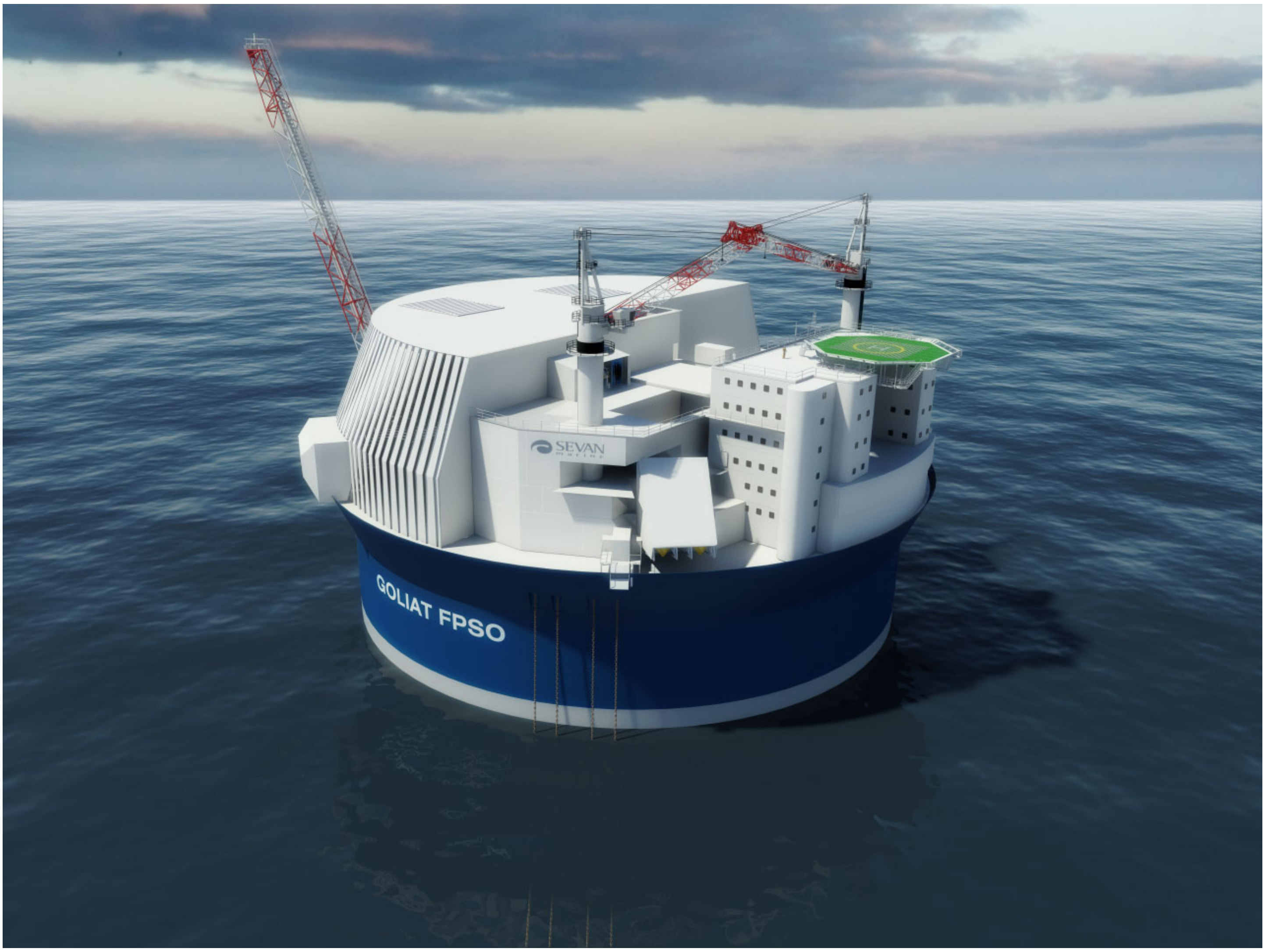
INTERIM FINANCIAL REPORT

FOURTH QUARTER OF 2008



3D illustration of the Sevan 1000 FPSO for the Goliat field in the Barents Sea

INTERIM FINANCIAL REPORT - FOURTH QUARTER OF 2008

Main figures, fourth quarter 2008[1]

Operating revenues for the fourth quarter amounted to USD 44.2 million (USD 31.6 million). Operating profit was USD – 78.3 million (USD - 31.9 million), and net profit was USD - 68.5 million (USD - 18.1 million).

