REPORT

SECOND QUARTER 2005

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Main figures[1]

Operating revenues for the second quarter amounted to NOK 4.5 million (NOK 0.1 million).

Operating profit was NOK – 10.8 million (NOK - 4.8 million). The operating expenses have increased, primarily due to hiring of additional employees with resulting increase in salary and other personnel costs in connection with the construction of the SSP Piranema in China. A provision for cost related to the share based incentive plans amounted to NOK 2.9 million (5.4 YTD) and is included in the operating expense (NOK 0.5 million). This is due to the price increase of the Company's shares as well as additional options granted to new personnel.

Net financial items amounted to NOK -0.6 million (NOK 0.5).

Net profit was NOK - 9.0 million (NOK - 3.5 million).

As of June 30, 2005, total assets amounted to NOK 1,393 million, of which NOK 296.1 million was capitalized construction-in-progress on the SSP Piranema. The increase in total assets compared to year-end 2004 was due to an increase in construction-in-progress and the acquisition of Kanfa in June. Cash and cash equivalents amounted to NOK 750,8 million.

1) Compared to second quarter 2004 – IFRS

Business activities

Construction project. The construction of the SSP Piranema for Petrobras progresses according to plan and within budget at the Yantai Raffles Shipyard in China. 66% of the steel has been cut and 70% of the welding is completed. A yard supervision team from the Company and representatives from DNV are following the construction.

Venture and Sevan sign agreement for Chestnut. In June, Venture Production (North Sea Developments) Limited, the Aberdeen based UK independent oil and gas production company on behalf of itself and its partners, Bow Valley Petroleum (UK) Limited and Atlantic Petroleum UK Limited, entered into a letter of intent with Sevan Marine ASA for the use of Sevan's floating production unit SSP 300 FPSO on the Chestnut field in the central UK North Sea, in a water depth of about 120 m. A definitive agreement is expected to be signed in the near future.

The fixed term of the charter contract is 30 months, with options for an additional 24 months. The SSP 300 FPSO would be installed on the Chestnut field during the first half of 2007. The contract value for the fixed term is approximately USD 64 million, excluding the value of any operational services to be performed by Sevan Marine.

The SSP 300 FPSO will be equipped with a process plant capacity of 30,000 barrels of oil per day, a water injection plant with a capacity of 20,000 barrels per day, and an oil storage capacity of 300,000 barrels.

Kanfa signs agreement with Bergesen Worldwide Offshore. In July 2005, Kanfa AS received an order from Bergesen Worldwide Offshore in Norway to supply process modules for the PEMEX operated KMZ (Ku, Maloob and Zaap) field in the Gulf of Mexico.

The project includes the delivery of an oil separation module, gas compression module, gas fuel module and flare system, which is scheduled to be delivered in 2006. The contract value is approximately NOK 250 million.

The contract is subject to final agreement between Bergesen Worldwide Offshore and PEMEX.

Sevan acquires remaining shares of Kanfa
On June 20, Sevan Marine Management AS, a wholly-owned subsidiary of Sevan Marine ASA acquired the remaining 52% of the shares in the

process design and engineering company Kanfa AS for a consideration of NOK 7.2 million in cash and 3 million Sevan shares. The new shares are subject to lock-up restrictions ending July 1, 2006 for 50 % of the shares and January 1, 2008 for the remaining 50 % of the shares. Following the acquisition, Sevan Marine ASA owns 100% of Kanfa AS. The sellers are employees of Kanfa AS.

Kanfa has previously this year been engaged by Sevan to provide engineering, procurement and construction of the process facility to be installed on the SSP Piranema.

The acquisition takes place by a merger between Sevan Marine Management AS, a wholly owned subsidiary of Sevan, and Kanfa. Sevan Marine Management, the surviving entity, will through the merger acquire all assets, rights and liabilities of Kanfa, and will subsequently change name to Kanfa AS. The merger is expected to become effective upon the expiration of a 2-months creditor notification period.

Share issue. A directed share issue was completed in June 2005. In total 7.27 million new shares were subscribed, representing approx. 10% of existing outstanding shares. The subscription price was NOK 18 per share. Gross proceeds from the share issue amounted to NOK 130.86 million. The Company received subscriptions for approximately 100 million shares, or NOK 1.8 billion. The majority of the share issue was placed with larger institutional and long-term investors.

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 second quarter of 2005 constitutes part 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 August 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 second quarter report.

