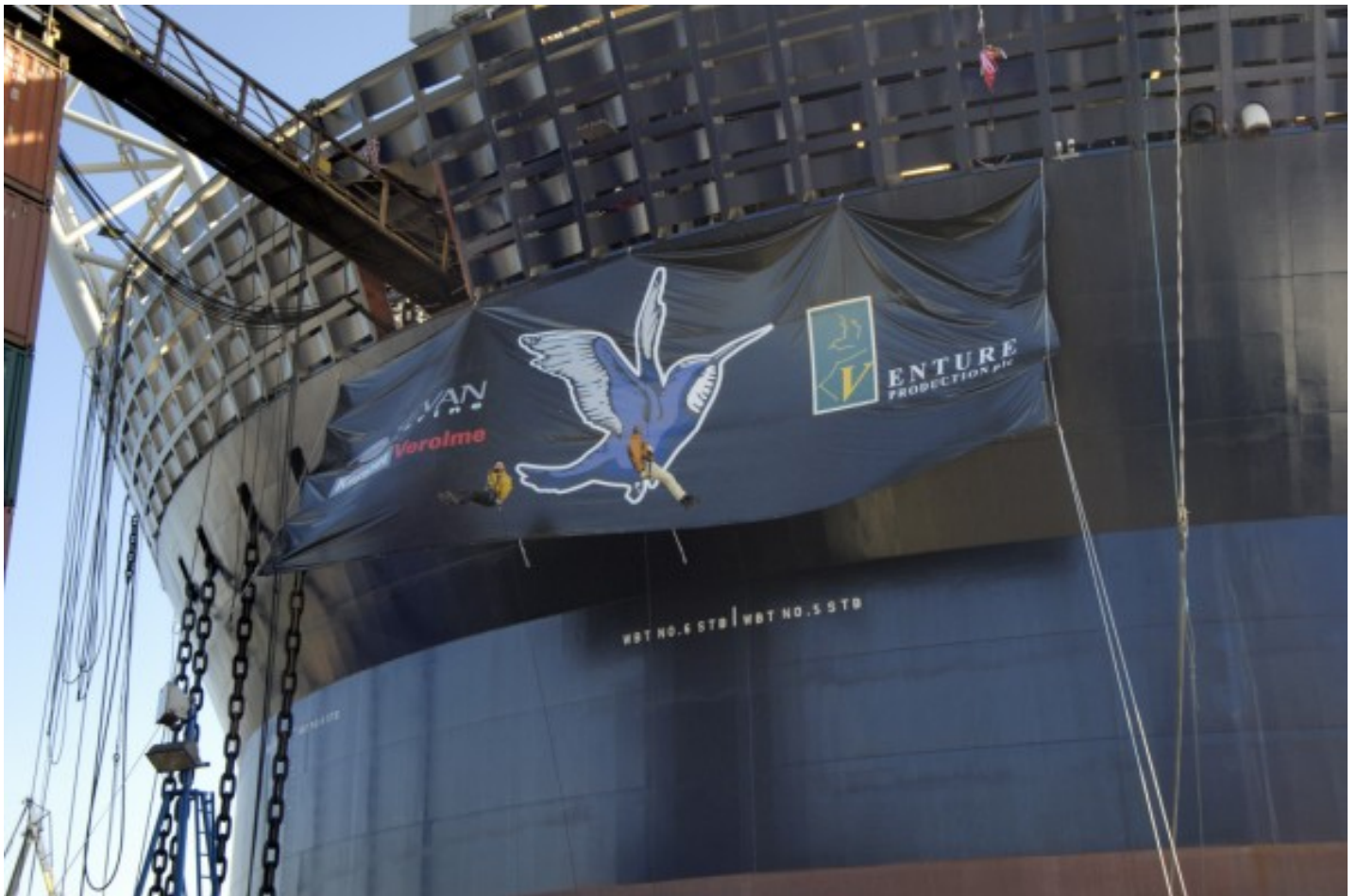


REPORT

THIRD QUARTER 2007



REPORT THIRD QUARTER 2007

Main figures¹

Operating revenues for the third quarter amounted to USD 24.0 million (USD 0.7 million). Operating profit was USD - 23.1 million (USD - 4.0 million), and net profit was USD - 42.3 million (USD - 7.3 million).

Operating revenues are higher than previous year as *FPSO Sevan Piranema* started generating revenue in March 2007 and the activities of Kanfa AS towards clients outside of the Sevan group were higher than equivalent quarter last year. The increase in operational cost compared to previous year is partly a consequence of the increased activities of Kanfa AS and partly due to pre-operational cost for *FPSO Sevan Piranema* and a general increase in activity in the Group.

