INTERIM FINANCIAL REPORT

THIRD QUARTER OF 2009

Sevan Driller leaving Cosco Qidong Shipyard for thruster installation and sea trials

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Main figures, third quarter 2009[1]

Operating revenue for the third quarter amounted to USD 45.2 million (USD 24.3 million). EBITDA was USD - 4.8 million (USD – 10.6 million), operating loss was USD 19.4 million (USD 15.7 million), and net loss was USD 27.9 million (net gain of USD 9.0 million).

Operating revenue for the quarter was USD 20.9 million higher than previous year mainly because *FPSO Sevan Hummingbird* commenced operations in September 2008 and *FPSO Sevan Voyageur* commenced operations in August 2009 as well as the increase in dayrate on *FPSO Sevan Piranema* starting from January 2009. These increases in the Floating Production segment were partly offset by a reduction in revenue from the Topside and Process Technology segment.

Operating expense for the quarter was USD 9.7 million higher than previous year as a result of the increase in activities reflected in the revenue as well as the preparations for the start up of *Sevan Driller*.

The improvement in EBITDA of USD 5.8 million compared to previous year does not reflect the full effect of the operational improvements due to an operational foreign exchange loss of USD 2.7 million (gain of USD 2.6 million) mainly relating to revaluation of account payables following a weakening of the US dollars relative to other major trading currencies for the Group during the quarter.

Net foreign exchange losses relating to financing of USD - 12.6 million (gain of USD 35.6 million) were mainly a result of unrealized foreign exchange losses relating to the NOK-nominated bonds following a weakening of US dollars relative to Norwegian kroner during the quarter. This effect was partly offset by foreign exchange gains relating to NOK-nominated cash deposits.

Financial expense through profit and loss increased to USD 15.5 million (USD 7.7 million) partly as a result of interest relating to *FPSO Sevan Hummingbird and FPSO Sevan Voyageur* being expensed following reclassification of the units from ‘construction in progress’ to ‘FPSO’ and partly as a result of an accrued interest expense relating to the convertible bond loan that was issued in second quarter of 2009.

As of September 30, 2009, total assets amounted to USD 2,293.6 million (USD 1,955.1 million), of which USD 1,770.0 million (USD 1,538.9 million) was capitalized as ‘Sevan Capital Assets’. Cash and cash equivalents amounted to USD 282.9 million (USD 160.3 million).

As of September 30, 2009, the Group had an undrawn bank facility of USD 44 million and unused long term vendor credit facilities relating to drilling of approximately USD 160 million.

Business segments

The Group is organized in four business segments: Floating Production, Topside and Process Technology, Drilling and Corporate.

The activities within the **Floating Production** area relate to the design, engineering, construction, and operation of the Sevan platforms. This includes the Post Feed Engineering Agreement and License Agreement related to the *Sevan 1000 Goliat FPSO* as well as *FPSO Sevan Piranema* which has been operating for Petrobras since October 2007; *FPSO Sevan Hummingbird* which has been operating for Venture Production Plc since September 2008; *FPSO Sevan Voyageur* which commenced production in August 2009 and is operating under a production sharing contract with Premier Oil and Gas Services Ltd, and *FPSOs Sevan 300 no. 4 and 5* which are marketed to clients.

The Topside and Process Technology segment consists of the activities of Kanfa

[1] Figures in brackets refer to the corresponding period previous year

AS, Kanfa-Tec AS, Kanfa Aragon AS and Mator AS.

The primary business activities of the Kanfa group relate to the provision of services and equipment to the processing plants of the Sevan platforms. In addition, the Kanfa group also serves external clients.

The activities within **Drilling** mainly relate to the design, engineering and construction of the Sevan drilling units. This includes *Sevan Driller* and Sevan's second drilling unit, both of which have been contracted to Petrobras on 6-year contracts, and the third drilling unit which has been contracted to India's ONGC on a 3-year contract.

The activities within **Corporate** relate to general administration and marketing activities, including studies made for clients.

Business activities

Operations *FPSO Sevan Piranema* continues to operate at high performance levels. Average production uptime for the quarter was 99.9% and average revenue utilization was 97.9%. The interconnection of the third producing well and the second and third gas injector wells was successfully completed in September.

FPSO Sevan Hummingbird accomplished an average revenue utilization for the quarter of 104.2% including bonus. Average production uptime for the quarter was 96.8%.

