SEVAN MARINE ASA

INTERIM FINANCIAL REPORT
FIRST HALF OF 2011

INTERIM FINANCIAL REPORT - FIRST HALF 2011 FOR SEVAN MARINE ASA ('Sevan Marine' or 'the Company' or - together with its subsidiaries - the 'Group'))

Introduction

The Company's financial situation remains challenging and the Company is currently undertaking a restructuring effort, intended to involve a restructuring of its financial indebtedness, including an equitisation of debts (conversion of existing financial indebtedness to equity capital), and the raising of new equity capital. The restructuring, if successful, will substantially dilute existing shareholders in the Company, and if unsuccessful, the Company will most likely be required to file for bankruptcy.

In connection with the ongoing restructuring processes as described in further detail in this report, a new assessment of the carrying values of assets has been required. As reported on July 11, 2011, the Board initiated an impairment assessment of the Company's asset base, which has resulted in substantial impairments that adversely impacted the second quarter results by USD 401.7 million. In addition, the initial public offering and listing of shares in Sevan Drilling ASA (the "IPO"), and the resulting de-consolidation of the drilling segment from the Company's consolidated financial statements, resulted in an accounting loss of USD 207.8 million. The write downs are of non-cash nature. Following the impairments and the de-consolidation of Sevan Drilling, net loss for the quarter amounted to USD 639.0 million.

The impairments are specified as follows:

1.	*FPSOs*	USD 306.0 million
2.	*Def. Tax Assets*	USD 87.7 million
3.	*Receivables*	USD 8.0 million
	TOTAL	**USD 401.7 million**

1. FPSOs

The impairments on the FPSOs are specified as follows:

• *Piranema*	USD 152 million
• *Hummingbird*	USD 25 million
• *Voyageur*	USD 71 million
• *Hull no. 4*	USD 41 million
• *Hull no. 5*	USD 17 million
TOTAL	**USD 306 million**

The impairments were mainly due to an alignment of cash flow assumptions to the ongoing review of the Company's business plan as well as an increase in the applied discount rate and increased cost on upgrade projects. Following the business plan review, day rate assumptions beyond the fixed term and first six years of option period for *FPSO Sevan Piranema*, were reduced significantly. The reduction was based on a review of the current technical state of the FPSO and related change of view regarding the redeployment potential following 2024. A third party valuation expert has supported the valuation assessment of the FPSOs.

The valuation of the Company's assets has been conducted based on the Company's revised business plan and a going concern assumption. The assumptions contained in the business plan remain subject to risk factors which may not be fully reflected in the current valuations. These risk factors include amongst others the potential for additional cost and time overruns on the *FPSO Sevan Voyageur*, the ability to enhance Commercial Uptime in relation to the *FPSO Sevan Piranema*, the timing and capital expenditure required to redeploy the *FPSO Sevan Hummingbird* upon completion of its current contract as well as the ability to realize value from *Hulls no. 4 and 5*. While the Company has retained recognized third party advisors to assist in the valuations and the development of a revised business plan, and the Company has used its best judgment in preparing this report, it remains a fact that assessments of this nature are subject to discretion and assumption. Accordingly, the actual value of assets may vary significantly from the values contained in this report.

2. Deferred Tax Assets

USD 87.7 million in Deferred Tax Assets was impaired to reflect increased cost on upgrade projects and the ongoing revision of the Company's business plan, as well as a revised assessment of the application of tax depreciation. The impairment does not impact the status of statutory tax losses accumulated. Following the impairment, the Group's Deferred Tax Assets in Norway has zero carrying value. The remaining capitalized Deferred Tax Asset of USD 15.3 million relates to tax losses carry forward in UK.

3. Receivables

Due to a lack of progress in the arbitration process relating to a disputed receivable from ONGC, a provision of USD 8.0 million (50% of the total receivable) was made during the quarter. The provision does not impact the Company's assessment of the issue in dispute or the decision to continue the arbitration proceedings in the Mumbai Supreme Court in India.

Main figures, second quarter 2011 (previous quarter figures in brackets)

Operating revenue for the quarter amounted to USD 70.0 million (USD 51.1 million). EBITDAFX was USD 21.9 million (USD 20.4 million). Operating loss was USD 299.8 million (profit of USD 3.8 million), and net loss was USD 639.0 million (net loss of USD 53.3 million).

Operating revenue was USD 18.9 million higher than previous quarter mainly as a result of USD 12.0 million in license fee in relation to two drilling rigs ordered by Sevan Drilling ASA ('Sevan Drilling') in May. In addition, revenue from rebillable expenses on *FPSO Sevan Voyageur* was higher than previous quarter.

Operating expense was USD 17.4 million higher than previous quarter partly due to a USD 8.0 million provision on the ONGC receivable, higher rebillable operating expense on *FPSO Sevan Voyageur* also reflected in the revenues above as well as higher consultancy fees in relation to the ongoing restructuring process. In addition, a non-recurring reversal of cost of USD 5.5 million improved previous quarter's operating expense. These effects were somewhat offset by a reversal of previously accrued employee bonuses.

Depreciation, amortization and impairment of USD 320.4 million was USD 306.2 million higher than previous quarter due to the impairment on the FPSOs as further described in Note 2 to the financial statements.

A net foreign exchange loss relating to financing of USD 8.8 million (loss of USD 21.4 million) was mainly a result of unrealized disagio on NOK-denominated bonds following a strengthening in NOK compared to USD of 2.3% during the quarter.

Financial expense through profit and loss increased by USD 216.4 million to USD 238.4 million (USD 22.0 million) mainly due to the accounting loss in relation to the IPO of USD 207.8 million.

Income from Associates amounted to USD 1.9 million (nil) due to a gain of USD 5.1 million from sale of the Group's holding of 49.995% of the shares in KANFA-TEC AS during the quarter offset by USD 3.2 million in the Group's share of profit from Sevan Drilling in May and June.

Tax expense of USD 88.2 million (USD 0.1 million) mainly consists of an impairment of previously capitalized Deferred Tax Assets as described further in the introduction.