The increase in financing cost compared to previous year is mainly due to an increase in borrowings required by the increased number of construction projects in progress. The strengthening of NOK relative to USD, contributed to foreign exchange losses as the group's borrowings are partly nominated in NOK.

As of September 30, 2007, total assets amounted to USD 1,280.1 million (USD 576.8 million), of which USD 882.1 million (USD 326.0 million) was capitalized as Sevan capital assets. Cash and cash equivalents amounted to USD 258.8 million (USD 205.9 million).

The current order backlog for the Group is USD 2.3 billion and USD 3.6 billion including options.

Business segments

The Group is organized in four business segments: Floating Production; Equipment and Systems; Drilling and Corporate.

The activities within the **Floating Production** area are related to the design, engineering, construction, and operation of the Sevan platforms. This includes *FPSO Sevan*

Piranema, where oil production on the Piranema field commenced October 11, under a contract with Petrobras, and *FPSO Sevan Hummingbird* and *FPSO Sevan 300 #4*, both of which have been contracted to Venture Production Plc under multi-year charter contracts, *FPSO Sevan Voyageur* which has been contracted to Oilexco North Sea Ltd, and *FPSO Sevan 300 #5* and *FPSO Sevan 650 #1* which are available for clients.

Equipment and Systems consists of the activities of Kanfa AS, Kanfa-Tec AS, Kanfa Aragon AS and Mator AS.

The primary business activities of the segment are related to the provision of services and equipment to the processing plants of the Sevan platforms. In addition, the segment companies are also serving clients outside of the Sevan Group.

Kanfa AS is supplying the processing plants for *FPSO Sevan Hummingbird* and *FPSO Sevan Voyageur* and is currently also working on the Knock Allan project for Fred. Olsen.

In September, Kanfa Aragon AS was awarded a contract from Apache North Sea Ltd in Aberdeen for delivery of three Gas Dehydration Systems for their Forties Alpha, Charlie and Delta Platforms. The total contract value is more than NOK 30 millions.

The activities within **Drilling** are mainly related to the design, engineering and construction of the first *Sevan Driller* which is expected to be completed in the first quarter of 2009 and has been contracted to Petrobras on a 6-year contract.

The activities within **Corporate** are related to general administration and marketing activities.

Business activities

Operations The *FPSO Sevan Piranema* has commenced oil production on the Piranema field, off the coast of Aracaju, in the state of Sergipe, Brazil. Based on Sevan's unique and patented technology, *FPSO Sevan Piranema* is the world's first cylinder shaped FPSO in operation and will be working under an 11+11 year charter contract with Petrobras S.A. in ultra

¹ Figures in brackets refer to the corresponding period previous year

deep water ranging from 1,000 to 1,600 m. The cylindrical Sevan FPSO is designed to provide improved motions, higher stability reserves and higher deck load capacity than conventional units. The experience so far from the Piranema field confirms these capabilities.

Construction projects The *FPSO Sevan Hummingbird* is in the final hook-up and commissioning stage at the Keppel Verolme Shipyard in Rotterdam. Offshore installation at the Chestnut Field, UK North Sea is expected to take place during the fourth quarter of 2007, under a contract with Venture Production Plc.

The construction of the hull of the *FPSO Sevan Voyageur* is near its completion at the Yantai Raffles Shipyard (YRS) in China. Sevan has entered into a letter of intent with Keppel Verolme (Keppel) in Rotterdam, Netherlands, for the topside installation. The fabrication of process modules is well underway and tow out from YRS yard to Keppel is expected to commence during the fourth quarter of 2007. Offshore installation on the Shelley field, UK North Sea is expected in the third quarter of 2008, under a five year contract with Oilexco North Sea Ltd.

The fabrication of the hull of the *FPSO Sevan 300 #4* at the Hantong shipyard in China is proceeding according to plan. The shipyard's scope has been expanded to also include the accommodation unit and centre shaft. Offshore installation is anticipated during the third quarter of 2009 at the Pilot Field, UK North Sea, under a contract with Venture Production Plc.

The engineering and construction activities for the hull for *FPSO Sevan 650 #1* are ongoing, and steel cutting for *FPSO Sevan 300 #5* has commenced at the Hantong shipyard. Both hulls are available for use in projects currently discussed with potential clients.