FPSO Sevan Voyageur had a production uptime for its first two months of operation of 89.5%.

The activity level related to project management and engineering on the *Sevan 1000 Goliat FPSO* has continued throughout the third quarter. Revenues and EBITDA relating to the Post Feed for the quarter amounted to MUSD 5.5 million and MUSD 3.4 million respectively.

Contract awards – studies In August, *Chevron North Sea* awarded Sevan a contract to conduct a study for the potential application of a Sevan floating platform for the Rosebank project, now under consideration by operator Chevron.

The study will be performed during last half of 2009 and will be focused on demonstrating the feasibility of the Sevan floating platform for the challenging conditions at the field located west of Shetland. Study scope will cover hull sizing and configuration, topside engineering, mooring, motion and stability analysis, marine operations, risk identification as well as cost and schedule estimation.

Later in August, *Statoil* awarded Sevan a contract to conduct a study for the potential application of a Sevan floating platform for an undisclosed field development. The study will be performed during last half of 2009 and will be focused on demonstrating the feasibility of the Sevan cylindrical FPSO being bridge-linked to a wellhead platform.

In October, *Statoil* awarded Sevan a contract to conduct a second study which is focused on scale model testing aimed at verifying the feasibility of the Sevan cylindrical FPSO using steel catenary risers (SCRs) for a harsh deepwater application. Sevan has earlier this year carried out a study for Statoil containing analysis work on the same topic. The study will be performed during fourth quarter of 2009/first quarter of 2010.

In October, *BG Norge* awarded Sevan a study focused on demonstrating the feasibility of the Sevan cylindrical FPSO as part of the concept selection work being done to evaluate one of their discoveries. The study will be performed during last quarter 2009.

Construction projects The hulls for *FPSO Sevan 300 no. 4 and 5* are under construction at the Jiangsu Hantong Shipyard in China. The units are currently marketed to clients. So far, the Group has only entered into commitments in relation to the construction of the hulls for the two units. Negotiations with the shipyard regarding construction scope and progress continue.

The *Sevan Driller* is in the final stages of completion of the thruster installation off the coast of China. Following completion of the sea trials, the rig will depart for Brazil for start-up of the contract with Petrobras in first quarter of 2010.

Negotiations with ONGC relating to the 3-year drilling contract continue.

Financing activities Sevan Marine ASA has signed a mandate with ING Bank N.V. as Mandated Lead Arranger for the financing of Sevan's second drilling unit. The rig will be built at the Cosco Shipyard in China and is scheduled to be delivered in 2012. The loan facility of USD 525 million will be underwritten by a group of lenders consisting of international banks and Chinese and Norwegian Export Credit Agencies. Final loan documentation is expected to be executed in first quarter of 2010.

Split of Company The Company is still evaluation its options regarding the separate listing of Sevan Drilling.

Outlook

Sevan's main focus is to optimize the current contract portfolio and financing structure, reduce operating cost and maintain a high uptime on operating units. A special focus is given to the executing of the *Sevan Driller* new-building contract.

Sevan has one of the most modern FPSO fleets in the world and the Board sees good opportunities for cost efficient solutions also in the future. For new projects, the Company is working to secure contracts for the *Sevan 300 no. 4 and 5* hulls as well as pursuing opportunities for additional license model contracts. Activity in the market place continues to pick up and Sevan is well positioned to benefit from this development.

Arendal, November 3, 2009

The Board of Directors
Sevan Marine ASA

Interim financial statements

Condensed consolidated income statement					
Unaudited figures in USD million	**Q3 09**	**Q3 08**	**30/09/09**	**30/09/08**	**2008**
Operating revenues *	45.2	24.3	141.0	69.4	120.5
Operating expenses *	-47.2	-37.5	-140.8	-104.0	-223.7
EBITDAFX	**-2.0**	**-13.2**	**0.2**	**-34.6**	**-103.2**
Foreign exchange gain/(loss) related to operation	-2.7	2.6	-8.4	-2.3	4.7
EBITDA	**-4.8**	**-10.6**	**-8.3**	**-36.9**	**-98.5**
Depreciation, amortization and impairment	-14.6	-5.1	-43.7	-14.9	-31.6
Operating profit/(loss)	**-19.4**	**-15.7**	**-51.9**	**-51.8**	**-130.1**
Income from associated companies	0.2	0.1	0.3	1.0	0.8
Financial income/(expense)	-15.5	-7.7	-44.7	-17.7	-38.8
Foreign exchange gain/(loss) related to financing	-12.6	35.6	-37.4	19.2	54.9
Net financial items	**-27.9**	**28.0**	**-81.8**	**2.6**	**17.0**
Profit/(loss) before tax	**-47.3**	**12.3**	**-133.7**	**-49.2**	**-113.1**
Income tax expense **	19.5	-3.3	31.2	16.7	5.2
Net profit/(loss)	**-27.9**	**9.0**	**-102.6**	**-32.5**	**-107.9**