For accounting policies in general 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.

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 are initially recognised at fair value, i.e. the issue proceeds net of transaction costs. Borrowings are subsequently stated at amortised cost, and differences between the proceeds net of transaction costs and the redemption value are recognised in the income statement over the period of the borrowings using the effective interest method. During the construction process, however, borrowing costs are capitalised on qualifying assets in accordance with the Alternative Treatment as described in IAS 23.

Accounting treatment of Kanfa

For accounting purposes, the average fair value of the stock-consideration has been estimated to NOK 13,23. The acquisition-value, in excess of book values, has been subject to a preliminary analysis, and NOK 30 million has been allocated to acquired engineering capacity. The residual NOK 31.45 million has been classified as goodwill. The acquired engineering capacity is calculated based on the profit on Kanfa's estimated internal service deliveries to the companies within the Sevan Marine ASA Group. The acquired engineering capacity will be transferred to construction-in-progress in line with Kanfa's realised margin on group internal sales. Goodwill will be assessed for impairment in accordance with IAS 36.

Sevan's 48% ownership of Kanfa's 2005 activity prior to June 20 has been accounted for under the equity method. Intercompany margins are eliminated in the consolidation.

In the period June 20-30, 2005 Kanfa recorded revenues of NOK 18 million, costs of NOK 17 million, and net income of NOK 0.5 million. Of the revenues NOK 4,5 million and net income of NOK 0.0 million was a result of external activity. The remaining revenues were sales to Sevan Production AS, and have been eliminated in the consolidated accounts. The contribution margin earned by Kanfa AS on these revenues has been eliminated against the intangible asset (engineering capacity).

Kanfa's stand-alone balance sheet as of June 30 was:

	MNOK
Fixed assets	0.5
Current assets	250.7
Total assets	251.2
Equity	8.8
Long-term liabilities	0.7
Current liabilities	241.7
Total equity and liabilities	251.2

Outlook

The floating production market remains strong. 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, August 24, 2005
The board of directors
Sevan Marine ASA

Sevan Marine ASA Group

Income statement

Unaudited figures in NOK million		Q2 05	Q1 05	Q2 04	H1 05	H1 04	2004
Operating revenues	1)	4,5	0,0	0,1	4,5	1,0	1,0
Operating expenses	2)	15,1	8,8	4,8	23,9	9,5	19,4
EBITDA		**-10,6**	**-8,8**	**-4,7**	**-19,4**	**-8,5**	**-18,4**
Depreciation		-0,3	-0,2	-0,1	-0,5	-0,1	-0,4
Operating profit		**-10,8**	**-9,0**	**-4,8**	**-19,8**	**-8,6**	**-18,8**
Income from associated companies		-0,6	0,6	0,0	0,0	0,0	0,0
Interest income		0,0	0,4	0,6	0,4	0,7	1,4
Interest expenses		0,0	-0,4	-0,1	-0,4	-0,1	-0,3
Net financial items		**-0,6**	**0,6**	**0,5**	**0,0**	**0,6**	**1,1**
Profit before tax		**-11,4**	**-8,4**	**-4,3**	**-19,8**	**-8,0**	**-17,7**
Tax		2,4	1,9	0,8	4,3	1,6	3,9
Net profit		**-9,0**	**-6,5**	**-3,5**	**-15,5**	**-6,4**	**-13,8**

1) Kanfa external sales 20-30.06.2005	*4,5*
2) Cost of Kanfa external sales	*4,5*
Net effect of consolidated Kanfa-activity	*0*

Balance sheet

Unaudited figures in NOK million	30.06.05	31.03.05	31.12.04	30.06.04
Acquired engineering capacity	29,1	0,0	0,0	0,0
Goodwill	31,4	0,0	0,0	0,0
Deferred tax assets	22,1	18,0	14,7	8,1
Construction in progress	296,1	146,1	95,5	45,9
Investments in associated companies	0,4	15,6	15,0	0,0
Other fixed assets	3,5	2,4	2,2	0,8
Total long-term assets	**382,6**	**182,1**	**127,4**	**54,8**
Current receivables	259,6	8,1	6,8	4,0
Cash and cash equivalents	750,8	758,9	65,3	125,9
Total current assets	**1 010,3**	**767,0**	**72,1**	**129,9**
Total assets	**1 393,0**	**949,1**	**199,5**	**184,7**
Share capital	16,0	14,6	13,2	12,4
Share premium reserve	367,3	271,9	169,4	141,5
Other equity	68,3	0,5	-1,7	0,2
Total shareholders' equity	**451,6**	**287,0**	**180,9**	**154,1**
Pension obligations	0,2	0,0	0,3	0,4
Bond loan	650,0	648,2	0,0	0,0
Total long-term debt	**650,2**	**648,2**	**0,3**	**0,4**
Current liabilities	291,2	13,9	18,3	30,2
Total current liabilities	**291,2**	**13,9**	**18,3**	**30,2**
Total shareholders' equity and liabilities	**1 393,0**	**949,1**	**199,5**	**184,7**