The construction of the hull of the deepwater drilling unit *Sevan Driller* is proceeding according to plan at COSCO's shipyard in Nantong, China. The fabrication of the drilling package and owner furnished equipment is on schedule and the assembly of the blocks has started. The hook-up and commissioning

activities will take place at the COSCO yard and delivery of the unit is scheduled to the first quarter of 2009. The *Sevan Driller* will be employed under a 6-year contract with Petrobras America Inc. in the US Gulf of Mexico.

Financing activities

Bond issue In September, the Company carried out a bond issue of NOK 870 million, with an interest rate of Nibor +5.5%. The bond has a term of 5 years with three embedded call options at 105%, 104% and 103.5% which can be exercised 6-12 months following completion of *FPSO Sevan Voyageur*, in October 2010, and in October 2011 respectively. The net proceeds from the issue will be used to part-finance the construction of the *FPSO Sevan Voyageur*.

Mandate for bank financing for *Sevan Voyageur* signed In September, the Company, on behalf of one of its subsidiaries, signed a mandate with a leading financial institution to arrange construction financing of USD 150 million and a 5 year term loan of USD 300 million (post delivery) for the *FPSO Sevan Voyageur*.

Senior debt project finance facility for the *Sevan Driller* signed In September, Sevan Drilling Pte Ltd, a wholly owned subsidiary of the Company, signed an agreement for a USD 400 million senior debt project finance facility for the *Sevan Driller* with Mandated Lead Arrangers GE Energy Financial Services, GE Transportation Finance and DVG Group Merchant Bank (Asia) Ltd. The facility, fully underwritten by the lead arrangers, is partially guaranteed by Garantinstuttet for eksportkreditt (GIEK – Norwegian Export Credit Agency) and is in the process of being syndicated to a limited group of international banks by GE Capital Markets. The debt facility is structured as a limited recourse financing consisting of pre-completion construction financing of up to USD 250 million that converts into a 6 year USD 350 million revolving loan following delivery of the *Sevan Driller* to Petrobras Americas Inc. With this facility and the funding raised by Sevan Drilling AS in December 2006 under a NOK 1,000

million bond issue, the *Sevan Driller* is fully financed.

Share issue In October, the Company completed a directed share issue of 15.9 million shares at a subscription price of NOK 67 per share. Gross proceeds amounted to NOK 1,064.6 million and will be used to part-finance the Company's existing and future construction program and potential capacity expansion of existing units.

Accounting policies

The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) and these financial statements have been prepared in accordance with the International Accounting Standard for Interim Financial Reporting (IAS 34). For accounting policies applied in the interim

reporting, reference is made to the Annual Financial Statements for 2006.

Revenue recognition Charter revenues are recognized in line with the underlying contracts. Mobilization revenue and expenses are recognized using the straight-line method over the full fixed term period of the underlying contract.

Outlook

The fundamentals in the offshore industry remain strong, and Sevan expects the high demand to continue in our focused areas, which are the technologically challenging segments of the offshore market.

Tananger, October 24, 2007
The board of directors
Sevan Marine ASA

Condensed consolidated income statement					
<i>Unaudited figures in USD million</i>	Q3 07	Q3 06	30.09.07	30.09.06	2006
Operating revenues	24,0	0,7	50,6	21,3	21,9
Operating expenses	-39,9	-5,6	-111,3	-34,3	-53,2
Foreign exchange gain/(loss) related to operation	-3,2	1,1	-4,9	6,2	7,3
EBITDA	-19,1	-3,8	-65,6	-6,7	-24,0
Depreciation, amortization and impairment	-4,0	-0,2	-9,1	-0,5	-0,8
Operating profit	-23,1	-4,0	-74,7	-7,2	-24,8
Income from associated companies	0,4	0,1	0,7	0,4	0,5
Financial income/(cost)	-15,0	3,1	-32,3	3,4	1,7
Foreign exchange gain/(loss) related to financing	-12,6	-6,3	-18,0	0,8	2,1
Net financial items	-27,3	-3,1	-49,7	4,6	4,3
Profit before tax	-50,4	-7,1	-124,3	-2,6	-20,5
Income tax expense	8,1	-0,2	27,5	0,1	5,1
Net profit	-42,3	-7,3	-96,8	-2,5	-15,4