As of June 30, 2011, total assets amounted to USD 1,215.3 million (USD 2,723.7 million), of which USD 914.0 million (USD 1,169.7 million) was capitalized as 'Sevan Capital Assets'. Cash and cash equivalents amounted to USD 33.9 million (USD 29.2 million).

Business segments

Floating Production Technical Uptime on *FPSO Sevan Piranema* was 99% for the quarter. Commercial Uptime was 87% for the quarter due to continuing problems with the gas cooling and booster compressor system. Measures to improve the commercial performance will be effectuated following assessment of the well stream composition expected to take place during the year.

Technical Uptime on *FPSO Sevan Hummingbird* was 100% for the quarter. Commercial Uptime for the quarter was 113% due to bonus achieved for high production levels.

The upgrade work on *FPSO Sevan Voyageur* is ongoing at the Nymo yard in Arendal. Management is also in discussions with Nymo and an alternative yard for completion of the upgrade work based on the revised scope, cost and timeline to complete the project. The upgrade comprises modification of existing process facilities to handle more gas, installation of two gas compression trains for gas export and gas lift and an increase in the water injection system. Following detailed project reviews and assessments, there has been identified additional costs to be incurred by the Company, resulting in a current cost estimate for the project in the range of USD 170-190 million. The increase from the previously announced cost estimate of USD 160-170 million is mainly a result of time related costs due to additional delays, in part as a result of the Company's challenging liquidity situation, as well as certain increased procurement costs for equipment and yard services. This revised cost estimate is based on management's best estimate of cost to completion as of the date of this report. There remains a risk that further cost increases and delays may occur. Delivery of the FPSO at location is currently expected to take place during the second quarter of 2012. *FPSO Sevan Voyageur* is contracted to E.ON Ruhrgas UK E&P for the Huntington field in the UK North Sea. Estimated contract value is USD 535 million for the fixed term of five years. The contract has extension options.

The activities relating to project management and engineering of the *Sevan 1000 Goliat FPSO* continued during the quarter.

The hulls for *FPSO Sevan 300 no. 4 and 5* are located at the COSCO Nantong Shipyard. The intention is to complete the construction of the units only upon securing contracts with clients. Licensing arrangements with respect to the units are also under consideration.

Sevan continues to work on several studies involving potential FPSO projects.

Drilling In April, an initial public offering ('IPO') of Sevan Drilling was completed at an issue price of NOK 8.00 per share. Sevan Marine did not sell any of its holding consisting of 96,000,000 shares in Sevan Drilling which represents 28.5% of the share capital post-IPO. The Company's holding in Sevan Drilling is subject to a 12 months lock-up period expiring in April 2012. Sevan Marine's shareholding has been pledged as security in a USD 36.1 million bridge loan. The Company has received a release of the lock-up restrictions to enable such a pledge to be put in place. To the extent that the loan is redeemed prior to the expiry of the initial lock-up period, the Company's shares in Sevan Drilling will again be subject to the lock-up. The Company's holding in the Sevan Drilling shares ('SEVDR') is accounted for under the equity method and initially recognized at a value equal to the transaction price in the IPO of NOK 8.00. The closing price at Oslo Børs of the SEVDR shares on June 30, 2011, was NOK 4.66. Impairment testing based on a 'value in use' approach supports the current carrying value of USD 143.3 million.

Topside and Process Technology consists of the activities of the KANFA group. The KANFA group is currently working largely on projects within the Sevan Marine Group and on the FLNG project with Samsung/Flex LNG. Tender activities continue to increase within the segment.

On June 1, 2011, the Company's wholly owned subsidiary, KANFA AS, transferred its ownership share of 49.995% in KANFA-TEC AS to Halvorsen AS for a consideration of NOK 34.0 million which generated an accounting gain of USD 5.1 million. Prior to the sale of KANFA AS' shareholding, Halvorsen AS acquired the majority of the shares from the employees in KANFA-TEC AS.

Organization

Following Mr. Carl Lieungh taking on the role as CEO for the Company on May 1 this year, the Company has continued to focus on strengthening the organization within financial control, project execution and operation. Mr. Lars Ødeskaug has accepted the role as Chief Operating Officer (COO) and will commence his engagement on October 1. Mr. Ødeskaug comes from the position as CEO at TORP LNG and has broad experience from the oil and gas industry both within project management, project execution as well as from senior corporate level.

Mr. Oskar Mykland has accepted to take on the responsibilities as Vice President Contract & Commercial in Sevan Marine's Business Development department and has therefore resigned from the position as CFO. A process to find a long-term solution for the replacement of CFO has commenced. Reese McNeel from AlixPartners will act as CFO in the interim period until such long-term solution is in place.

Financing activities

In July, the Company entered into a USD 36.1 million bond loan agreement with Norsk Tillitsmann ASA acting on behalf of a group of holders of the Company's existing bonds. The loan will support the short-term working capital needs of the Company and its subsidiaries through September 2011, pending a final resolution of the restructuring discussions ongoing with the Company's bondholders and other stakeholders. At least USD 30.0 million of the proceeds will be used in relation to the upgrade project for the *FPSO Sevan Voyageur* to secure progress of this project due to its material significance to the Company and its stakeholders at large. The Company is in continued discussions with the holders of its bonds, banks and commercial partners of the *FPSO Sevan Voyageur* project for additional liquidity support. The bond was issued at 97% of par value and carries a coupon of 15% pa payable upon repayment of the loan. The loan matures at par value in July 2012 but may be redeemed by the Company at any time. The redemption price is 107.5% of par value during the first six months following issue date, and thereafter 103.75% of par value. The bonds are subject to mandatory redemption upon the successful completion of a long-term restructuring solution in which the Company raises new capital in an amount of USD 175 million or more. The loan is secured by a first priority pledge over the Company's shares in Sevan Drilling.

Covenant status

Following the significant impairments made during Q2-2011 as described above and in the interim financial statements, the Company's equity ratio reduced to 10.4% which is below the covenant requirement of 30% in the USD 100 million and NOK 625 million bonds for *FPSO Sevan Hummingbird*, the NOK 700 million unsecured bond and the USD 83 million securitization facility as well as below the covenant requirement of 25% in the USD 230 million bank facility for *FPSO Sevan Voyageur*.

