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INTERIM FINANCIAL REPORT FIRST QUARTER 2014

FOR

SEVAN MARINE ASA

(‘SEVAN MARINE’ OR THE ‘COMPANY’, AND TOGETHER WITH ITS SUBSIDIARIES THE ‘GROUP’)

INTRODUCTION

Sevan Marine is a technology, project development and engineering company. The Company has developed a cylinder shaped floater, suitable for the offshore environment. Sevan is delivering products and solutions to the E&P industry, utilizing its core competencies within the areas of design, engineering and project execution. The basis for the products and solutions provided is the Sevan technology.

The Group is debt free and focus is on securing new projects under a technology license model within the FPSO/FSO/FLNG market, as well as within other offshore markets. Sevan’s strategic relationship with Teekay gives scale and business opportunities within existing markets and strengthens the Sevan technology towards new areas and applications. The Sevan concept achieved an important milestone for a new application when Logitel Offshore signed a contract with Petrobras for a Floating Accommodation Unit (FAU) in Brazil. In the first quarter of 2014 the company has worked on the completion of ongoing projects. At the same time, several new leads have been developed on the FPSO/FSO/FLNG side, and are expected to materialize in new concept and FEED studies within the next year.

Sevan Marine’s business segment Topside and Process Technology, which is operated through the KANFA companies, has developed its business and realized a strong growth during the past few years. Today KANFA’s activity contributes with a substantial portion of the Group’s total revenue. With the purpose of facilitating further expansion of this business, Sevan Marine in April announced the sale of 49% of KANFA AS to Technip Norge AS. KANFA Aragon, specializing in gas treatment and FLNG, was not a part of the transaction with Technip.

MAIN FIGURES, FIRST QUARTER 2014

(Previous quarter figures in brackets)

Operating revenue for the first quarter 2014 was USD 24.6 million (USD 31.2 million). EBITDA was positive with USD 1.6 million (USD 1.1 million), and operating profit was USD 1.5 million (USD 0.9 million). Net profit was USD 2.3 million (USD 1.5 million).

Operating revenue was USD 6.6 million lower than the previous quarter mainly due to a settlement in Q4 2013 relating to the FLEX LNG project in the Topside and Process Technology (T&P) segment.

Operating expense was reduced by USD 7.1 million compared to the previous quarter. The main contributor for the decrease was the restructuring costs (settlement) of USD 2.9 million in Q4 2013, by which Sevan was cleared of potential future office lease obligations. The remaining decrease in operating expense relates to the reduction in revenue described above.

Net financial income was USD 1.2 million lower than the previous quarter mainly due to a provision reversal of USD 1.0 million in Q4 2013 related to the FPSO Piranema Spirit.

Foreign exchange gain relating to financing was USD 0.3 million (USD 0.1 million). The gain relates to NOK-nominated cash.

As of Q1 2014, cash and cash equivalents amounted to USD 36.7 million (USD 41.2 million), and the equity ratio was 76.2% (74.6 %).

BUSINESS SEGMENTS

The Group’s segment reporting is divided into: (i) Floating Production and (ii) Topside and Process Technology.

Floating Production

The activity in the floating production segment relates to the Goliat project, the Western Isles project and several studies. The revenue in Q1 2014 amounted to USD 15.1 million (USD 15.1 million), and EBITDA was positive with USD 1.9 million (negative USD 1.9 million).

Topside and Process Technology (T&P)

This business segment consists of the activities of the KANFA companies. Revenue for T&P in Q1 was USD 10.5 million (USD 16.4 million) and EBITDA was negative with USD 0.2 million (positive USD 3.0 million).

OUTLOOK

The Board is of the opinion that there is a general positive outlook for both the Floating Production and the Topside and Process Technology segments. However, it is expected that tighter monitoring of capital expenditure in oil companies may lead to longer tendering processes; and potentially postponements of certain projects in the short and medium term. The increased focus on cost effective solutions should be an advantage for the Company.