Condensed consolidated balance sheet

<i>Unaudited figures in USD million</i>	30.09.07	30.09.06	31.12.06
Sevan capital assets	882,1	326,0	472,9
Other fixed assets	43,7	7,3	40,1
Intangible assets	14,6	11,7	10,7
Investments in associates	1,4	0,9	1,0
Deferred income tax assets	41,0	8,1	12,2
Other non-current assets	12,4	1,7	5,4
Total non-current assets	995,3	355,8	542,3
Trade and other receivables	26,1	15,1	10,8
Cash and cash equivalents	258,8	205,9	309,2
Total current assets	284,9	221,0	320,0
Total assets	1 280,1	576,8	862,3
Share capital	4,9	4,3	4,3
Other equity	384,0	368,3	353,8
Total shareholders' equity	388,8	372,7	358,1
Minority Interest	7,2	14,3	7,8
Total equity	396,1	386,9	365,9
Borrowings	738,5	157,9	406,1
Retirement benefit obligations	0,5	0,3	0,7
Other long-term liabilities/provisions	3,7	0,3	0,3
Total long-term debt	742,7	158,5	407,1
Current liabilities	141,4	31,4	89,3
Total current liabilities	141,4	31,4	89,3
Total liabilities	884,1	189,9	496,4
Total equity and liabilities	1 280,1	576,8	862,3

Condensed consolidated cash flow statement

<i>Unaudited figures in USD million</i>	30.09.07	30.09.06
Cash flows from operations	-92,9	-6,0
Cash flows from investments	-416,6	-192,2
Cash flows from financing	459,1	332,0
Net cash flow	-50,5	133,8
Cash balance at beginning of period	309,2	72,1
Cash balance at end of period	258,7	205,9

Key figures						
<i>Unaudited figures</i>	Note	Q3 07	Q3 06	30.09.07	30.09.06	2006
Earnings per share (USD)	1	-0,27	-0,05	-0,63	-0,02	-0,12
Earnings per share fully diluted (USD)	2	-0,25	-0,05	-0,60	-0,02	-0,11
Cash flow per share (USD)	3	-0,03	0,03	-0,60	-0,05	0,22
Cash flow per share fully diluted (USD)	4	-0,03	0,03	-0,58	-0,04	0,21
Operating margin	5	-96 %	-536 %	-148 %	-34 %	-113 %
Equity ratio	6	30 %	65 %	30 %	65 %	42 %
Return on equity	7	-41 %	-8 %	-102 %	-1 %	-6 %
Return on capital employed	8	-14 %	0 %	-45 %	-1 %	-5 %
No. of outstanding shares (million)		161,3	144,3	161,0	144,3	144,7
No. of shares fully diluted (million)		169,1	149,7	169,0	149,7	150,4
Average no. of outstanding shares (million)		154,3	144,2	154,3	129,5	133,3
Average no. of shares fully diluted (million)		169,0	149,8	160,8	134,8	138,8
Share price (NOK)		56,25	34,50	56,25	34,50	34,00
Market capitalization (NOK, million)	9	9 073	4 977	9 057	4 977	4 919
Number of employees		223	152	223	152	174
Notes						
1 Net profit / average no. of outstanding shares						
2 Net profit / average no. of shares fully diluted						
3 Cash flow from operations / avg. no. of outstanding shares						
4 Cash flow from operations / avg. no. of shares fully diluted						
5 (Operating profit / operating revenues) x 100						
6 (Total shareholders' equity / total assets) x 100						
7 (Net profit / avg. equity) x 100, annualized						
8 (Operating profit + interest income) / (avg. total assets - avg. interest free debt), annualized						
9 Latest quoted share price of the reporting period x no. of outstanding shares						

The 10 largest shareholders as at October 15, 2007

Shareholder	No of shares	% share
Goldman Sachs Intern Security Client Segr	30 629 024	18.98%
Morgan Stanley & Co. Client Equity Account	16 468 522	10.21%
Goldman Sachs Intern Security Clearance	13 546 779	8.40%
Credit Suisse Securi (Europe) Ltd./Firms	6 963 802	4.32%
Arne Smedal	3 698 703	2.29%
Supernova AS	2 993 444	1.86%
Hallingen AS	2 921 296	1.81%
JP Morgan Chase Bank	2 893 408	1.79%
Aasen AS	2 804 036	1.74%
MP Pensjon	2 555 263	1.58%
Total	85 474 277	52.98%
No. of outstanding shares	161 294 752	
Foreign ownership	71.7%	