The USD 230 million bank facility for *FPSO Sevan Voyageur* requires that budgeted and approved cost overruns be covered by equity. In respect of the USD 80-100 million cost overrun relating to *FPSO Sevan Voyageur*, Sevan Marine does not currently have sufficient funds to fulfill this requirement, the satisfaction of which will depend on a successful restructuring. The Company presently has no assurance that such restructuring will be successful. At the date of this report, USD 220 million has been drawn under the USD 230 million facility.

As approved by relevant bondholders in June 2010, and as part of the security arrangements pertaining to *FPSO Sevan Voyageur*, E.ON has been granted certain step-in rights in relevant contracts with selected third part vendors and suppliers, as well as an option to purchase the unit in certain circumstances. The latter right is exercisable upon the occurrence of certain trigger events (basically relating to insolvency events, breach of a minimum USD 25 million liquidity covenant which remains unremedied and enforcement of security rights by third parties). Subject to aforesaid and to further, detailed conditions, E.ON may purchase *FPSO Sevan Voyageur* against payment of a purchase price based on the higher of (i) the market value of *FPSO Sevan Voyageur*, and (ii) amounts outstanding under the USD 230 million bank loan and the NOK 870 million bond loan relating to *FPSO Sevan Voyageur*. E.ON has reserved its rights, but as of the date of this report given no indication that it intends to exercise the purchase option.

On August 5, 2011, bondholders in the NOK 870 million bond on *FPSO Sevan Voyageur*, the USD 270 million bond on *FPSO Sevan Piranema*, the NOK 625 million and the USD 100 million bonds on *FPSO Sevan Hummingbird* and the NOK 700 million unsecured bond (collectively the 'Bonds') agreed to defer interest payments under the Bonds until September 30, 2011.

The Company is currently in discussions with representatives of its bondholders and certain other stakeholders with a view to agreeing a financial restructuring as described in further detail below. Such discussions may in itself be deemed to constitute a breach under relevant bond and financing agreements and agreements. Pending the outcome of the restructuring efforts, relevant bondholders and the financiers and charterers of *FPSO Sevan Voyageur* have agreed to a stand-still regime until the end of September 2011 pursuant to which they have undertaken, subject to certain conditions, not to exercise termination or enforcement rights they might otherwise be entitled to.

Restructuring process

The Board of Directors continues the constructive dialogue with bondholders and other relevant parties regarding a global restructuring of the Company's balance sheet. In particular, the Board is in dialogue with the advisors to Norsk Tillitsmann ASA (the bond trustee for the Company's bond issues) and an informal, restricted group of the Company's largest bondholders. The dialogue with the bondholder group regarding a global restructuring currently assumes that the restructuring would involve:

- a full equitisation of the Company's existing unsecured bonds;
- a partial but reasonably material equitisation of each of the series of the Company's existing secured bonds;
- a corresponding substantial dilution of the Company's existing shareholders;
- a capital raise for the Company, likely in the form of new equity, currently estimated to be at least USD 200 million, to be funded primarily by bondholders, but with a right for existing shareholders to participate;
- extension of maturities for the Company's existing secured bonds; and
- a revision of interest rates and amortization schedules of the Company's secured bonds to correspond with the Company's cash flow profile and debt service capacity.

The above assumptions, and the detailed terms and conditions of a global restructuring proposal, remain to be finally determined and negotiated. This will, inter alia, be affected by the contents of the Company's revised business plan and the final cost estimate and schedule developments for the *FPSO Sevan Voyageur* upgrade project. Any global restructuring proposal will be subject to obtaining necessary agreements with, and consents from, the Company's bondholders, shareholders and other key stakeholders and counterparties to the Company and its subsidiaries.

Going concern and outlook

The Board is of the opinion that the Company's working capital is insufficient to support its requirements going forward. By way of securing a bridge financing of USD 36.1 million and deferrals of interest payments on the existing Bonds up to end of September 2011, the Company has been able to provide relief to its immediate liquidity pressure. The Company may require extensions of the stand-still agreements as well as additional bridge funding to secure the continued progress on the upgrade project for *FPSO Sevan Voyageur* beyond September. The stand-still agreements entered into with the bondholders in the Bonds, the bank financiers and charterers of the *FPSO Sevan Voyageur* until the end of September 2011, has further enabled the Company to concentrate its resources and efforts towards completing the restructuring plan and seeking to find a long-term solution to the financial challenges facing the Company.

A robust financial structure coupled with the Company's FPSO assets and technology should form the basis for creating value and securing stakeholders going forward. However, the Company is dependent on a successful execution of its restructuring plans, in order to meet its commitments. At the date of this report, no firm resolution has been reached.

The Board confirms that the Q2-2011 financial statements have been prepared based on a going concern assumption. The basis for this assumption is the Company's business plan as well as the ongoing discussions with bondholders and other stakeholders towards a positive outcome of the restructuring plans described above.

The outcome of the restructuring is, however, at the date of this report, still uncertain and may impact the assumptions applied in the preparation of the Q2-2011 financial statements. In a situation where the Company was not to succeed in its restructuring efforts, the liquidation value of the assets of the Company is estimated at between USD 470 and 585 million.

The Board will continue its dialogue with bondholders and other relevant parties regarding a restructuring solution and remains optimistic that a long-term solution to the current financial challenges can be obtained. However, notwithstanding the ongoing dialogue with lenders and other stakeholders, no assurance can be given that a viable global solution can be found in a timely manner. If a viable solution cannot be found in a timely manner, the Board will be required to file for bankruptcy.

