

REPORT

FIRST QUARTER 2005



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Main figures¹

Operating revenues for the first quarter came to NOK 0.0 million (NOK 0.9 million).

Operating profit came to NOK - 9.0 million (NOK - 3.9 million). The operating expenses has increased, primarily due to hiring of additional employees with resulting increase in salary and other personnel cost as well as operating expenses reflecting a higher activity level in general, in particular in connection with the construction of the SSP300 FPSO in China. A provision for cost related to the share based incentive plans amounting to NOK 2.5 million (NOK 0.5 million) was included in the operating expenses. The increase was mainly due to the increase in the price of the Company's shares.

Net financial items came to NOK 0.6 million (NOK 0.1).

Net profit came to NOK - 6.5 million (NOK - 3.0 million). The decrease was due to the higher activity level and the SSP 300 construction project.

As of March 31, 2005, total assets amounted to NOK 949.1 million, of which NOK 146.1 million had been capitalized as construction in progress on the SSP 300 FPSO. The increase in total assets compared to year-end was due to an increase in construction in progress and a bond issue of NOK 670 million described below. Cash and cash equivalents amounted to NOK 758.9 million, of which NOK 22 million will be payable in Q2 as fees related to the bond loan.

1) Compared to first quarter 2004 - IFRS

Accounting policies

The Company will prepare financial statements in accordance with International Financial Reporting Standards (IFRS) for the year ending December 31, 2005. As the first quarter 2005 constitutes parts of the period, which will be covered by the Company's first IFRS financial statements, the financial data have been prepared in accordance with IAS 34 Interim Financial Reporting. The quarterly report is also subject to IFRS 1 First-time Adoption of IFRS, as well as applicable IFRS standards and interpretations as of April 2005. Comparable amounts presented in this report have also been restated in accordance with such standards and interpretations. Changes to standards and interpretations may be issued during the period until presentation of the Company's first IFRS financial statements. Such changes may imply changes to the information given in this first quarter report.

For accounting policies we refer to the Annual Report 2004. The differences identified between accounting principles generally accepted in Norway (NGAAP) and IFRS accounting policies have been described in Note 23 to the Annual Report 2004. A new element in Q1 2005 is the bond issue (borrowings) described below.

Compared to the 2004 financial statements, taxes have been restated and the tax effects of costs related to the share issues have been booked to equity in accordance with IAS 12.

Borrowings

The borrowings under the bond issue have been recognised initially at fair value, being the issue proceeds net of transaction costs incurred. Borrowings will subsequently be stated at amortised cost;

and any difference between proceeds net of transaction costs and the redemption value will be recognised in the income statement over the period of the borrowings using the effective interest method.

Business activities

Petrobras board approves contract. In April 2005 Petrobras S.A. informed Sevan Marine that its board of directors had approved the contract with Sevan Marine for the use of the SSP 300 FPSO under a long-term contract on the Piranema field. The fixed term of the charter contract is 11 years, with extension options for a further 6 x 1 years plus additional 5 years mutually agreed. The contract will commence mid-2006. The contract value for the fixed term is approximately USD 399 million.

The Piranema field is located in the State of Sergipe, off the northeast coast of Brazil, in deep water ranging from 1,000 to 1,600 m. The SSP 300 FPSO is currently under construction at the Yantai Raffles shipyard in China. The SSP 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 m³ per day and an oil storage capacity of 300,000 barrels. The unit will be prepared to receive up to 21 risers.

Ownership, financing and accounting principles related to the SSP 300 FPSO. As a part of its long-term strategy in Brazil, Sevan Marine will enter into an agreement with its Brazilian partner, Etesco Construção e Comércio Ltda for common ownership and operations of the SSP 300 FPSO, in connection with which Etesco will acquire at Sevan Marine's book value a 25% interest in the SSP 300 FPSO. The construction of the unit will be part-financed by the bond issue of NOK 670 million, the proceeds from which will be extended from Sevan Marine ASA to

the unit-owning entity, cf. the "Senior Secured Bond Loan 2005/2008" section below. The Company will, through its 75 % ownership share and relevant contractual arrangements, control the common operations, and will accordingly, be consolidating 100% of the SSP 300 FPSO operations in the Sevan Marine group accounts, while the 25% minority interest's share of net profit will be classified as financial expenses in the income statement, and the minority interest's 25% share of net assets as liabilities in the balance sheet.

Construction project. The construction of the SSP 300 FPSO progresses according to plan and within budget, at the Yantai Raffles Shipyard in China. 45% of the steel has been cut. A yard supervision team from the Company and representatives from DNV are following the construction.

Share issue. In February 2005, the Company carried out a share issue of 6,610,000 new shares, representing approx. 9.98% of existing outstanding shares. The subscription price was NOK 16.90 per share. Gross proceeds from the share issue amounted to NOK 111,709,000. Following the share issue, total outstanding shares are 72,778,921. The share issue was oversubscribed 5 times. The majority of the share issue was placed with larger international and domestic institutional investors.

Senior Secured Bond Loan 2005/2008. End March 2005, the Company carried out a bond issue of NOK 670 million, net NOK 648,2 million. The bond loan has a term of 3 years and will mature on March 31, 2008. It carries interest at a fixed rate of 9.00% p.a. payable annually in arrears. The loan is listed at the Oslo Stock Exchange. The bond issue is to be applied for general corporate purposes, but primarily to part-finance the construction



and outfitting of the SSP 300 FPSO for Petrobras. The documentation for the bond issue is posted on the corporate web site: www.sevanmarine.com.