	Share capital	Share premium	Other reserves	Retained Earnings	Other unrestricted equity	Minority interest	Total equity
Statement of changes in equity							
Equity as of December 31, 2006	4,3	10,2	-0,2	-18,4	362,3	7,8	365,9
Proceeds from shares issued	0,5	123,2					123,8
Transfer from share premium to other equity							0,0
Minority interest repurchased							0,0
Minority interest through acquisition						0,4	0,4
Share issue cost		-4,5					-4,5
Tax effect of share issue costs				1,3			1,3
Value of options				2,1			2,1
Net profit for the period				-95,8		-1,0	-96,8
Effect of CF hedge							0,0
Currency translation difference			4,0				4,0
Equity as of September 30, 2007	4,9	128,8	3,8	-110,9	362,3	7,2	396,0

	Share capital	Share premium	Other reserves	Retained Earnings	Other unrestricted equity	Minority interest	Total equity
Statement of changes in equity							
Equity as of December 31, 2005	2,7	106,7	0,4	-8,5	0,0	7,2	108,6
Proceeds from shares issued	1,6	279,1				8,0	288,7
Transfer from share premium to other equity							0,0
Minority interest repurchased							0,0
Minority interest through acquisition							0,0
Share issue cost		-12,9					-12,9
Tax effect of share issue costs				3,6			3,6
Value of options				1,7			1,7
Net profit for the period				-1,6		-0,9	-2,5
Effect of CF hedge			-0,4				-0,4
Currency translation difference			0,2				0,2
Equity as of September 30, 2006	4,3	372,9	0,2	-4,7	0,0	14,3	386,9

SEGMENTS												
Quarterly data	Floating Production		Equipment & Systems		Corporate cost		Drilling		Eliminations		Total	
	Q3 07	Q3 06	Q3 07	Q3 06	Q3 07	Q3 06	Q3 07	Q3 06	Q3 07	Q3 06	Q3 07	Q3 06
External revenues	4,4	0,0	19,3	0,7	0,3	0,0	0,0	0,0	0,0	0,0	24,0	0,7
Internal revenues	0,0	0,0	11,3	22,5	0,0	0,0	0,0	0,0	-11,3	-22,5	0,0	0,0
Total revenue	4,4	0,0	30,6	23,3	0,3	0,0	0,0	0,0	-11,3	-22,5	24,0	0,7
Operating expenses	-15,2	-1,1	-28,4	-23,2	-6,3	-2,9	-1,3	-0,7	11,4	22,3	-39,9	-5,6
Foreign exch. gain/(loss), operation	-1,7	1,8	-0,3	0,1	-1,3	-0,7	0,0	0,0	0,0	0,0	-3,2	1,1
EBITDA	-12,5	0,7	1,9	0,2	-7,3	-3,7	-1,3	-0,7	0,0	-0,3	-19,1	-3,8
Depreciation, amortization and impairment	-3,4	0,0	-0,1	-0,1	-0,4	-0,2	-0,1	0,0	0,0	0,0	-4,0	-0,2
Operating profit	-16,0	0,7	1,8	0,1	-7,7	-3,8	-1,4	-0,7	0,0	-0,3	-23,1	-4,0
Income from associates	0,0	0,0	0,4	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,4	0,1
Financial income/(cost)	-1,1	-0,8	0,1	-0,1	-14,1	8,8	0,1	0,0	0,1	-4,9	-15,0	3,2
Foreign exch. gain/(loss), financing	0,7	8,8	-0,9	0,0	-12,6	-14,9	0,2	-0,1	0,0	0,0	-12,6	-6,3
Net financial items	-0,4	8,0	-0,4	0,0	-26,7	-6,1	0,4	-0,1	0,1	-4,9	-27,3	-3,1
Profit before tax	-16,4	8,7	1,4	0,1	-34,4	-10,0	-1,0	-0,8	0,1	-5,1	-50,4	-7,1
Income tax expense *	3,1	1,5	-0,5	-0,2	5,6	-3,0	0,0	0,0	0,0	1,4	8,1	-0,2
Net profit	-13,3	10,2	0,9	-0,1	-28,8	-12,9	-1,0	-0,8	0,1	-3,7	-42,3	-7,3
Segment assets	785,5	348,0	68,6	17,9	1 863,2	468,8	258,8	129,1	-1 697,3	-387,9	1 278,8	575,9
Inv.m. in assoc. (equity method)	0,0	0,0	1,4	0,9	0,0	0,0	0,0	0,0	0,0	0,0	1,4	0,9
Total assets	785,5	348,0	70,0	18,8	1 863,2	468,8	258,8	129,1	-1 697,3	-387,9	1 280,2	576,8
Segment liabilities	708,6	261,5	49,1	16,6	844,9	9,3	6,4	2,7	-724,8	-100,2	884,1	189,9
Total liabilities	708,6	261,5	49,1	16,6	844,9	9,3	6,4	2,7	-724,8	-100,2	884,1	189,9
Capital expenditure	106,4	47,4	1,0	-0,5	0,8	0,3	23,8	15,1	-0,4	-5,3	131,5	57,0
Non-cash exp. other than depr.	0,1	0,0	0,3	0,0	0,6	0,3	0,0	0,0	0,0	0,0	1,0	0,3