Arendal, August 31, 2011

The Board of Directors
Sevan Marine ASA

INTERIM FINANCIAL STATEMENTS
FIRST HALF OF 2011

Condensed Consolidated Income Statement							
Unaudited figures in USD million	**Note**	**Q2 11**	**Q1 11**	**30.06.11**	**Q2 10***	**30.06.10***	**2010***
Operating income	3	70,0	51,1	121,1	52,2	101,9	215,3
Operating expense	8	-48,1	-30,7	-78,8	-36,4	-77,2	-143,5
EBITDAFX		**21,9**	**20,4**	**42,4**	**15,8**	**24,7**	**71,8**
Foreign exchange gain/(loss) relating to operation		-1,3	-2,4	-3,7	1,9	1,9	-1,1
EBITDA		**20,6**	**18,0**	**38,7**	**17,7**	**26,6**	**70,7**
Depreciation, amortization and impairment	2	-320,4	-14,2	-334,6	-14,2	-28,5	-62,4
Operating profit/(loss)		**-299,8**	**3,8**	**-296,0**	**3,5**	**-1,9**	**8,3**
Income from associated companies	7	1,9	0,0	1,9	0,1	0,2	0,0
Financial income/(expense)	10	-238,4	-22,0	-260,4	-13,9	-27,9	-96,0
Foreign exchange gain/(loss) relating to financing		-8,8	-21,4	-30,2	11,3	15,2	-1,8
Net financial items		**-245,3**	**-43,4**	**-288,7**	**-2,6**	**-12,5**	**-97,9**
Profit/(loss) before tax		**-545,0**	**-39,6**	**-584,7**	**0,9**	**-14,4**	**-89,6**
Tax income/(expense)	9	-88,2	-0,1	-88,3	0,3	6,0	11,7
Net profit/(loss) continued business		**-633,2**	**-39,7**	**-673,0**	**1,2**	**-8,4**	**-77,9**
Net profit/(loss) discontinued business	**6**	**-5,8**	**-13,6**	**-19,4**	**-0,7**	**-13,5**	**-74,5**

* *In accordance with IFRS 5, comparable income statement amounts are restated as if the drilling segment was regarded as a discontinued business also for previous periods.*

Statement of Comprehensive Income						
Unaudited figures in USD million	**Q2 11**	**Q1 11**	**30.06.11**	**Q2 10***	**30.06.10***	**2010***
Net profit/(loss)	-639,0	-53,3	-692,4	0,5	-21,8	-152,4
Foreign currency translation	1,1	1,4	2,5	-1,4	-1,5	0,8
Total comprehensive income	**-637,9**	**-51,8**	**-689,8**	**-0,9**	**-23,3**	**-151,6**

Condensed Consolidated Balance Sheet

Unaudited figures in USD million	Note	30.06.11	31.03.11	30.06.10	31.12.10
Sevan Capital Assets	2	914,0	1 169,7	2 029,8	2 145,6
Other fixed assets	2	6,2	31,5	45,1	38,7
Intangible assets		13,6	13,7	14,1	13,6
Investments in associates	7	143,3	1,3	1,2	1,1
Deferred income tax assets	9	15,3	102,1	114,7	124,1
Other non-current assets		14,5	14,1	47,4	76,1
Total non-current assets		**1 106,9**	**1 332,4**	**2 252,3**	**2 399,3**
Inventories		6,4	6,7	14,9	14,5
Trade and other receivables	8	68,0	57,3	66,6	57,5
Cash and cash equivalents		33,9	29,2	61,7	116,1
Total current assets		**108,4**	**93,2**	**143,2**	**188,1**
Assets of disposal Group**		0,0	1 298,1	0,0	0,0
Total assets		**1 215,3**	**2 723,7**	**2 395,5**	**2 587,4**
Share capital	5	16,6	16,6	16,6	16,6
Other equity		108,8	740,6	935,2	791,5
Total shareholders' equity		**125,4**	**757,2**	**951,8**	**808,1**
Minority interest		0,7	0,6	38,2	0,7
Total equity		**126,1**	**757,8**	**990,0**	**808,8**
Interest-bearing debt*		0,0	0,0	1 046,8	1 245,6
Retirement benefit obligations		1,8	1,9	1,4	1,9
Other non-current liabilities/provisions		3,9	0,8	2,5	1,8
Total non-current liabilities		**5,7**	**2,7**	**1 050,6**	**1 249,4**
Interest-bearing debt*		969,6	949,7	128,7	188,0
Current liabilities		113,7	92,7	226,2	341,2
Total current liabilities		**1 083,4**	**1 042,4**	**354,9**	**529,2**
Total liabilities		**1 089,1**	**1 045,1**	**1 405,5**	**1 778,6**
Liabilities of disposal Group**		0,0	920,8	0,0	0,0
Total equity and liabilities		**1 215,3**	**2 723,7**	**2 395,5**	**2 587,4**

* *Due to breach of covenants in certain loan agreements as well as to cross-default provisions in the loan agreements, all debt has been classified as current as of June 30 and March 31, 2011.*

** *IFRS 5 requires that operations constituting a major part of the business to be classified as discontinued when the assets are held for sale. Consolidated assets and liabilities of the drilling business are therefore presented separately in the preliminary balance sheet as per March 31, 2011, as 'assets of disposal group' and 'liabilities of disposal group', respectively. Reference is made to Note 8 in the Q1-2011 Report for the pro forma balance sheet as per March 31, 2011.*

Condensed Consolidated Cash Flow Statement			
Unaudited figures in USD million	**30.06.11**	**30.06.10**	**31.12.10**
Cash flows from operation activities			
Cash from operations	99.3	19.8	49.9
Interest paid	-40.1	-29.3	-72.1
Taxes paid	0.0	0.0	-4.3
Net cash generated from operating activities	**59.2**	**-9.5**	**-26.4**
Cash flows from investment activities			
Purchases of property, plant and equipment (PPE)	-297.8	-117.0	-175.6
Purchase of minority interest	0.0	0.0	-39.0
Purchases of intangible assets	-0.5	-0.3	-0.7
Net cash flow from investment activities	**-298.3**	**-117.3**	**-215.3**
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares	0.0	0.0	0.0
Net proceeds from interest-bearing debt	774.6	42.6	606.6
Repayment of interest bearing debt	-342.2	-20.0	-414.6
Sale KANFA-TEC AS	6.4	0.0	0.0
Sale Sevan Drilling *	-281.9	0.0	0.0
Purchase/sale of own bond loan	0.0	2.9	2.9
Net cash flow from financing activities	**157.0**	**25.5**	**194.9**
Net cash flow for the period	**-82.1**	**-101.3**	**-46.9**
Cash balance at beginning of period	116.1	163.0	163.0
Cash balance at end of period	**33.9**	**61.7**	**116.1**