Other. In January the Company acquired 48% of the shares in Kanfa AS. Kanfa is a process design and engineering company located in Asker, Norway, 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. As of March 31, 2005 Kanfa had 15 employees. Operating revenues for 2004 was NOK 81,5 million.

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.

Tananger, April 27, 2005

The board of directors
Sevan Marine ASA

Sevan Marine ASA Group

Income statement

Unaudited figures in NOK
million

	Q1 05	Q4 04	Q1 04	31.12.2004
Operating revenues	0,0	0,0	0,9	1,0
Operating expenses	8,8	4,9	4,8	19,4
EBITDA	-8,8	-4,9	-3,9	-18,4
Depreciation	-0,2	-0,2	0,0	-0,4
Operating profit	-9,0	-5,1	-3,9	-18,8
Income from associated companies	0,6	0,0	0,0	0,0
Interest income	0,4	0,4	0,1	1,4
Interest expenses	-0,4	-0,1	0,0	-0,3
Net financial items	0,6	0,3	0,1	1,1
Profit before tax	-8,4	-4,8	-3,8	-17,7
Tax	1,9	1,1	0,8	3,9
Net profit	-6,5	-3,7	-3,0	-13,8

Balance sheet

Unaudited figures in NOK
million

	31.03.05	31.12.04	31.03.04
Deferred tax assets	18,0	14,7	7,3
Construction in progress	146,1	95,5	4,1
Investments in associated companies	15,6	15,0	-
Other fixed assets	2,4	2,2	0,8
Total long-term assets	182,1	127,4	12,2
Current receivables	8,1	6,8	6,0
Cash and cash equivalents	758,9	65,3	15,9
Total current assets	767,0	72,1	21,9
Total assets	949,1	199,5	34,1
Share capital	14,6	13,2	4,9
Share premium reserve	271,9	171,3	21,4
Other equity	0,5	(1,7)	-
Total shareholders' equity	287,0	182,8	26,3
Pension obligations	-	0,3	-
Bond loan	648,2		
Total long-term debt	648,2	0,3	-
Current liabilities	13,9	16,4	7,8
Total current liabilities	13,9	16,4	7,8
Total shareholders' equity and liabilities	949,1	199,5	34,1

Cash flow

<i>Unaudited figures in NOK million</i>	Q1 05	Q4 04	Q1 04	31.12.2004
Cash flows from operations	(12,7)	8,2	2,0	-4,1
Cash flows from investments	(51,0)	(53,1)	-4,3	-112,4
Cash flows from financing	755,6	29,9	15,6	181,0
Net cash flow	691,9	(15,0)	13,3	64,5
Cash balance at beginning of period	67,0	82,0	2,5	2,5
Cash balance at end of period	758,9	67,0	15,8	67,0

Key figures

<i>Unaudited figures</i>	Note	Q1 05	Q4 04	Q1 04	31.12.2004
Earnings per share (NOK)	1	-0,09	-0,06	-0,13	-0,26
Earnings per share fully diluted (NOK)	2	-0,09	-0,06	-0,13	-0,26
Cash flow per share (NOK)	3	-0,18	0,13	0,08	-0,08
Cash flow per share fully diluted (NOK)	4	-0,18	0,13	0,08	-0,08
Operating margin	5	-	-	-	-
Equity ratio	6	30 %	92 %	92 %	92 %
Return on equity	7	-	-	-	-
Return on capital employed	8	-	-	-	-
No. of outstanding shares (' 000)		72 778	66 169	24 418	66 169
No. of shares fully diluted (1.000)		72 778	66 169	24 418	66 169
Average no. of outstanding shares (' 000)		69 474	62 857	23 985	52 789
Share price (NOK)		16,60	9,20	3,80	9,20
Market capitalisation (MNOK)	9	1 208 115	608 755	92 788	608 755
Number of employees		22	17	10	17

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

Statement of changes in equity

	Share capital	Share premium	Other reserves	Total equity
Equity under NGAAP as of 31 December 2004	13 234	171 102	188	184 524
Effect of cash flow hedge as of 31 December 2004 (IFRS presentation)			(1 666)	(1 666)
Reversal of accumulated currency translation differences (IFRS 1)		225	(225)	(0)
Equity under IFRS as of 31 December 2004	13 234	171 327	(1 703)	182 858
Proceeds from shares issued	1 322	105 807		107 129
Tax effect of costs related to share issue		1 282		1 282
Value of employee services (employee share option scheme)		593		593
Net profit for the period		(6 492)		(6 492)
Effect of cash flow hedge			1 666	1 666
Currency translation difference			(62)	(62)
Equity as of 31 March 2005	14 556	272 517	(100)	286 973

10 largest shareholders as at 2005/04/22

Shareholder	Number of shares	%
Arne Smedal	3 605 687	4,95 %
Aasen AS	3 114 036	4,28 %
Hallingen AS	3 114 035	4,28 %
Supenova AS	3 114 035	4,28 %
JP Morgan Chase Bank	2 942 074	4,04 %
MP Pensjon	2 555 263	3,51 %
Statoils Pensjonskasse	1 994 273	2,74 %
Morgan Stanley and Clients Account	1 925 895	2,65 %
Fernclyff AS	1 899 190	2,61 %
Tycoon Industrier AS	1 797 500	2,47 %
Total	26 061 988	35,8 %
No. of outstanding shares	72 778 921	
Foreign ownership	28,14 %	