*The effective tax rate differs from the nominal tax rate mainly because the gains and losses related to translation to USD functionality are non-taxable items.

SEGMENTS												
YTD data	Floating Production		Equipment & Systems		Corporate cost		Drilling		Eliminations		Total	
	30.09.07	30.09.06	30.09.07	30.09.06	30.09.07	30.09.06	30.09.07	30.09.06	30.09.07	30.09.06	30.09.07	30.09.06
External revenues	9,7	0,0	40,2	21,3	0,6	0,0	0,0	0,0	0,0	0,0	50,6	21,3
Internal revenues	0,0	0,0	35,9	48,2	-0,1	0,0	0,0	0,0	-35,8	-48,2	0,0	0,0
Total revenue	9,7	0,0	76,1	69,6	0,5	0,0	0,0	0,0	-35,8	-48,2	50,6	21,3
Operating expenses	-53,6	-3,0	-71,5	-69,0	-15,6	-9,4	-3,0	-0,7	32,4	47,9	-111,2	-34,3
Foreign exch. gain/(loss), operation	-2,6	6,6	-0,3	-0,2	-1,9	-0,1	-0,2	0,0	0,0	0,0	-4,9	6,2
EBITDA	-46,4	3,6	4,3	0,4	-16,9	-9,6	-3,2	-0,7	-3,5	-0,4	-65,6	-6,7
Depreciation, amortization and impairment	-7,5	0,0	-0,1	-0,1	-1,1	-0,4	-0,4	0,0	0,0	0,0	-9,1	-0,5
Operating profit	-53,9	3,6	4,3	0,3	-18,0	-10,0	-3,5	-0,7	-3,5	-0,4	-74,7	-7,2
Income from associates	0,0	0,0	0,7	0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,7	0,4
Financial income/(cost)	-10,1	-0,8	0,0	-0,2	-22,2	9,2	0,9	0,0	-1,0	-4,9	-32,3	3,4
Foreign exch. gain/(loss), financing	4,6	-2,2	-0,8	0,0	-22,7	2,9	1,0	0,1	0,0	0,0	-18,0	0,8
Net financial items	-5,5	-2,9	-0,1	0,2	-44,9	12,1	1,9	0,1	-1,0	-4,9	-49,7	4,6
Profit before tax	-59,4	0,7	4,1	0,5	-63,0	2,1	-1,7	-0,6	-4,4	-5,3	-124,3	-2,6
Income tax expense *	18,5	0,3	-1,2	-0,5	10,2	-1,1	0,0	0,0	0,0	1,4	27,5	0,1
Net profit	-41,0	1,0	3,0	0,0	-52,8	1,0	-1,7	-0,6	-4,4	-3,9	-96,8	-2,5
Segment assets	785,5	348,0	68,6	17,9	1 863,2	468,8	258,8	129,1	-1 697,3	-387,9	1 278,8	575,9
Inv.m. in assoc. (equity method)	0,0	0,0	1,4	0,9	0,0	0,0	0,0	0,0	0,0	0,0	1,4	0,9
Total assets	785,5	348,0	70,0	18,8	1 863,2	468,8	258,8	129,1	-1 697,3	-387,9	1 280,2	576,8
Segment liabilities	708,6	261,5	49,1	16,6	844,9	9,3	6,4	2,7	-724,8	-100,2	884,1	189,9
Total liabilities	708,6	261,5	49,1	16,6	844,9	9,3	6,4	2,7	-724,8	-100,2	884,1	189,9
Capital expenditure	303,7	153,1	3,1	0,5	1,9	1,5	120,8	41,9	-4,4	-5,3	425,1	191,7
Non-cash exp. other than depr.	0,1	0,0	0,6	0,0	1,4	1,7	0,0	0,0	0,0	0,0	2,1	1,7

*The effective tax rate differs from the nominal tax rate mainly because the gains and losses related to translation to USD functionality are non-taxable items.