The strategic relationship with Teekay develops well and is expected to be of great importance also in 2014, materialising in new prospects and opportunities. The cooperation, which is based on non-exclusivity, targets two main areas: joint sales and marketing efforts for FPSO and FSO lease contracts based on the Sevan design; and coordination of resources for execution of FEED studies and projects. The experience with this cooperation is positive and demonstrates that the synergies between the two companies add significant value. An important objective going forward will be to further strengthen, as well as take advantage of, the opportunities generated by our combined forces.

This month Sevan entered into a three-party agreement with Teekay and CeFront, whereby Teekay will acquire Logitel Offshore. Further to this, Teekay has announced its intention to develop several FAUs

based on the Sevan design. This represents a new business stream for Sevan and will provide license and service income. In addition, the contemplated transaction will significantly reduce Sevan's current risk exposure related to the two ongoing conversion projects.

In line with the communicated strategy, Sevan's efforts to find a strategic partner for KANFA were successfully concluded with the agreement entered into last month, pursuant to which Technip Norge AS acquired a 49% stake in KANFA AS. The strategic relationship and cooperation with Technip for the process topside segment is expected to open up a larger market for KANFA, both in terms of project size as well as geographic reach.

Sevan Marine's financial, risk and cash positions have been improved over the past years and the Board of Directors will in 2013 for the first time propose a cash dividend of NOK 1.20 per share to the Annual General Meeting. This will amount to a dividend pay-out of approximately USD 10.4 million, giving a yield of 5% based on year end share price. The Board's recommendation is based on increased confidence in the business environment, a thorough evaluation of risks for the company, as well as cash proceeds secured in connection with the partial sale of shares in KANFA AS.

INTERIM FINANCIAL STATEMENTS

FIRST QUARTER OF 2014

CONDENSED CONSOLIDATED INCOME STATEMENT

Unaudited figures in USD million	Note	Q1 14	Q4 13	Q1 13	2013
Operating revenue		24.6	31.2	19.5	102.6
Operating expense		-22.9	-29.9	-19.2	-94.7
EBITDAFX		1.8	1.3	0.3	7.9
Foreign exchange gain/(loss) relating to operation		-0.2	-0.2	-0.1	-0.2
EBITDA		1.6	1.1	0.3	7.7
Depreciation, amortization and impairment		-0.1	-0.1	-0.2	-0.6
Operating profit/(loss)		1.5	0.9	0.1	7.1
Financial income/(expense)		0.5	1.7	1.1	27.4
Foreign exchange gain/(loss) relating to financing		0.3	0.1	-0.7	-1.5
Net financial items		0.9	1.8	0.4	25.9
Profit/(loss) before tax		2.3	2.7	0.5	33.0
Tax income/(expense)		0.0	-1.2	-0.1	-1.3
Net profit/(loss) continued operations		2.3	1.5	0.4	31.7
Net profit/(loss) discontinued operations		0.0	0.0	-2.0	0.9

STATEMENT OF COMPREHENSIVE INCOME

Unaudited figures in USD million	Q1 14	Q4 13	Q1 13	2013
Net profit/(loss)	2.3	1.5	-1.6	32.6
Pension	0.0	0.9	0.0	0.9
Foreign currency translation	0.1	-0.4	-0.3	-0.8
Total comprehensive income	2.4	2.0	-1.9	32.7

