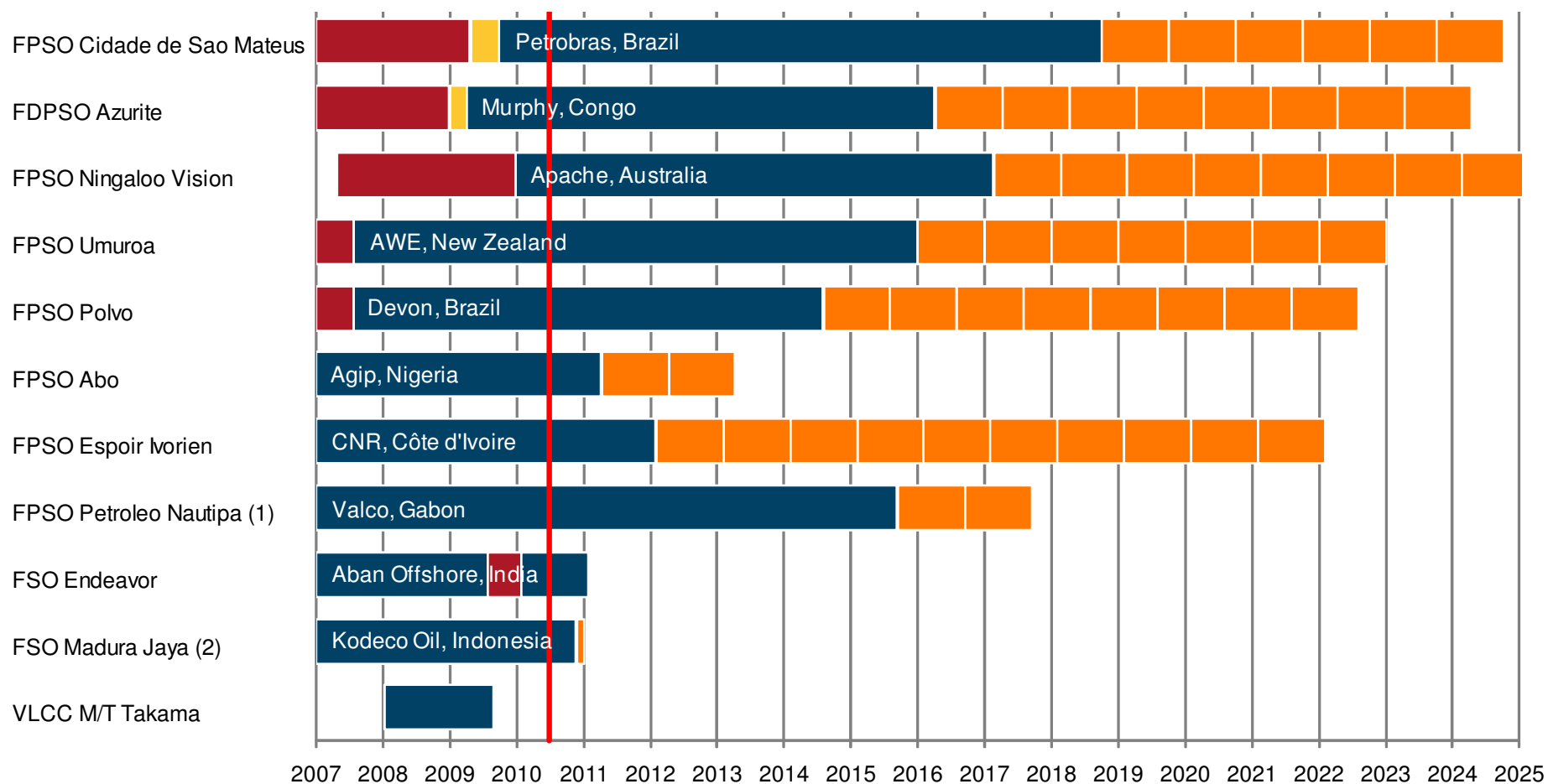
- Strong uptime delivered to clients also in Q2 10
- Robust HSE performance
- Slightly higher maintenance level expected in Q3