** Cash flows from Sevan Drilling activities until de-consolidation in early May were included in the respective line items above. At the time of de-consolidation, Sevan Drilling had a cash balance of USD 281.9 million which were classified as a reduction in cash from financing activities.*

Condensed Consolidated Statement of Changes in Equity					
Unaudited figures in USD million	Share Capital	Share Premium	Retained Earnings	Minority Interest	Total Equity
Equity as of December 31, 2010	**16,6**	**954,1**	**-162,7**	**0,7**	**808,8**
Adjustment Opening Balance due to deconsolidation of Sevan Drilling			6,2		6,2
Value of share options			0,9		0,9
Total comprehensive income for the period			-689,8		-689,8
Equity as of June 30, 2011	**16,6**	**954,1**	**-845,4**	**0,7**	**126,1**
Equity as of December 31, 2009	**16,6**	**954,1**	**3,8**	**38,0**	**1 012,5**
Value of share options			0,8		0,8
Total comprehensive income for the period			-23,6	0,2	-23,3
Equity as of June 30, 2010	**16,6**	**954,1**	**-18,9**	**38,2**	**990,0**

Key Figures							
Unaudited figures in USD million	**Note**	**Q2 11**	**Q1 11**	**30.06.11**	**Q2 10**	**30.06.10**	**2010**
Basic earnings per share (USD)							
From continuing operations	1	-1,20	-0,08	-1,28	0,00	-0,02	-0,15
From discontinued operations		-0,01	-0,03	-0,04	0,00	-0,03	-0,14
Diluted earnings per share (USD)							
From continuing operations	2	-1,20	-0,08	-1,28	-0,04	-0,02	-0,30
From discontinued operations		-0,01	-0,03	-0,04	0,00	-0,03	-0,14
Equity ratio	3	10,4 %	27,8 %	10,4 %	41,3 %	41,3 %	31,0 %
No. of outstanding shares (million)		526,1	526,1	526,1	526,1	526,1	526,1
No. of shares fully diluted (million)		526,1	526,1	526,1	526,1	526,1	526,1
Average no. of outstanding shares (million)		526,1	526,1	526,1	526,1	526,1	526,1
Average no. of shares fully diluted (million)		526,1	526,1	526,1	526,1	526,1	526,1
Share price (NOK)		0,39	6,06	0,39	4,77	4,77	6,50
Market capitalization (NOK, million)	4	205	3 188	205	2 509	2 509	3 420
Number of employees		305	502	305	472	472	506

Notes

1 Net profit / average no. of outstanding shares

2 Net profit / average no. of shares fully diluted

3 (Total shareholders' equity / total assets) x 100

4 Latest quoted share price of the reporting period x no. of outstanding shares

* *The reduction in number of employees during the quarter was mainly due to the impact of the deconsolidation of the drilling segment in early May 2011.*

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – General accounting principles

Sevan Marine ASA (the ‘Company’) and its subsidiaries (together with the Company; the ‘Group’) specialize in owning, operating and licensing FPSOs, based on the Company’s patented cylindrical floater technology.

Sevan Marine ASA is a public limited company, incorporated and domiciled in Norway. The condensed consolidated interim financial statements consist of the Group and the Group’s interests in associated companies.

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). As the interim financial statements do not include the full information and disclosures as required in the annual financial statements, it should be read in connection with the Annual Financial Statements for 2010.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Annual Financial Statements for the year ended December 31, 2010, except for:

IFRS 5 – held for sale / discontinued operation

Disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Disposal groups are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Note 2 – Property, plant and equipment

The Group's main group of non-current assets relate to those classified as *Sevan Capital Assets* on the balance sheet. The table below summarizes changes to the balance sheet values of such assets for the full year of 2010 and as per June 30, 2011.

Property, Plant and Equipment					
Unaudited figures in USD million	Construction in Progress (CIP)	Unit in Operation (UIO)	Sevan Capital Assets	Drilling Rigs	Total Capital Assets
Year ended December 31, 2010:					
Book value January 1,	**140,4**	**1 010,2**	**1 150,6**	**753,8**	**1 904,4**
Assets reclassified from "CIP" to "UIO"	0,0	0,0	0,0	0,0	0,0
Additions	26,8	29,6	56,4	278,0	334,4
Depreciation charge	0,0	-51,3	-51,3	-34,0	-85,3
Write-down	0,0	0,0	0,0	-7,8	-7,8
Book value December 31,	**167,2**	**988,4**	**1 155,6**	**990,0**	**2 145,6**
At December 31, 2010:					
Cost	171,8	1 124,0	1 295,8	1 033,4	2 329,2
Accumulated depreciation and write-down	-4,6	-135,6	-140,2	-43,4	-183,6
Book value December 31,	**167,2**	**988,4**	**1 155,6**	**990,0**	**2 145,6**
	Construction in Progress (CIP)	Unit in Operation (UIO)	Sevan Capital Assets	Drilling Rigs	Total Capital Assets
Period ended June 30, 2011:					
Book value January 1,	**167,2**	**988,4**	**1 155,6**	**990,0**	**2 145,6**
Assets reclassified from "CIP" to "UIO"	0,0	0,0	0,0	0,0	0,0
Additions	1,2	64,2	65,4	18,0	83,4
Depreciation charge	0,0	-25,3	-25,3	-12,3	-37,6
Write-down	-58,6	-223,1	-281,7	0,0	-281,7
Disposal of Drilling	0,0	0,0	0,0	-995,7	-995,7
Book value June 30,	**109,8**	**804,2**	**914,0**	**0,0**	**914,0**
At June 30, 2011:					
Cost	173,0	1 188,1	1 361,1	0,0	1 361,1
Accumulated depreciation	0,0	-160,9	-160,9	0,0	-160,9
Accumulated write-down	-63,2	-223,1	-286,3	0,0	-286,3
Book value June 30,	**109,8**	**804,2**	**914,0**	**0,0**	**914,0**

A detailed impairment assessment of the Company's asset base performed during Q2-2011, resulted in impairments on the FPSOs included in the Floating Production segment as follows:

- *Piranema* USD 152 million*
- *Hummingbird* USD 25 million
- *Voyageur* USD 71 million
- *Hull no. 4* USD 41 million
- *Hull no. 5* USD 17 million

TOTAL USD 306 million

** USD 24.6 million of the impairment relates to Other Fixed Asset on FPSO Sevan Piranema.*

Remaining carrying values on the FPSOs are based on a 'best estimate' of recoverable values. The currently contracted period for *FPSO Sevan Hummingbird* expires in March 2012. It is the option of the charterer to extend the contract beyond March 2012, and estimation risk therefore exists with respect to duration of the current contract as well as with respect to fair value estimation of the FPSO following the expiration date. No firm contract commitments have been secured for future chartering with respect to *Hull no. 4 and 5.* The Company has not entered into any further obligations to complete the hulls to FPSOs, but the hulls continue to incur lay-up cost including a potential liability for customs- and VAT-cost should the duration of the hulls stay in China be extended further. The refit of the *FPSO Sevan Voyageur* continues and risk remains that additional cost and time overruns may occur. The *FPSO Sevan Piranema's* continuing problems with the gas cooling and booster compressor system has not been rectified and remains a risk to Commercial Uptime.

The impairments were mainly due to an alignment of cash flow assumptions to the ongoing review of the Company's business plan as well as an increase in the applied discount rate and increased cost on upgrade projects. Following the business plan review, day rate assumptions beyond the fixed term and first six years of option period for *FPSO Sevan Piranema*, were reduced significantly. The reduction was based on a review of the current technical state of the FPSO and related change of view regarding the redeployment potential following 2024. A third party valuation expert has supported the valuation assessment.

The range of discount rates applied on the FPSO's increased from 8.6%-10.5% to 9.5%-11.0% in the Q2-2011 assessment. This change is supported by the work undertaken by the valuation expert. The remaining carrying values on *FPSO Sevan Piranema* and *FPSO Sevan Voyageur* are aligned with the recoverable amounts under a 'value in use' approach. The remaining carrying value on *FPSO Sevan Hummingbird* is aligned with the recoverable amounts under a 'fair value less cost to sell' approach. The remaining carrying values on *Hull no. 4 and 5* are aligned with the recoverable amounts under a 'replacement cost' approach.

The valuations have been conducted based on the Company's revised business plan and a going concern assumption. The assumptions contained in the business plan remain subject to risk factors which may not be fully reflected in the current valuations. The actual value of assets may vary significantly from the values contained in this report.

Note 3 – Related party transactions

Following the de-consolidation of the drilling segment from the Company's consolidated financial statements during Q2-2011; the Group has the following transactions and balances relating to related party transactions:

Related Party Transactions	
Unaudited figures in USD million	**Q2 2011**
Sale to associates:	
Sale to Sevan Drilling	13.5
Financial income from Sevan Drilling	1.5
Receivable from associate parties:	
Receivable from Sevan Drilling	9.6
Payable to associate parties:	
Payable to Sevan Drilling	0.0

Sale to Sevan Drilling mainly relates to USD 12.0 million in license fee for two new builds ordered by Sevan Drilling during the quarter and sale of services/man-hours. The Group's portion of ownership of the margin on the deliveries to Sevan Drilling (28.5%) was treated as a reduction of Income from Associates (Financial Expense) in the income statement.

The financial income from Sevan Drilling relates to guarantee fees for guarantees provided by the Company in relation to Sevan Drilling's bank facilities.

Note 4 – Segment information

Segments												
Quarterly data	**Floating Production**		**Topside and Process Technology**		**Corporate**		**Drilling (discontinued operation)**		**Adjustments and eliminations**		**Total**	
	Q2 11	Q2 10	Q2 11	Q2 10	Q2 11	Q2 10	Q2 11	Q2 10	Q2 11	Q2 10	Q2 11	Q2 10
External revenue	53,7	50,0	0,8	1,1	14,8	1,0	0,0	0,0	0,0	0,0	69,3	52,1
Internal revenue	0,0	0,0	0,3	0,5	5,8	6,1	0,0	0,0	-5,4	-6,6	0,7	0,0
Total revenue	53,7	50,0	1,1	1,6	20,5	7,2	0,0	0,0	-5,4	-6,6	70,0	52,2
Operating expense	-29,9	-24,7	-0,6	-1,7	-21,3	-15,1	0,0	0,0	3,7	5,1	-48,1	-36,4
EBITDAFX	23,8	25,3	0,5	-0,1	-0,8	-7,9	0,0	0,0	-1,7	-1,5	21,9	15,8
Foreign exch. gain/(loss), operation	-0,7	0,4	0,1	0,1	-0,8	1,4	0,0	0,0	0,2	0,0	-1,3	1,9
EBITDA	23,1	25,7	0,6	0,0	-1,6	-6,5	0,0	0,0	-1,5	-1,5	20,6	17,7
Depreciation, amortization and impairment	-319,4	-13,0	0,0	0,0	-0,5	-0,7	0,0	0,0	-0,6	-0,5	-320,4	-14,2
Operating profit/(loss)	-296,3	12,7	0,6	0,0	-2,1	-7,2	0,0	0,0	-2,1	-2,0	-299,8	3,5
Income from associates											1,9	0,1
Financial income/(expense)											-238,4	-13,9
Foreign exch. gain/(loss), financing											-8,8	11,3
Net financial items											-245,3	-2,6
Profit/(loss) before tax											-545,0	0,9
Tax income/(expense)											-88,2	0,3
Net profit/(loss) continued business											-633,2	1,2
Net profit/(loss) discontined business											-5,8	-0,7
Segment assets	1351,8	1513,1	39,9	24,7	1527,9	2 096,0	0,0	971,4	-1847,6	-2 210,9	1072,0	2 394,3
Inv.m. in assoc. (equity method)	0,0	0,0	0,0	1,2	143,3	0,0	0,0	0,0	0,0	0,0	143,3	1,2
Total assets*	1351,8	1513,1	39,9	25,9	1671,2	2 096,0	0,0	971,4	-1847,6	-2 210,9	1215,3	2 395,5
Segment liabilities	918,9	714,1	9,0	4,1	897,9	657,4	0,0	839,3	-736,7	-809,5	1089,1	1405,4
Total liabilities*	918,9	714,1	9,0	4,1	897,9	657,4	0,0	839,3	-736,7	-809,5	1089,1	1405,4
Capital expenditure	38,7	21,6	0,0	0,0	0,0	0,3	0,0	46,9	0,0	8,2	38,7	77,1
Non-cash exp. other than depr.	0,0	0,0	0,0	0,0	0,0	0,6	0,0	0,0	0,0	0,0	0,0	0,6

* For assets and liabilities are intra-segment balances eliminated within the segment, whilst inter-segment balances are eliminated in the elimination section.