* *A total of USD 6.8 million in reimbursables (sale at no margin) reported as a net effect in the interim report for the period ending September 30, 2008 (third quarter 2008; USD 2.5 million) has been reclassified to a gross effect in this report. This does not have any net effect on EBITDA or any other summary line in this report.*

** *The income tax expense for the interim reporting periods is based on a 'best estimate' and may differ from actual tax computation.*

Statement of Comprehensive Income					
Unaudited figures in USD million	**Q3 09**	**Q3 08**	**30/09/09**	**30/09/08**	**2008**
Net profit/(loss)	**-27.9**	**9.0**	**-102.6**	**-32.5**	**-107.9**
Foreign currency translation	2.3	-5.1	3.6	-3.8	-4.3
Total comprehensive income	**-25.6**	**3.9**	**-99.0**	**-36.3**	**-112.2**

Condensed consolidated balance sheet			
Unaudited figures in USD million	**30/09/09**	**30/09/08**	**31/12/08**
Sevan Capital Assets	1,770.0	1,538.9	1,693.0
Other fixed assets	48.5	43.2	38.7
Intangible assets	15.2	16.2	16.6
Investments in associates	2.2	1.7	1.3
Deferred income tax assets	99.2	75.8	65.4
Other non-current assets	15.6	71.2	13.2
Total non-current assets	**1,950.7**	**1,747.0**	**1,828.2**
Inventories	14.9	10.1	12.1
Trade and other receivables	45.1	37.7	36.2
Cash and cash equivalents *	282.9	160.3	50.3
Total current assets	**342.9**	**208.1**	**98.5**
Total assets	**2,293.6**	**1,955.1**	**1,926.7**
Share capital	16.6	6.2	6.2
Other equity	999.8	758.9	694.3
Total shareholders' equity	**1,016.4**	**765.0**	**700.5**
Minority Interest	38.5	49.4	38.6
Total equity	**1,054.9**	**814.4**	**739.1**
Borrowings; long term portion *	1,036.2	960.5	950.7
Retirement benefit obligations	0.4	0.3	0.6
Other long-term liabilities/provisions	2.3	8.3	15.7
Total long-term debt	**1,038.8**	**969.1**	**967.0**
Borrowings, short term portion *	70.7	5.0	14.0
Other current liabilities	129.2	166.6	206.6
Total current liabilities	**199.9**	**171.6**	**220.6**
Total liabilities	**1,238.7**	**1,140.7**	**1,187.6**
Total equity and liabilities	**2,293.6**	**1,955.1**	**1,926.7**

* *USD 44 million in undrawn bank facilities and approx. USD 160 million in unused long term vendor credit facilities relating to drilling are not reflected on the balance sheet as per September 30, 2009*.

Condensed consolidated cash flow statement			
Unaudited figures in USD million	**30.09.09**	**30.09.08 ***	**31.12.08 ***
Cash flows from operations	-44.8	-97.8	-156.8
Cash flows from investments	-221.4	-432.0	-538.1
Cash flows from financing	498.9	467.3	522.4
Net cash flow	**232.6**	**-62.5**	**-172.5**
Cash balance at beginning of period	50.3	222.8	222.8
Cash balance at end of period	**282.9**	**160.3**	**50.3**

* *This report includes a reclassification of sources and uses of cash compared to the interim reports for the respective periods as follows:*

A change in 'account payables' relating to construction projects of USD 109.6 million for the full year 2008 and USD 50.8 million for the period ending September 30, 2008, was reclassified from a reduction in 'cash flows from investments' to a reduction in 'cash flows from operations'.

A change in' borrowings' relating to unrealized foreign exchange gains and amortization of fees of USD 77.3 for the full year 2008 and USD 21.5 million for the period ending September 30, 2008, was reclassified from a reduction in 'cash flows from financing' to a reduction in 'cash flows from operations'.