In the fourth quarter, a one-off cost of mobilizing and installing the *FPSO Sevan Hummingbird* on the Chestnut field, amounting to USD 60.8 million, was expensed. The majority of this cost has previously been capitalized. In addition, a one-off item relating to a receivable from Oilexco North Sea Ltd of USD 4.3 million was expensed following Oilexco's assets being set under administration.

Operating revenues for the quarter were higher than previous year mainly because *FPSO Sevan Hummingbird* commenced operations in September 2008. A reduction in revenue from the Topside and Process Technology segment was partly compensated by higher revenue from the Goliat FEED in the Corporate segment.

The improvement in financial items compared to previous year was mostly due to unrealized currency gains relating to NOK-nominated bonds. This was partly offset by an increase in expensed interest cost through profit and loss as interest relating to *FPSO Sevan Hummingbird and FPSO Sevan Voyageur* were expensed following reclassification of these units from 'construction in progress' to 'FPSO'.

As of December 31, 2008, total assets amounted to USD 1,929.5 million (USD 1,514.0 million), of which USD 1,693.0 million (USD 1,079.2 million) was capitalized as Sevan capital assets. Cash and cash equivalents amounted to USD 50.3 million (USD 222.8 million). In addition, the Group had an undrawn bank facility of USD 94 million. The Company is in the process of raising the capital required to fund ongoing projects through various means.

The current order backlog for the Group was USD 4.1 billion and USD 5.3 billion including options.

Business segments

The Group is organized in four business segments: Floating Production, Topside and Process Technology (previously; Equipment and Systems), Drilling, and Corporate.

The activities within the **Floating Production** area are related to the design, engineering, construction, and operation of the Sevan platforms. This includes *FPSO Sevan Piranema* 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 is contracted to Oilexco North Sea Ltd, *FPSO Sevan 300 no. 4* which is contracted to Venture Production Plc, subject to a Field Development Plan (FDP) approval; and *FPSO Sevan 300 no. 5* which is available for clients.

The Topside and Process Technology segment consists of the activities of Kanfa AS, Kanfa-Tec AS, Kanfa Aragon AS and Mator AS.

The primary business activities of the Kanfa group are related to the provision of services and equipment to the processing plants of the Sevan platforms. In addition, the Kanfa group also serves external clients, most recently noted with the contract signed in January between Kanfa Aragon AS and Samsung Heavy Industries. The contract confirmed a letter of intent previously entered into between the parties for the supply of a liquefied natural gas production topside to the world's first Floating Liquefied Natural Gas (FLNG) Production Vessel.

The activities within **Drilling** are mainly related to the design, engineering and construction of the Sevan drilling units. This includes *Sevan Driller I* and *Sevan Driller III*, both of which have been contracted to Petrobras on 6-year contracts, and *Sevan*

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

Driller II which has been contracted to India's Oil and Natural Gas Corporation LTD (ONGC) on a 3-year contract.

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

Business activities

Operations Since *FPSO Sevan Piranema* commenced oil production on the Piranema field, off the coast of Aracaju in Brazil on October 11, 2007, she has produced more than 3.5 million barrels of oil by the end of fourth quarter of 2008. Technical uptime continues at high levels, with fourth quarter averaging at 100.0% and equivalent revenue utilization averaging at 96.6%.

Since *FPSO Sevan Hummingbird* commenced oil production on Venture's Chestnut field in the central UK North Sea on September 20, 2008, the unit has been performing exceptionally well. Technical availability for the first five months of operation has been averaging at 99.3% for four months and at 90.3 % for one month due to repair work.

On November 29, 2008, the *FPSO Sevan Voyageur* started mobilization for the Shelly field in the Central UK North Sea. The unit left the shipyard 19 months after the contract signature with Oilexco North Sea Ltd. According to an announcement made on January 7, 2009, the functions of Oilexco North Sea Ltd's Board of Directors has been taken over by the Administrator. A process is ongoing for the sale of Oilexco's assets, including the Shelley field, which is expected to be concluded in March 2009. The *FPSO Sevan Voyageur* is ready to commence oil production once the production riser has been installed and hooked up.

Contract awards In February, Eni Norge AS selected the Sevan 1000 FPSO as the preferred concept for the floating production platform to be installed on the Goliat field in the Barents Sea. Sevan has been chosen as the Contractor for the Goliat Project FPSO Post Feed Engineering Contract. The value of this initial contract is USD 20-25 million. Sevan will be involved in the Goliat project management and engineering throughout the project until first oil in 2013. Separate contracts will be signed for this work, as well as a license agreement, under which Sevan will grant a license to Eni for the use of the Sevan 1000 FPSO on the Goliat field.