**World class operations**

Combined fleet uptime per quarter



# Contract status



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

2. 50% ownership. Equinox holds remaining 50%

Conversion/yard stay

Availability dayrate

Firm contract

Option

# Market Outlook

Financial results

Operations

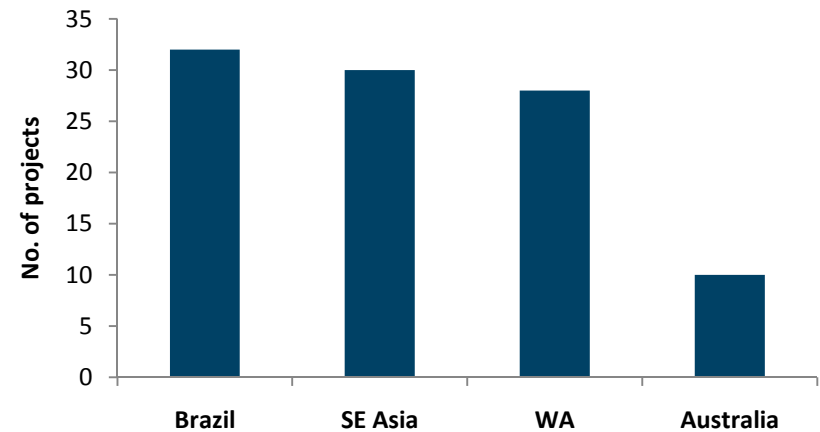
**Market outlook**

BWO offer

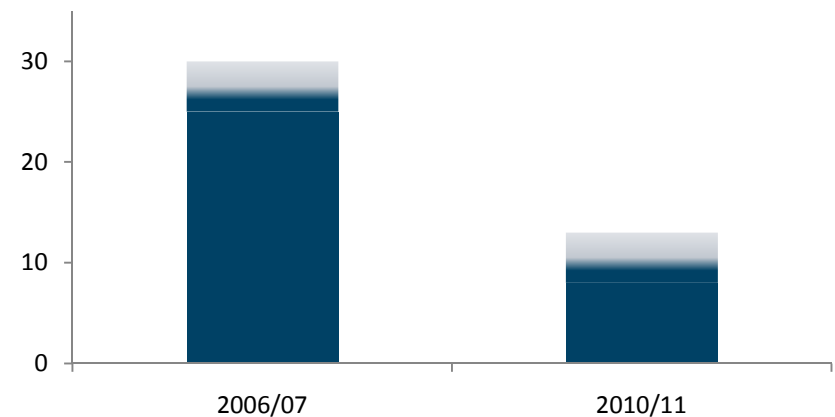
# Improved market balance

- 15-20 FPSO contract awards expected annually next five years
- Execution capacity on supply side significantly reduced in last few years
- Improved market balance
- Substantial part of market is in challenging areas:
  - High local content requirements
  - Lack of infrastructure

Possible projects next five years by region



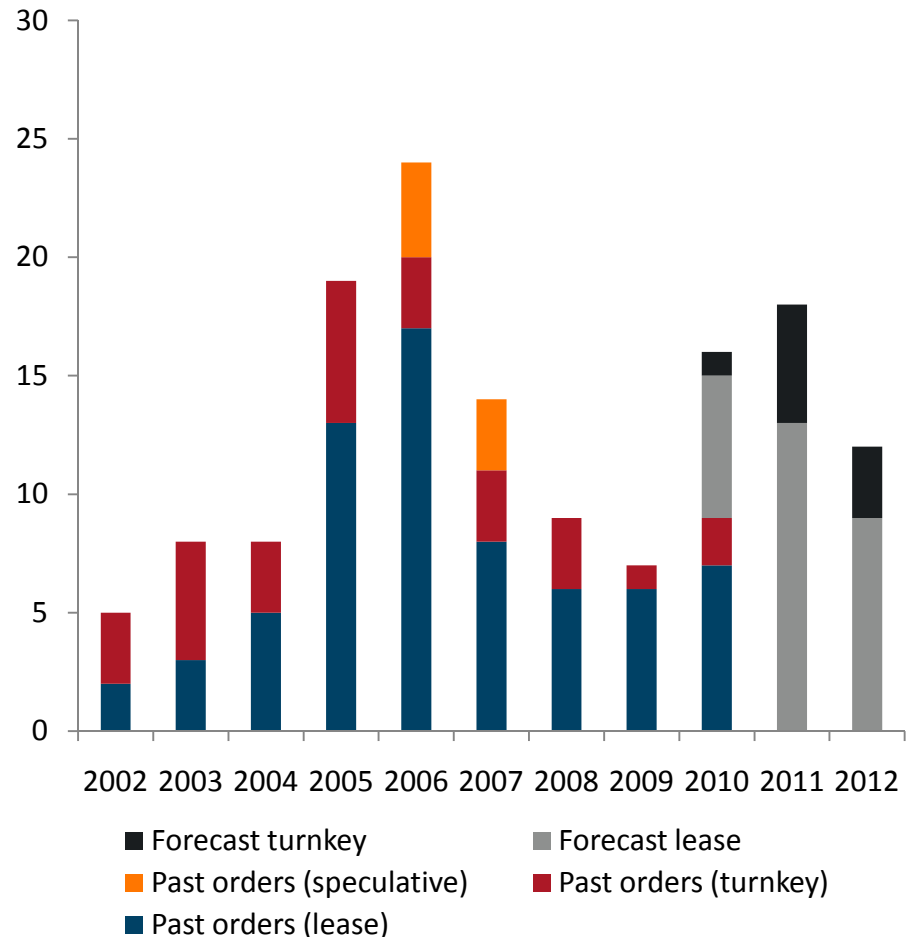
No of players actively pursuing projects



# Positive short-term outlook

- Possible FPSO lease contracts next 12 months:
  - Australia: 2
  - Brazil: 7
  - WA: 3
  - SE Asia: 6
- Prosafe Production is well positioned in key regions
- Few redeployment candidates available will favour new conversions

Historical and expected FPSO orders



Source: Fearnley Offshore

# BWO offer

Financial results

Operations

Market outlook

**BWO offer**

# BWO offer

Board recommends to reject



- BWO announced intention to put forward an offer of all outstanding shares in Prosafte Production on 21 June
- The offer was formally put forward on 27 July – offer period lasts to 25 August
- Relevant offer price: 1.2 BWO share + NOK 2.00 in cash per PROD share
- Board of Directors recommends shareholders not to accept the offer as it does not reflect underlying values
- Process of exploring strategic alternatives continues
  - Including actively pursuing alternative bidders to present an alternative offer



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