Segments												
YTD Data	Floating Production		Topside and Process Technology		Corporate		Drilling (discontinued operation)		Adjustments and eliminations		Total	
	30.06.11	30.06.10	30.06.11	30.06.10	30.06.11	30.06.10	30.06.11	30.06.10	30.06.11	30.06.10	30.06.11	30.06.10
External revenue	99,5	96,6	3,7	2,9	16,9	2,4	0,0	0,0	0,0	0,0	120,1	101,9
Internal revenue	0,0	0,0	0,7	0,9	11,8	11,5	0,0	0,0	-11,5	-12,4	1,0	0,0
Total revenue	99,5	96,6	4,4	3,8	28,7	13,9	0,0	0,0	-11,5	-12,4	121,1	101,9
Operating expense	-46,6	-54,3	-4,4	-4,3	-37,7	-28,2	0,0	0,0	9,9	9,6	-78,8	-77,2
EBITDAFX	52,9	42,3	0,0	-0,5	-9,0	-14,3	0,0	0,0	-1,6	-2,8	42,3	24,7
Foreign exch. gain/(loss), operation	-1,5	0,1	0,1	0,0	-2,5	1,8	0,0	0,0	0,0	0,0	-3,7	1,9
EBITDA	51,5	42,4	0,1	-0,5	-11,5	-12,5	0,0	0,0	-1,6	-2,8	38,6	26,6
Depreciation, amortization and impairment	-332,5	-26,0	-0,1	-0,1	-1,1	-1,4	0,0	0,0	-1,0	-1,0	-334,6	-28,5
Operating profit/(loss)	-281,0	16,3	0,0	-0,6	-12,5	-13,8	0,0	0,0	-2,6	-3,8	-296,0	-1,9
Income from associates											1,9	0,2
Financial income/(expense)											-260,4	-27,9
Foreign exch. gain/(loss), financing											-30,2	15,2
Net financial items											-288,7	-12,5
Profit/(loss) before tax											-584,7	-14,3
Tax income/(expense)											-88,3	6,0
Net profit/(loss) continued business											-673,0	-8,4
Net profit/(loss) discontined business											-19,4	-13,5
Segment assets	1351,8	1513,1	39,9	24,7	1527,9	2 096,0	0,0	971,4	-1847,6	-2 210,9	1072,0	2 394,3
Inv.m. in assoc. (equity method)	0,0	0,0	0,0	1,2	143,3	0,0	0,0	0,0	0,0	0,0	143,3	1,2
Total assets*	1351,8	1513,1	39,9	25,9	1671,2	2 096,0	0,0	971,4	-1847,6	-2 210,9	1215,3	2 395,5
Segment liabilities	918,9	714,1	9,0	4,1	897,9	657,4	0,0	839,3	-736,7	-809,5	1089,1	1405,4
Total liabilities*	918,9	714,1	9,0	4,1	897,9	657,4	0,0	839,3	-736,7	-809,5	1089,1	1405,4
Capital expenditure	65,7	23,8	0,0	0,0	0,6	0,9	0,0	134,1	0,0	7,4	66,3	166,2
Non-cash exp. other than depr.	0,0	0,0	0,0	0,0	0,9	0,8	0,0	0,0	0,0	0,0	0,9	0,8

* For assets and liabilities are intra-segment balances eliminated within the segment, whilst inter-segment balances are eliminated in the elimination section.

Note 5 – Shareholder structure

The 10 largest shareholder accounts as at August 30, 2011		
Shareholder accounts	**No. of shares**	**%-share**
BANK OF NEW YORK MELLON S/A BNYM	34 682 438	6,59
UMOE SHIPPING AND ENERGY	31 250 000	5,94
SKAGEN VEKST	14 542 795	2,76
FIDELITY FUNDS-EUROPEAN AGGRESSIVE FUND	10 159 579	1,93
JPMORGAN CHASE BANK	8 350 834	1,59
DEUTSCHE BANK AG LONDON	8 338 711	1,59
SIX SIS AG 25PCT	5 149 138	0,98
FID. FUNDS-EU. BLUE	5 075 300	0,96
STATE STREET BANK AND TRUST CO. A/C CLIENT OMNIBUS 1	4 000 000	0,76
VITAL FORSIKRING ASA	3 947 662	0,75
Total, 10 largest shareholder accounts	**125 496 457**	**23,86**
Total no. of shares	526 069 982	
Foreign ownership	154 675 563	29,40

Note 6 – Discontinued operation – specification

On March 25, 2011, the Board announced its decision to submit an application for a listing of Sevan Drilling as an independent company on the Oslo Stock Exchange. Following the execution of the IPO on May 3, 2011, the Company's holding in Sevan Drilling was reduced to 28.5%.