Condensed consolidated statement of changes in equity

	Share capital	Share premium	Other reserves	Other unrestricted equity	Minority interest	Total equity
Equity as of December 31, 2008	**6.2**	**562.4**	**-1.5**	**133.4**	**38.6**	**739.1**
Proceeds from shares issued	10.4	407.4				417.9
Share issue costs		-19.6				-19.6
Tax effect of share issue costs		5.5				5.5
Value of options				1.0		1.0
Convertible bond				10.1		10.1
Total comprehensive income for the period			3.6	-102.5	-0.1	-99.0
Equity as of September 30, 2009	**16.6**	**955.7**	**2.1**	**42.0**	**38.5**	**1,054.9**

	Share capital	Share premium	Other reserves	Other unrestricted equity	Minority interest	Total equity
Equity as of December 31, 2007	**5.5**	**332.0**	**2.8**	**225.0**	**6.5**	**571.7**
Proceeds from shares issued	0.7	236.8			45.6	283.0
Share issue costs		-8.7				-8.7
Tax effect of share issue costs		2.4				2.4
Value of options				2.5		2.5
Total comprehensive income for the period			-3.8	-30.0	-2.5	-36.3
Equity as of September 30, 2008	**6.2**	**562.4**	**-1.0**	**197.4**	**49.4**	**814.4**

Key figures

Unaudited figures	Note	Q3 09	Q3 08	30.09.09	30.09.08	2008
Earnings per share (USD)	1	-0.06	0.05	-0.32	-0.18	-0.50
Earnings per share fully diluted (USD)	2	-0.06	0.05	-0.32	-0.17	-0.50
Equity ratio	3	44%	39%	44%	39%	38%
No. of outstanding shares (million)		526.1	196.1	526.1	196.1	196.1
No. of shares fully diluted (million)		526.1	196.4	526.1	196.4	196.1
Average no. of outstanding shares (million)		472.4	196.0	321.1	184.5	187.4
Average no. of shares fully diluted (million)		472.4	199.6	321.1	190.5	191.9
Share price (NOK)		8.96	23.50	8.96	23.50	7.40
Market capitalization (NOK, million)	4	4,714	4,609	4,714	4,609	1,451
Number of employees		421	292	421	292	343

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

Note 1 – General accounting principles

Sevan Marine ASA (the 'Company') and its subsidiaries (together with the Company; the 'Group') are engaged in development, construction, ownership, and chartering of floating production units and drilling units, which is based on the proprietary technology of the Company. The Group is also developing other application types for its cylindrical Sevan hull, including floating LNG production and power plants with CO_2 capture.

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 2008.

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, 2008, with the exception of the following standards:

<u>IFRS 8, "Operating segments":</u>
IFRS 8 replaces IAS 14 "Segment reporting", and requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. This change in accounting standard has not resulted in a change in the number of reportable segments presented in the interim reports or annual financial accounts. Consequently, there was no need for any restatement of comparative figures for 2008.

<u>IAS 32, "Financial Instruments: Presentation" - Convertible bond:</u>
Convertible bonds are classified separately as financial liabilities and equity for the different components of the loan. The embedded right to convert the loan to shares was measured at fair value at the time when the loan was committed. Reference is made to note 6 in this report for further information regarding the convertible bond.

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 the changes to the balance sheet values of these assets for the full year of 2008 and as per September 30, 2009.

Property, plant and equipment			
Unaudited figures in USD million	**Construction in Progress (CIP)**	**FPSO**	**Sevan Capital Assets**
Year ended December 31, 2008:			
Book value January 1,	**803.2**	**276.0**	**1,079.2**
Assets reclassified from "CIP" to "FPSO"	-752.6	752.6	0.0
Additions	607.7	28.5	636.2
Depreciation charge	0.0	-22.4	-22.4
Book value December 31,	**658.3**	**1,034.7**	**1,693.0**
At December 31, 2008:			
Cost	658.3	1,067.8	1,726.1
Accumulated depreciation	0.0	-33.1	-33.1
Book value December 31,	**658.3**	**1,034.7**	**1,693.0**
	Construction in Progress (CIP)	**FPSO**	**Sevan Capital Assets**
Quarter ended September 30, 2009:			
Book value January 1,	**658.3**	**1,034.7**	**1,693.0**
Assets reclassified from "CIP" to "FPSO"	0.0	0.0	0.0
Additions	95.0	20.1	115.1
Depreciation charge	0.0	-38.1	-38.1
Book value September 30,	**753.3**	**1,016.7**	**1,770.0**
At September 30, 2009:			
Cost	753.3	1,087.9	1,841.2
Accumulated depreciation	0.0	-71.2	-71.2
Book value September 30,	**753.3**	**1,016.7**	**1,770.0**

Note 3 – Related party transactions

The Group does not have any transactions and balances relating to related party transactions regarded as material for the interim condensed consolidated financial statements for the reporting period. Further reference to related party transactions is made in note 28 in the Annual Report 2008.