CONDENSED CONSOLIDATED BALANCE SHEET

Unaudited figures in USD million	Note	31.03.14	31.03.13	31.12.13
Sevan Capital Assets		0.0	41.0	0.0
Other fixed assets		0.7	1.0	0.7
Intangible assets		12.6	12.7	12.6
Investments in associates		0.4	0.0	0.4
Deferred income tax assets		8.1	8.2	8.1
Loan	5	60.0	0.0	60.0
Other non-current assets		4.4	0.7	2.9
Total non-current assets		86.2	63.6	84.8
Trade and other receivables	2	41.8	33.9	38.9
Cash and cash equivalents		36.7	60.5	41.2
Total current assets		78.5	94.4	80.1
Assets of disposal Group		0.0	507.0	0.0
Total assets		164.7	664.9	164.9
Share capital		34.6	34.6	34.6
Other equity		90.9	55.5	88.4
Total shareholders' equity		125.5	90.1	123.0
Non-controlling interest		3.2	2.3	3.2
Total equity		128.7	92.4	126.3
Retirement benefit obligations		0.8	1.4	0.9
Other non-current liabilities/provisions		2.7	0.3	3.0
Total non-current liabilities		3.4	1.6	3.9
Current liabilities	2	32.6	39.9	34.8
Total current liabilities		32.6	39.9	34.8
Total liabilities		36.0	41.5	38.6
Liabilities of disposal Group		0.0	531.0	0.0
Total equity and liabilities		164.7	664.9	164.9

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Unaudited figures in USD million	Q1 14	Q4 13	Q1 13	2013
Cash flows from operation activities				
Cash from operations	-4.3	1.4	-0.5	0.0
Taxes paid	-0.1	-0.4	-0.2	-0.6
Net cash generated from continued operating activities	-4.4	1.0	-0.7	-0.6
Net cash generated from discontinued operating activities	0.0	0.0	-2.4	-3.7
Net cash generated from operating activities	-4.4	1.0	-3.1	-4.3
Cash flows from investment activities				
Purchase of property, plant and equipment (PPE)	-0.1	0.0	0.0	-0.3
Convertible loan	0.0	0.0	0.0	-19.0
Net cash flow from continued investment activities	-0.1	0.0	0.0	-19.3
Net cash flow from discontinued investment activities	0.0	0.0	-4.4	-5.6
Net cash flow from investment activities	-0.1	0.0	-4.4	-24.9
Cash flows from financing activities				
Repayment of interest bearing debt	0.0	0.0	0.0	0.0
Net cash flow from continued financing activities	0.0	0.0	0.0	0.0
Net cash flow from discontinued financing activities	0.0	0.0	0.0	-0.5
Net cash flow from financing activities	0.0	0.0	0.0	-0.5
Net cash flow for the period - continued activities	-4.5	1.0	-0.7	-19.9
Net cash flow for the period - discontinued activities	0.0	0.0	-6.8	-9.8
Cash balance at beginning of period	41.2	40.2	70.9	70.9
Cash balance at end of period	36.7	41.2	63.4	41.2
Cash balance at end of period continued operation	36.7	41.2	60.5	41.2

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited figures in USD million	Share Capital	Share Premium	Retained Earnings	Non-controlling Interest	Total Equity
Equity as of December 31, 2013	34.6	21.0	67.4	3.2	126.3
Total comprehensive income for the period			2.4	0.0	2.4
Equity as of March 31, 2014	34.6	21.0	69.8	3.2	128.7
Equity as of December 31, 2012	34.6	21.0	36.6	2.0	94.3
Total comprehensive income for the period			-2.2	0.3	-1.9
Equity as of March 31, 2013	34.6	21.0	34.4	2.3	92.4

KEY FIGURES

Unaudited figures in USD million	Note	Q1 14	Q4 13	Q1 13	2013
Basic earnings per share (USD)					
From continued operations	a	0.04	0.03	0.01	0.60
From discontinued operations		0.00	0.00	-0.04	0.02
Diluted earnings per share (USD)					
From continued operations	b	0.04	0.03	0.01	0.60
From discontinued operations		0.00	0.00	-0.04	0.02
Equity ratio	c	76.2 %	74.6 %	13.6 %	74.6 %
No. of outstanding shares (million)		52.6	52.6	52.6	52.6
No. of shares fully diluted (million)		52.6	52.6	52.6	52.6
Average no. of outstanding shares (million)		52.6	52.6	52.6	52.6
Average no. of shares fully diluted (million)		52.6	52.6	52.6	52.6
Share price (NOK)		23.7	25.0	18.5	25.0
Market capitalization (NOK, million)	d	1,247	1,315	973	1,315
Number of employees		170	171	181	171

Notes

- a) Net profit / average no. of outstanding shares
- b) Net profit / average no. of shares fully diluted
- c) (Total shareholders' equity / total assets) x 100
- d) Latest quoted share price of the reporting period x no. of outstanding shares

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL ACCOUNTING PRINCIPLES

Sevan Marine ASA is a technology, project development and engineering company.

