

# REPORT

## FOURTH QUARTER 2004



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### Main figures<sup>1</sup>

Operating revenues for the fourth quarter came to NOK 0.0 million (NOK 0.8 million). The decrease was primarily due to a reduction in revenues from consultancy services, which, following the construction start of the SSP 300, has ceased.

Operating profit came to NOK – 5.4 (NOK – 2.0 million). The operating expenses has increased, primarily as a result of an increase in salary and other personnel and operating expenses due to higher activity caused by the construction of the SSP300.

Net financial items came to NOK 0.3 million (NOK 0). The increase was due to higher income on cash and cash equivalents.

Net profit came to NOK 0.8 million (NOK – 1.6 million). The increase was due to a positive tax benefit of NOK 5.9 in the fourth quarter, related to capitalized share issue costs.

For 2004, operating revenues amounted to NOK 1.0 million (NOK 3.6 million). Operating profit amounted to NOK – 17.8 million (NOK – 9.7 million), net financial items were NOK 1.2 million (NOK 0.1 million) and net profit was NOK – 8.4 million (NOK – 7.7 million).

As at December 31, 2004, total assets amounted to NOK 201.2 million, of which NOK 95.5 million had been capitalized as construction in progress on the SSP 300. As at December 31, the equity ratio was 92%. The Company did not have any interest-bearing debt.

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1) The figures in brackets refer to the same period last year

### Accounting policies

The financial data have been prepared in accordance with Norwegian GAAP.

As from January 1, 2005, companies with securities trading on the Oslo Stock Exchange shall prepare their consolidated financial statements in accordance with IFRS. The Company has outlined the expected major differences between IFRS and the accounting principles currently applied. The Company expects its first interim report for 2005 to be in compliance with IFRS-standards.

The Company does not expect to have significant changes in accounting principles as a result of the transition to IFRS. In its report for third quarter, the Company discussed the possible impact on the income statement and on presentation and classification. The Company does not expect such impact to be significant.

In general, IFRS requires more detailed disclosures than Norwegian GAAP. The Company will quantify the effects of the implementation of IFRS in its annual report for 2004.

### Business activities

**LOI with Petrobras.** Petrobras S.A. has entered into a letter of intent with Sevan Marine do Brasil Ltda, a subsidiary of the Company, for the use of the SSP 300 FPSO under a long-term contract on the Piranema field in the State of Sergipe, off the north-east coast of Brazil, in deep water ranging from 1000 to 1600 m. The SSP 300 FPSO is currently under construction at the Yantai Raffles shipyard in China.

The fixed term of the charter contract is 11 years. The contract will commence mid-2006. The contract value for the fixed term

is approximately USD 399 million. The SSP 300 FPSO will be equipped with a process plant capacity of 30,000 barrels of oil per day, a gas injection plant with compression capacity of 3.6 million m<sup>3</sup> per day and an oil storage capacity of 300,000 barrels. The unit will be prepared to receive up to 21 risers. The contract signature is subject to board approval of both parties.

As a part of its long-term strategy in Brasil, the Company will enter into an agreement with its Brazilian partner, Etesco Construção e Comércio Ltda for the joint ownership and operations, whereby Etesco will have a 25% equity interest in the SSP 300 FPSO.

**Construction project.** The construction of the SSP 300 FPSO proceeds according to plan and within budget, at the Yantai Raffles Shipyard in China. A yard supervision team from the Company is following the construction.

**Other.** The Company has acquired 48% of the shares in Kanfa AS. Kanfa is a process design and engineering company offering services to the offshore industry. Kanfa's employees has a long track record and has been involved in most of the Norwegian field developments over the past 15 years,

as well as several international projects. Kanfa has 13 employees and is located in Asker, Norway. Operating revenues for 2004 was around NOK 80 million.

The Company was listed on the Oslo Stock Exchange on December 13, 2004. In connection with the listing, the Company carried out a share issue of 4,118,000 shares with gross proceeds of NOK 35 million.

In February 2005, the Company carried out a directed share issue of 6,610,000 shares with gross proceeds of NOK 111.7 m.

## **Outlook**

The floating production market continues to look good. Several field development projects are coming to the market, in particular small and medium-sized fields. The Company is discussing project opportunities with potential clients in the North Sea, Latin America and South-East Asia, for the use of the SSP as an FPSO.

Tananger, February 9, 2005  
The board of directors  
Sevan Marine ASA

## Sevan Marine ASA

### Income statement

<i>Unaudited figures in NOK million</i>	Q4 04	Q3 04	Q4 03	31.12.04	31.12.03
Operating revenues	0,0	0,0	0,8	1,0	3,6
Operating expenses	5,2	4,7	2,7	18,4	13,1
<b>EBITDA</b>	<b>-5,2</b>	<b>-4,7</b>	<b>-1,9</b>	<b>-17,4</b>	<b>-9,5</b>
Depreciation	-0,2	-0,1	-0,1	-0,4	-0,2
<b>Operating profit</b>	<b>-5,4</b>	<b>-4,8</b>	<b>-2,0</b>	<b>-17,8</b>	<b>-9,7</b>
Interest income	0,4	0,4	0,1	1,4	0,3
Interest expenses	-0,1	0,0	-0,1	-0,2	-0,2
<b>Net financial items</b>	<b>0,3</b>	<b>0,4</b>	<b>0,0</b>	<b>1,2</b>	<b>0,1</b>
<b>Profit before tax</b>	<b>-5,1</b>	<b>-4,4</b>	<b>-2,0</b>	<b>-16,6</b>	<b>-9,6</b>
Tax	5,9	0,7	0,4	8,2	1,9
<b>Net profit</b>	<b>0,8</b>	<b>-3,7</b>	<b>-1,6</b>	<b>-8,4</b>	<b>-7,7</b>