Note 4 – Segment information

SEGMENTS												
Quarterly data	Floating Production*		Topside and Process Technology		Corporate cost*		Drilling		Eliminations		Total	
	Q3 09	Q3 08	Q3 09	Q3 08	Q3 09	Q3 08	Q3 09	Q3 08	Q3 09	Q3 08	Q3 09	Q3 08
External revenues	43.1	9.4	2.0	9.9	0.1	5.0	0.0	0.0	0.0	0.0	45.2	24.3
Internal revenues	0.3	0.2	0.2	1.1	5.7	8.2	0.0	0.0	-6.3	-9.5	0.0	0.0
Total revenue	43.4	9.6	2.3	11.0	5.8	13.2	0.0	0.0	-6.3	-9.5	45.2	24.3
Operating expenses	-34.8	-15.0	-2.3	-10.6	-7.9	-16.1	-8.3	-4.0	6.1	8.2	-47.2	-37.5
EBITDAFX	8.6	-5.4	-0.1	0.4	-2.1	-2.9	-8.3	-4.0	-0.2	-1.3	-2.0	-13.2
Foreign exch. gain/(loss), operation	0.5	0.0	0.0	0.1	-1.7	1.0	-1.5	1.5	0.0	0.0	-2.7	2.6
EBITDA	9.1	-5.4	0.0	0.5	-3.8	-1.9	-9.8	-2.5	-0.2	-1.3	-4.8	-10.6
Depreciation, amortization and impairment	-13.3	-4.3	0.0	0.0	-0.8	-0.7	0.0	-0.1	-0.5	0.0	-14.6	-5.1
Operating profit/(loss)	-4.2	-9.7	-0.1	0.5	-4.6	-2.6	-9.8	-2.6	-0.7	-1.3	-19.4	-15.7
Income from associates											0.2	0.1
Financial income/(expense)											-15.5	-7.7
Foreign exch. gain/(loss), financing											-12.6	35.6
Net financial items											-27.9	28.0
Profit/(loss) before tax											-47.3	12.3
Income tax expense											19.5	-3.3
Net profit/(loss)											-27.9	9.0
Segment assets	1,359.0	1,250.8	28.5	44.5	1,958.7	1,516.5	727.9	526.2	-1,782.7	-1,384.6	2,291.4	1,953.4
Inv.m. in assoc. (equity method)	0.0	0.0	2.2	1.7	0.0	0.0	0.0	0.0	0.0	0.0	2.2	1.7
Total assets**	1,359.0	1,250.8	30.7	46.2	1,958.7	1,516.5	727.9	526.2	-1,782.7	-1,384.6	2,293.6	1,955.1
Segment liabilities	885.0	723.7	5.7	18.0	655.6	605.6	587.9	420.4	-895.5	-627.0	1,238.7	1,140.7
Total liabilities**	885.0	723.7	5.7	18.0	655.6	605.6	587.9	420.4	-895.5	-627.0	1,238.7	1,140.7
Capital expenditure	8.4	73.9	0.0	0.0	0.6	0.5	44.0	105.1	3.8	5.1	56.8	184.6
Non-cash exp. other than depr.	0.0	0.1	0.0	0.0	0.5	0.5	0.0	0.0	0.0	0.0	0.5	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 cost*		Drilling		Eliminations		Total	
	30/09/09	30/09/08	30/09/09	30/09/08	30/09/09	30/09/08	30/09/09	30/09/08	30/09/09	30/09/08	30/09/09	30/09/08
External revenues	127.1	28.5	12.8	29.5	0.5	11.4	0.6	0.0	0.0	0.0	141.0	69.4
Internal revenues	0.9	0.3	1.1	13.4	16.3	24.1	0.0	0.0	-18.3	-37.8	0.0	0.0
Total revenue	128.1	28.8	13.8	42.9	16.7	35.5	0.6	0.0	-18.3	-37.8	141.0	69.4
Operating expenses	-98.4	-48.0	-13.5	-32.7	-25.7	-46.7	-20.9	-10.9	17.7	34.3	-140.8	-104.0
EBITDAFX	29.6	-19.2	0.3	10.2	-9.0	-11.2	-20.2	-10.9	-0.5	-3.5	0.2	-34.6
Foreign exch. gain/(loss), operation	-2.6	-3.0	0.0	0.5	-3.7	-0.6	-2.2	0.8	0.0	0.0	-8.4	-2.3
EBITDA	27.0	-22.2	0.3	10.7	-12.7	-11.8	-22.4	-10.1	-0.5	-3.5	-8.3	-36.9
Depreciation, amortization and impairment	-39.2	-12.4	-0.2	-0.2	-2.3	-1.9	-0.5	-0.4	-1.5	0.0	-43.7	-14.9
Operating profit/(loss)	-12.2	-34.6	0.2	10.5	-15.0	-13.7	-22.9	-10.5	-2.0	-3.5	-51.9	-51.8
Income from associates											0.3	1.0
Financial income/(expense)											-44.7	-17.7
Foreign exch. gain/(loss), financing											-37.4	19.2
Net financial items											-81.8	2.6
Profit/(loss) before tax											-133.7	-49.2
Income tax expense											31.2	16.7
Net profit/(loss)											-102.6	-32.5
Segment assets	1,359.0	1,250.8	28.5	44.5	1,958.7	1,516.5	727.9	526.2	-1,782.7	-1,384.6	2,291.4	1,953.4
Inv.m. in assoc. (equity method)	0.0	0.0	2.2	1.7	0.0	0.0	0.0	0.0	0.0	0.0	2.2	1.7
Total assets**	1,359.0	1,250.8	30.7	46.2	1,958.7	1,516.5	727.9	526.2	-1,782.7	-1,384.6	2,293.6	1,955.1
Segment liabilities	885.0	723.7	5.7	18.0	655.6	605.6	587.9	420.4	-895.5	-627.0	1,238.7	1,140.7
Total liabilities**	885.0	723.7	5.7	18.0	655.6	605.6	587.9	420.4	-895.5	-627.0	1,238.7	1,140.7
Capital expenditure	29.9	211.6	0.0	1.6	1.1	3.2	85.0	221.2	13.2	45.2	129.2	482.8
Non-cash exp. other than depr.	0.0	0.2	0.0	0.0	1.2	2.2	0.0	0.0	0.0	0.0	1.2	2.4