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) as adopted by EU 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 2013.

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, 2013.

NOTE 2 RELATED PARTY TRANSACTIONS

The Group has the following transactions and balances relating to related party transactions:

Unaudited figures in USD million	Q1 14	Q4 13	Q1 13	2013
Sale to related party				
Sale to Teekay	3.6	1.8	7.2	16.1
Purchase from related party				
Purchase from Arendal Brygge	0.2	0.0	0.0	0.0
Purchase from Teekay	0.0	0.0	0.0	0.3
Receivable from related party				
Receivable from Teekay	3.7	2.8	6.0	2.9
Payable to related party				
Payable to Arendal Brygge	0.2	0.1	0.0	0.1

Sale to Teekay mainly relates to sale of services/man-hours.

NOTE 3 SEGMENT INFORMATION

Starting from Q1 2013, the Group's reporting segments consist of two segments; (i) Floating Production and (ii) Topside and Process Technology.

Quarterly data	Segments							
	Floating Production		Topside and Process Technology		Eliminations		Total	
	Q1 14	Q1 13	Q1 14	Q1 13	Q1 14	Q1 13	Q1 14	Q1 13
External revenue	14.9	15.8	9.7	3.7	0.0	0.0	24.6	19.5
Internal revenue	0.1	0.5	0.8	0.3	-0.9	-0.8	0.0	0.0
Total revenue	15.1	16.3	10.5	4.0	-0.9	-0.8	24.7	19.5
Operating expense	-13.0	-14.9	-10.7	-4.7	0.9	0.4	-22.9	-19.2
EBITDAFX	2.0	1.4	-0.2	-0.7	0.0	-0.4	1.8	0.3
Foreign exch. gain/(loss), operation	-0.2	-0.1	0.0	0.0	0.0	0.0	-0.2	-0.1
EBITDA	1.9	1.3	-0.2	-0.7	0.0	-0.4	1.6	0.3
Depreciation, amortization and impairment	-0.1	-0.2	0.0	0.0	0.0	0.0	-0.1	-0.2
Operating profit/(loss)	1.7	1.1	-0.2	-0.7	0.0	-0.4	1.5	0.1
Financial income/(expense)							0.5	1.1
Foreign exch. gain/(loss), financing							0.3	-0.7
Net financial items							0.9	0.4
Profit/(loss) before tax							2.3	0.5
Tax income/(expense)							0.0	-0.1
Net profit/(loss) continued operation							2.3	0.4
Net profit/(loss) discontinued operation							0.0	-2.0
Segment assets continued operation	129.1	137.9	35.6	20.0	0.0	0.0	164.7	157.9
Segment assets discontinued operation	0.0	507.0	0.0	0.0	0.0	0.0	0.0	507.0
Total assets*	129.1	644.9	35.6	20.0	0.0	0.0	164.7	664.9
Segment liabilities continued operation	18.5	33.7	17.6	8.5	0.0	-0.6	36.0	41.5
Segment liabilities discontinued operation	0.0	531.0	0.0	0.0	0.0	0.0	0.0	531.0
Total liabilities*	18.5	564.7	17.6	8.5	0.0	-0.6	36.0	572.5
Capital expenditure	0.0	4.2	0.0	0.0	0.0	0.0	0.0	4.2
Non-cash exp. other than depr.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

* For assets and liabilities both intra-segment balances and inter-segment balances are eliminated within the segment.