The net profit/(loss) from the drilling segment for respective reporting periods was as follows:

The results of Sevan Drilling for the year are presented below:						
Unaudited figures in USD million	**Q2 11***	**Q1 11**	**30.06.11****	**Q2 10***	**30.06.10****	**2010**
Operating income	9.4	34.0	43.4	0.0	0.0	40.6
Operating expense	-6.1	-18.2	-24.3	-0.8	-5.2	-44.5
EBITDAFX	**3.3**	**15.8**	**19.1**	**-0.8**	**-5.2**	**-3.9**
Foreign exchange gain/(loss) relating to operation	-1.4	-1.8	-3.2	-0.5	0.9	-0.4
EBITDA	**1.8**	**14.0**	**15.8**	**-1.3**	**-4.3**	**-4.3**
Depreciation, amortization and impairment	-3.1	-9.2	-12.3	-2.8	-10.6	-40.0
Operating profit/(loss)	**-1.3**	**4.8**	**3.5**	**-4.1**	**-14.9**	**-44.3**
Income from associated companies	0.0	0.0	0.0	0.0	0.0	0.0
Financial income/(expense)	-2.4	-14.3	-16.7	-5.2	-12.2	-36.3
Foreign exchange gain/(loss) relating to financing	0.8	-7.1	-6.3	-2.6	2.3	1.7
Net financial items	**-1.6**	**-21.4**	**-23.0**	**-7.8**	**-9.9**	**-34.7**
Profit/(loss) before tax	**-2.9**	**-16.6**	**-19.5**	**-11.9**	**-24.8**	**-79.0**
Tax income/(expense)	-2.9	3.0	0.1	-0.1	-0.1	4.5
Net profit/(loss) discontinued business	**-5.8**	**-13.6**	**-19.4**	**-12.1**	**-24.9**	**-74.5**

** Q2 figures include only the month of April as the IPO of the drilling business was effectuated in May*
*** YTD figures include the months of January through April as the IPO of the drilling business was effectuated in May*

Note 7 - Investment in associate

Sevan Drilling ASA

In accordance with the main IFRS rule (IAS 28-11; Investments in associates) which states that the investment shall be measured under the equity method, the Sevan Drilling shares ('SEVDR') was initially recognized at a value equal to the transaction price in the IPO of NOK 8.00. The closing price at Oslo Børs of the SEVDR shares on June 30, 2011, was NOK 4.66.

The Company has maintained the equity approach to determine the carrying value of the investment. Impairment testing based on a 'value in use' approach supports the current carrying value of USD 143.3 million..

Associated Companies	**Interest held**	**Equity** *(USD million)*	**Share of profit/ (loss) Q2-11*** *(USD million)*	**Carrying value** *(USD million)*
Sevan Drilling ASA	28.5%	713.5	-3.2	143.3

** Share of profit/(loss) includes activities following the effectuation of the IPO (May and June 2011) adjusted for the Group's share of profit from Sevan Drilling and reduced by the Group's portion of ownership of the margin on own deliveries to Sevan Drilling (28.5%) following the IPO.*

KANFA-TEC AS

On June 1, 2011, the Company's wholly owned subsidiary, KANFA AS, transferred its ownership share of 49.995% in KANFA-TEC AS to Halvorsen AS for a consideration of NOK 34.0 million which generated an accounting gain of USD 5.1 million. Prior to the sale of KANFA AS' shareholding, Halvorsen AS acquired the majority of the shares from the employees in KANFA-TEC AS.

Note 8 – Trade and other receivables

Due to a lack of progress in the arbitration process relating to a disputed receivable from ONGC, a provision of USD 8.0 million (50% of the total receivable) was made during the quarter. The provision does not impact the Company's assessment of the issue in dispute or the decision to continue the arbitration proceedings in the Mumbai Supreme Court in India.

Note 9 - Deferred tax assets

Deferred Tax Assets were impaired by USD 87.7 million to reflect the increased cost on upgrade projects and the ongoing revision of the Company's business plan, as well as a revised assessment of the application of tax depreciation documenting the capitalization requirements in accordance with IAS 12. The impairment does not impact the status of statutory tax losses accumulated. Following the impairment, the Group's Deferred Tax Assets in Norway has zero carrying value. The remaining capitalized Deferred Tax Asset of USD 15.3 million relates to tax losses carry forward in UK.

Note 10 – Financial income / (expense)

Financial expense through profit and loss includes an accounting loss in relation to the IPO and the resulting de-consolidation of the drilling segment from the Company's consolidated financial statements of USD 207.8 million. The write down is of non-cash nature.

Note 11 - Events after balance sheet date

Short term financing secured

In July, the Company entered into a USD 36.1 million bond loan agreement with Norsk Tillitsmann ASA acting on behalf of a group of holders of the Company's existing bonds. The loan will support the short-term working capital needs of the Company and its subsidiaries into September 2011, pending a final resolution of the restructuring discussions ongoing with the Company's bondholders and other stakeholders. At least USD 30.0 million of the proceeds will be used in relation to the upgrade project for the *FPSO Sevan Voyageur* to secure progress of this project due to its material significance to the Company and its stakeholders at large. The Company is in continued discussions with the holders of its bonds, banks and commercial partners of the *FPSO Sevan Voyageur* project for additional liquidity support. The bond was issued at 97% of par value and carries a coupon of 15% pa payable upon repayment of the loan. The loan matures at par value in July 2012 but may be redeemed by the Company at any time. The redemption price is 107.5% of par value during the first six months following issue date, and thereafter 103.75% of par value. The bonds are subject to mandatory redemption upon the successful completion of a long-term restructuring solution in which the Company raises new capital in an amount of USD 175 million or more. The loan is secured by a first priority pledge over the Company's shares in Sevan Drilling ASA.

Stand-still agreements and deferral of interest payments until end of September 2011

In July, the bank financiers and charterers of the *FPSO Sevan Voyageur* agreed on a stand-still until the end of September 2011. In August, bondholders in the NOK 870 million bond on *FPSO Sevan Voyageur*, the USD 270 million bond on *FPSO Sevan Piranema*, the NOK 625 million and the USD 100 million bonds on *FPSO Sevan Hummingbird* and the NOK 700 million unsecured bond (collectively the 'Bonds') agreed to defer interest payments under the Bonds until September 30, 2011, and not to exercise any default or termination rights or to enforce any security available under the Bonds during such period.

Responsibility Statement

We confirm, to the best of our knowledge, that the interim consolidated financial statements for the period January 1 to June 30, 2011, have been prepared in accordance with IAS 34 – Interim Financial Reporting, and give a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the Interim Financial Report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Arendal, August 31, 2011

The Board of Directors
Sevan Marine ASA

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Jens Ulltveit-Moe
Chairman

Arne Smedal Deputy Chairman	Tom Ruud Board member	Mari Thjømøe Board member
Jørgen Skotnes Employee representative	Jorunn Haugen Employee representative	Siri Beate Hatlen Board member

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Carl Lieungh
CEO