* 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 shareholders as per October 29, 2009		
Shareholder	**No. of shares**	**% share**
JPMORGAN CHASE BANK	18,823,795	3.58%
BANK OF NEW YORK MEL	18,660,281	3.55%
JPMORGAN CHASE BANK	16,461,544	3.13%
MORGAN STANLEY & CO	15,897,149	3.02%
STATE STREET BANK AN	12,634,040	2.40%
JPMORGAN CHASE BANK	10,291,000	1.96%
GOLDMAN SACHS & CO -	10,058,067	1.91%
FIDELITY FUNDS-EUROP	9,989,287	1.90%
GOLDMAN SACHS INT. -	9,142,932	1.74%
STATE STREET BANK AN	8,847,997	1.68%
Total, 10 largest shareholders	**130,806,092**	**24.86%**
No. of issued shares	**526,069,982**	**100%**
Foreign ownership		**67.21%**

Note 6 – Convertible bond

During second quarter of 2009, the Company issued a convertible bond loan of USD 48 million. The loan carry interest at 15.0 per cent and payments may, at the Company's election be paid by way of issuing additional bonds or in cash. Interest is payable each April 22 and October 22.

The maturity date of the convertible bond is April 22, 2013. The bondholders may exercise a put option in April 2011 for a repayment at par plus accrued interest. The conversion price is the NOK equivalent of USD 0.97 at the day of the exercise of the conversion right.

The convertible bond was accounted for in two separate components; (i) the value of the conversion right was recognized as equity; and (ii) the remaining value was recognized as a liability. In measuring the fair value of the equity components, the estimated cash flows from the convertible bond was compared to the estimated cash flows from a similar debt instrument without such conversion right. The assumed market rate for the comparable debt instrument was based on third party valuations.