NOTE 4 SHAREHOLDER STRUCTURE

The 20 largest shareholder accounts as at May 5, 2014

Shareholder accounts	No. of shares	%-share
TEEKAY SERVICE HOLDI	21,091,847	40.09
THE BANK OF NEW YORK	2,968,805	5.64
F2 FUNDS AS	2,231,000	4.24
ILIAD INTERNATIONAL *	1,801,784	3.42
VPF NORDEA KAPITAL	1,587,883	3.02
PREDATOR CAPITAL MAN	890,000	1.69
HOME CAPITAL AS	839,370	1.60
MP PENSJON PK	837,584	1.59
ANDENERGY AS	801,326	1.52
VPF NORDEA AVKASTNIN	736,553	1.40
BAKLIEN ÅSMUND	700,000	1.33
SUNDT AS	686,607	1.31
VERDIPAPIRFONDET NOR	576,319	1.10
INVESCO PERP EUR SMA	553,818	1.05
CITIBANK, N.A.	531,955	1.01
THE BANK OF NEW YORK	466,519	0.89
BEKKESTUA EIENDOM AS	450,000	0.86
VERDIPAPIRFONDET DNB	420,000	0.80
JPMORGAN CHASE BANK	400,012	0.76
PARETO BANK ASA	400,000	0.76
Total, 20 largest shareholder accounts	38,971,382	74.08
Total no. of shares	52,606,999	
Foreign ownership	28,509,348	54.19

(*) Controlled by Teekay

NOTE 5 LOAN

In connection with the sale of the Hulls to Logitel Offshore in Q2 2013, Sevan granted the buyer a seller's credit of USD 41 million. In addition, Sevan granted a loan of USD 10 million to Logitel Offshore. In Q3 2013 Sevan granted Logitel Offshore an additional loan of USD 9 million to enable Logitel Offshore to start construction of the second accommodation unit. The total amount of USD 60 million is classified as "Loan" under Total non-current assets.