In January, Kanfa Aragon AS, a subsidiary of Sevan Marine ASA, signed a contract with Samsung Heavy Industries Co. in Korea for the design and engineering of a liquefied natural gas production topside to the world's first Floating Liquefied Natural Gas (FLNG) Production Vessel. The FLNG topside will be based on Kanfa Aragon's liquefaction technology. The contract value is approximately USD 200 million. The vessel will have a gas processing and liquefaction topside with an LNG capacity of approximately 1.7 mtpa (million metric tons per annum).

Construction projects Further capital expenditures (capex) on FPSO Sevan 300 no. 4 and no. 5 will be minimized and will be targeted at preserving the units. Expected delivery time of complete units is about 18 months following definitive contracts.

No capex will be invested on FPSO Sevan 650 no 1. As of date only limited engineering activities have been performed.

The construction of the deepwater drilling unit *Sevan Driller I* is proceeding according to plan at COSCO's shipyard in Nantong, China, where commissioning activities have commenced. Expected delivery from the shipyard is mid 2009. Petrobras has requested that the unit is to be installed offshore Brazil instead of US Gulf of Mexico, as initially agreed. Construction cost is estimated to approximate USD 590 million. Petrobras will cover any incremental costs related to change of location and specification.

No capex has been incurred for *Sevan Driller II* and *III* during fourth quarter, and no further capex will be incurred unless a complete financing package is put in place. In the event that Sevan will not be able to pursue the drilling contracts at this stage, due to the challenging financial markets, the financial downside for both rigs has been estimated at USD 70 million, of which USD 22 million has already been paid. Of the short term liabilities balance as at December 31, 2008, USD 48 million relates to *Sevan Driller II* and *III* and will be partly reduced and partly reclassified to long term liabilities if the charter contracts are not pursued.

Split of Company The Board of Directors will continue to evaluate strategic options for the drilling activities including, but not limited to, a possible de-merging into a separate listed entity.

Financing activities

In October 2008, a USD 300 million senior debt project finance facility for the *FPSO Sevan Voyageur*, previously underwritten by GE and GIEK/Eksportfinans, was syndicated to ING Bank N.V., Natixis Singapore Branch and Fortis Bank (Nederland) N.V.

The Company is discussing and assessing alternatives for strengthening its capital base, including sale, part sale and sales-leaseback of its units.

Outlook

The focus for Sevan is to maintain a high uptime on operating units and reduce operating costs as well as completing the construction of *Sevan Driller I* according to plan. For new projects, the focus will be on securing definitive contracts for *FPSO Sevan 300 no. 4* and *5*. Furthermore, following the Goliat contract award, the Company will target similar contracts where funding is provided by the client.

Several oil companies have announced a reduction in E&P budgets. However, the Company still sees opportunities for cost efficient solutions.

The Company currently has activities in major offshore regions such as Brazil, North Sea and India with major oil companies as counterparties for the majority of the order back-log of USD 5.3 billion (USD 4.1 billion excluding options). Sevan has a unique and strong technology base with cost efficient solutions, a dedicated workforce and is well positioned to take advantage of future market opportunities.

Arendal, February 26, 2009
The Board of Directors
Sevan Marine ASA

Interim financial statements

Condensed consolidated income statement				
Unaudited figures in USD million	**Q4 08**	**Q4 07**	**2008**	**2007**
Operating revenues	44,2	31,6	120,5	82,2
Operating expenses	-112,8	-59,0	-223,7	-170,2
Foreign exchange gain/(loss) related to operation	7,0	-0,4	4,7	-5,4
EBITDA	**-61,6**	**-27,8**	**-98,5**	**-93,4**
Depreciation, amortization and impairment	-16,7	-4,1	-31,6	-13,2
Operating profit	**-78,3**	**-31,9**	**-130,1**	**-106,6**
Income from associated companies	-0,2	0,4	0,8	1,0
Financial income/(cost)	-21,1	5,7	-38,8	-26,6
Foreign exchange gain/(loss) related to financing	35,7	-0,4	54,9	-18,4
Net financial items	**14,4**	**5,7**	**17,0**	**-44,0**
Profit before tax	**-63,9**	**-26,2**	**-113,1**	**-150,5**
Income tax expense	-4,7	8,1	12,1	35,6
Net profit	**-68,5**	**-18,1**	**-101,1**	**-115,0**

A total of USD 6.8 million in reimbursables (sale at no margin) booked with net effect in previous quarters has been reclassified to a gross effect in the fourth quarter report. This does not have any net effect on EBITDA or any other summary line in this report. The reclassified amounts are USD 2.6, 1.7, and 2.5 million for Q1, Q2, and Q3 respectively and are included in the 2008 figures. The amount of reimbursables regarding fourth quarter activities has been grossed as operating revenues and operating expenses at USD 12.1 million.