Cash flow

Unaudited figures in NOK million	Q2 05	Q1 05	Q2 04	H1 05	H1 04	2004
Cash flow from operations	30,4	-12,7	17,9	17,7	18,8	-4,1
Cash flow from investments	-276,7	-51,0	-41,9	-327,7	-46,2	-112,4
Cash flow from financing	190,0	755,6	134,0	945,6	150,8	181,0
Net cash flow	**-56,3**	**691,9**	**110,0**	**635,6**	**123,4**	**64,5**
Cash balance at beginning of period	758,9	67,0	15,9	67,0	2,5	2,5
Cash balance at end of period	**702,6**	**758,9**	**125,9**	**702,6**	**125,9**	**67,0**

Key figures

Unaudited figures	Note	Q2 05	Q1 05	Q2 04	H1 05	H1 04	2004
Earnings per share (NOK)	1	-0,12	-0,09	-0,06	-0,21	-0,13	-0,26
Earnings per share fully diluted (NOK)	2	-0,12	-0,09	-0,06	-0,21	-0,13	-0,26
Cash flow per share (NOK)	3	0,41	-0,18	0,29	0,24	0,44	-0,08
Cash flow per share fully diluted (NOK)	4	0,41	-0,18	0,29	0,24	0,44	-0,08
Operating margin	5	-	-	-	-	-	-
Equity ratio	6	32 %	30 %	85 %	32 %	85 %	91 %
Return on equity	7	-	-	-	-	-	-
Return on capital employed	8	-	-	-	-	-	-
No. of outstanding shares (1 000)		80 099	72 778	62 051	80 099	62 051	66 169
No. of shares fully diluted (1 000)		80 099	72 778	62 051	80 099	62 051	66 169
Average no. of outstanding shares (1 000)		74 970	69 474	62 051	73 134	43 018	52 789
Share price (NOK)		18	16,60	3,80	18,00	3,80	9,20
Market capitalisation (MNOK)	9	1 441 781	1 208 115	235 794	1 441 781	235 794	608 755
Number of employees		52	22	14	52	14	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 share price or share issue price
x no. of outstanding shares

The 10 largest shareholders as at August 22, 2005

Shareholder	No of shares	% share
Arne Smedal	3 605 687	4,50 %
Hallingen AS	3 144 296	3,93 %
Supernova AS	3 144 296	3,93 %
Aasen AS	3 114 036	3,89 %
Morgan Stanley & Co. Customers Seg.	2 865 879	3,58 %
MP Pensjon	2 555 263	3,19 %
Goldman Sachs Intern S/A Pendragon	2 537 246	3,17 %
Goldman Sachs Intern Equity Nontreaty	1 888 062	2,36 %
Enskilda Securities Egenhandelskonto	1 843 300	2,30 %
Bank of New York BR S/A Equity Tri Party	1 744 040	2,18 %
Total	26 442 105	33,0 %

No. of outstanding shares	80 098 921	
Foreign ownership	40,5 %	

Statement of changes in equity	Share capital	Share premium	Other reserves
Equity under NGAAP as of 31 December 2004	13 234	171 102	188
Effect of cash flow hedge as of 31 December 2004 (IFRS presentation)			-1 666
Reversal of accumulated currency translation differences (IFRS 1)		225	-225
Equity under IFRS as of 31 December 2004	13 234	171 327	-1 703
Proceeds from shares issued	2 786	206 703	70 451
Tax effect of costs related to share issue		2 839	
Value of employee services (employee share option scheme)		1 887	
Net profit for the period		-15 467	
Unrealised loss on hedging instruments as of 31 December 2004 capitalised on construction in progress			1 666
Unrealised loss on hedging instruments as of 30 June 2005			-2 113
Currency translation difference			27
Equity as of 30 June 2005	16 020	367 289	68 327