NOTE 6 EVENTS AFTER BALANCE SHEET DATE

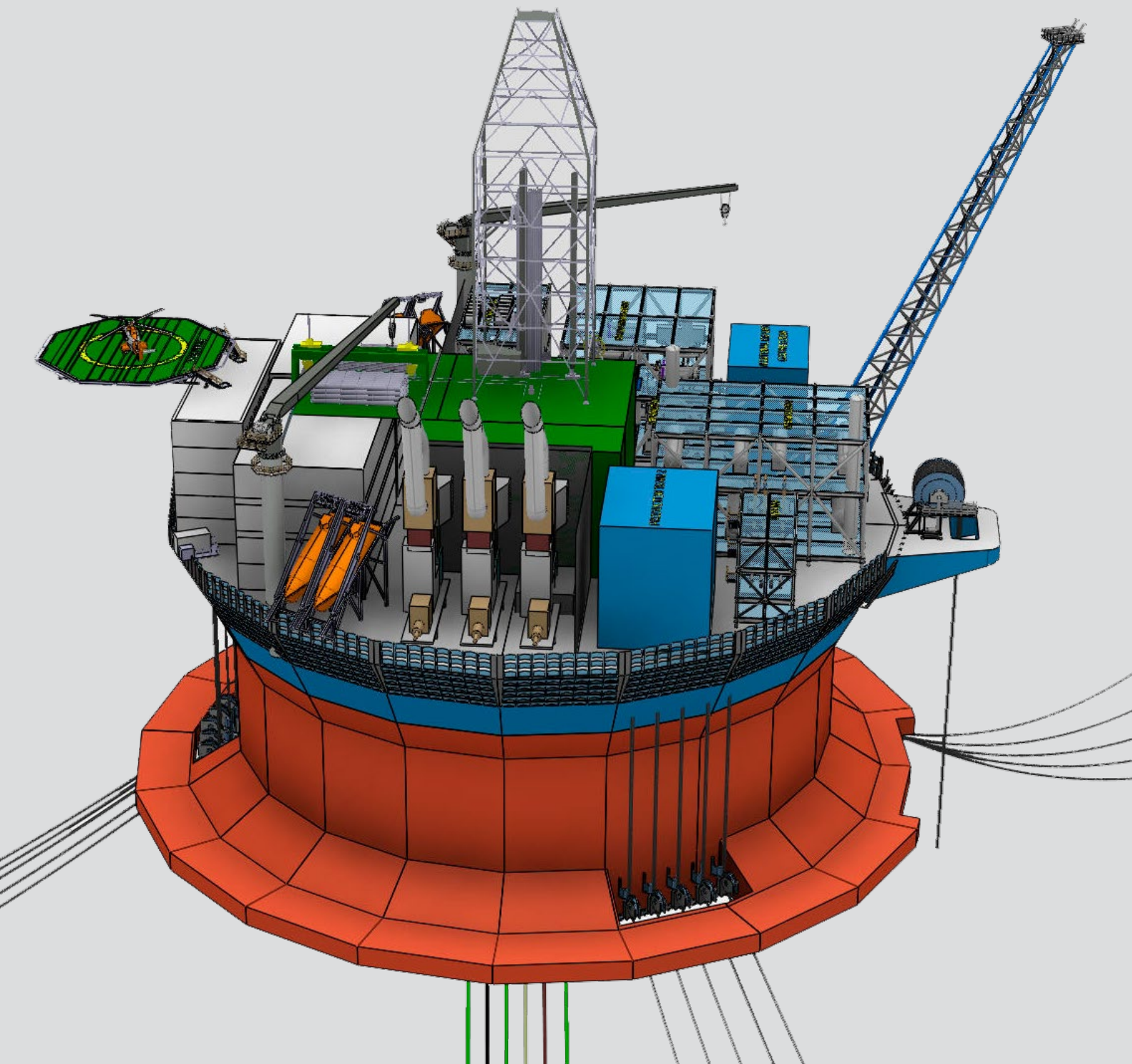
On April 3, 2014 Sevan entered into an agreement with Technip Norge AS, a wholly owned subsidiary of Technip S.A, regarding the sale of 49.0% of the shareholding in KANFA AS. The transaction was completed April 9, 2014, whereby Sevan Marine owns 51.0% of KANFA AS and Technip 49.0%. The sale of 49% of KANFA to Technip will be booked as an equity transaction in the second quarter 2014. KANFA's shareholding in KANFA Aragon (50.0% ownership) has been transferred to Sevan and was not part of the transaction with Technip

On May 15, 2014, Sevan informed that as in its capacity as lender to Logitel Offshore Pte Ltd, a letter of intent (LOI) has been entered into with Teekay Offshore Partners LP and Cefront Technology AS. Under the terms of the LOI, Sevan will be relieved from its exposure as "intervening party" under Logitel's employment contract with Petrobras in respect of the first floating accommodation unit (FAU).

Teekay intends to utilize Sevan's technology to build a position in the floating accommodation market.

The LOI also entails that the repayment profile and maturity for the convertible bond is amended to six instalments of USD 10 million, payable not later than six months after delivery of the relevant FAUs from the Cosco yard. Sevan will also receive license fees and provide services, as further FAUs are built by Teekay.

In May 2014, Sevan received the settlement amount from ONGC of USD 3.2 million.



Sevan Marine ASA - Arendal

Kittelsbuktheien 5
4836 Arendal
NORWAY

Phone: (+47) 37 40 40 00
Fax: (+47) 37 40 40 99

Sevan Marine - Oslo
Drammensveien 134, Bygg 5.
0277 Oslo
NORWAY

Phone: (+47) 91 70 40 00
Fax: (+47) 37 40 40 99

Sevan Marine - Singapore

435 Orchard Road
Level 11, Wisma Atria
SINGAPORE 238877

Phone: (+65) 62 20 13 14
Fax: (+65) 62 20 13 15

KANFA Group

Nye Vakås vei 80
1395 Hvalstad
NORWAY

Phone: (+65) 6838 0575
Fax: (+65) 6836 7886