### Balance sheet

<i>Unaudited figures in NOK million</i>	31.12.2004	30.09.04	31.12.03	30.09.03
Deferred tax assets	14,7	8,8	6,5	6,2
Construction in progress	95,5	58,0	-	-
Investments in associated companies	15,0	-	-	-
Other fixed assets	2,2	1,7	0,7	0,7
<b>Total long-term assets</b>	<b>127,4</b>	<b>68,5</b>	<b>7,2</b>	<b>6,9</b>
Current receivables	6,8	8,0	4,7	4,6
Cash and cash equivalents	67,0	82,0	2,5	3,7
<b>Total current assets</b>	<b>73,8</b>	<b>90,0</b>	<b>7,2</b>	<b>8,3</b>
<b>Total assets</b>	<b>201,2</b>	<b>158,5</b>	<b>14,4</b>	<b>15,2</b>
Share capital	13,2	12,4	3,9	3,9
Other equity	171,3	141,1	8,2	9,8
<b>Total shareholders' equity</b>	<b>184,5</b>	<b>153,5</b>	<b>12,1</b>	<b>13,7</b>
Pension obligations	0,3	0,5	-	-
<b>Total long-term debt</b>	<b>0,3</b>	<b>0,5</b>	<b>-</b>	<b>-</b>
Current liabilities	16,4	4,5	2,3	1,5
<b>Total current liabilities</b>	<b>16,4</b>	<b>4,5</b>	<b>2,3</b>	<b>1,5</b>
<b>Total shareholders' equity and liabilities</b>	<b>201,2</b>	<b>158,5</b>	<b>14,4</b>	<b>15,2</b>

### Cash flow

<i>Unaudited figures in NOK million</i>	Q4 04	Q3 04	Q4 03	31.12.04	31.12.03
Cash flows from operations	8,2	-31,1	-1,4	-4,1	-7,2
Cash flows from investments	-53,1	-13,1	-0,1	-112,4	-0,3
Cash flows from financing	29,9	0,3	0,1	181,0	8,1
<b>Net cash flow</b>	<b>-15,0</b>	<b>-43,9</b>	<b>-1,4</b>	<b>64,5</b>	<b>0,6</b>
Cash balance at beginning of period	82,0	125,9	3,8	2,5	1,8
<b>Cash balance at end of period</b>	<b>67,0</b>	<b>82,0</b>	<b>2,5</b>	<b>67,0</b>	<b>2,5</b>

### Key figures

<i>Unaudited figures</i>	Note	Q4 04	Q3 04	Q4 03	31.12.04	31.12.03
Earnings per share (NOK)	1	0,01	-0,06	-0,08	-0,16	-0,41
Earnings per share fully diluted (NOK)	2	0,01	-0,06	-0,08	-0,16	-0,41
Cash flow per share (NOK)	3	0,13	-0,50	-0,07	-0,08	-0,38
Cash flow per share fully diluted (NOK)	4	0,13	-0,50	-0,07	-0,08	-0,38
Operating margin	5	-	-	-	-	-
Equity ratio	6	92 %	97 %	84 %	92 %	84 %
Return on equity	7	-	-	-	-	-
Return on capital employed	8	-	-	-	-	-
No. of outstanding shares (1.000)		66 169	62 051	19 488	66 169	19 488
Average no. of outstanding shares (1.000)		62 857	62 051	19 488	52 789	18 980
Share price (NOK)		9,20	5,25	3,00	9,20	3,00
Market capitalisation (NOK million)	9	608 754	325 768	58 464	608 754	58 464
Number of employees		17	17	9	17	9

#### Notes

- 1 Net profit / average no. of outst. shares
- 2 Net profit / average no. of shares fully diluted
- 3 Cash flow from ops. / average no. of outst. shares
- 4 Cash flow from ops. / average no. of shares fully diluted
- 5 (Operating profit / operating revenues) x 100
- 6 (Total shareholders' equity / total assets) x 100
- 7 (Net profit / average shareh. equity) x 100, annualised
- 8 (Operating profit + interest income) /  
(average total assets - average interest free debt),  
annualised
- 9 Latest quoted shareprice or share issue price  
x no. of outstanding shares

**10 largest shareholders as at 2005/02/07**

<b>Shareholder</b>	<b>Number of shares</b>	<b>%</b>
Arne Smedal	3 605 687	5,45 %
Aasen AS	3 114 036	4,71 %
Hallingen AS	3 114 035	4,71 %
Supernova AS	3 114 035	4,71 %
MP Pensjon	2 555 263	3,86 %
Morgan Stanley and Clients Safe Custody	2 205 000	3,33 %
Statoils Pensjonskasse	1 943 273	2,94 %
Fernclyff AS	1 889 190	2,86 %
Tycoon Industrier AS	1 859 000	2,81 %
Jaco Invest AS	1 741 999	2,63 %
<b>Total</b>	<b>25 141 518</b>	<b>38,02 %</b>
No. of outstanding shares (excl. directed issue in February 2005)	66 168 921	
Foreign ownership		19 %