Condensed consolidated balance sheet		
Unaudited figures in USD million	**31.12.08**	**31.12.07**
Sevan Capital Assets	1 693,0	1 079,2
Other fixed assets	38,7	36,1
Intangible assets	16,6	15,0
Investments in associates	1,3	1,8
Deferred income tax assets	68,3	55,3
Other non-current assets	13,2	67,7
Total non-current assets	**1 831,0**	**1 255,2**
Inventories	12,1	6,3
Trade and other receivables	36,2	29,7
Cash and cash equivalents	50,3	222,8
Total current assets	**98,5**	**258,8**
Total assets	**1 929,5**	**1 514,0**
Share capital	6,2	5,5
Other equity	696,5	559,7
Total shareholders' equity	**702,7**	**565,2**
Minority Interest	38,3	6,5
Total equity	**741,0**	**571,7**
Borrowings	950,7	789,6
Retirement benefit obligations	0,6	0,7
Other long-term liabilities/provisions	17,1	8,6
Total long-term debt	**968,4**	**799,0**
Current liabilities	220,1	143,2
Total current liabilities	**220,1**	**143,2**
Total liabilities	**1 188,5**	**942,2**
Total equity and liabilities	**1 929,5**	**1 514,0**

Condensed consolidated cash flow statement		
Unaudited figures in USD million	**31.12.08**	**31.12.07**
Cash flows from operations	30,1	-156,2
Cash flows from investments	-647,7	-626,0
Cash flows from financing	445,1	695,8
Net cash flow	**-172,5**	**-86,4**
Cash balance at beginning of period	222,8	309,2
Cash balance at end of period	**50,3**	**222,8**

Statement of changes in equity	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	236,7	0,0	0,0	45,6	283,0
Minority interest through acquisition						0,0
Share issue cost		-8,7				-8,7
Reclassification from prior years						0,0
Tax effect of share issue costs		2,4		-4,9		-2,5
Value of options				2,9	0,0	2,9
Net profit for the period				-87,6	-13,4	-101,1
Currency translation difference			-3,9		-0,4	-4,3
Equity as of December 31, 2008	6,2	562,3	-1,2	135,3	38,3	741,0

Statement of changes in equity	Share capital	Share premium	Other reserves	Other unrestricted equity	Minority interest	Total equity
Equity as of December 31, 2006	4,3	10,2	-0,2	343,8	7,8	365,9
Proceeds from shares issued	1,1	322,0				323,1
Minority interest through acquisition					0,4	0,4
Share issue cost		-12,0				-12,0
Reclassification from prior years		11,8		-11,8		0,0
Tax effect of share issue costs				3,4		3,4
Value of options				3,0		3,0
Net profit for the period				-113,3	-1,7	-115,0
Currency translation difference			3,0			3,0
Equity as of December 31, 2007	5,5	332,0	2,8	225,0	6,5	571,7

Key figures

Unaudited figures	Note	Q4 08	Q4 07	2008	2007
Earnings per share (USD)	1	-0,35	-0,10	-0,54	-0,72
Earnings per share fully diluted (USD)	2	-0,35	-0,10	-0,53	-0,69
Equity ratio	3	36 %	37 %	36 %	37 %
No. of outstanding shares (million)		196,1	177,4	196,1	177,4
No. of shares fully diluted (million)		196,1	184,9	196,1	184,9
Average no. of outstanding shares (million)		196,1	173,3	187,4	160,7
Average no. of shares fully diluted (million)		196,1	180,9	191,9	167,0
Share price (NOK)		7,40	82,00	7,40	82,00
Market capitalization (NOK, million)	4	1 451	14 549	1 451	14 549
Number of employees		346	242	346	242

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

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’) are engaged in development, construction, ownership, and chartering of floating production units and drilling units, which are 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 CO2 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 Group’s Annual Report 2007.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group’s Annual Financial Statements for the year ended December 31, 2007, unless explicitly stated.

Note 2 – Property, plant and equipment

The Group's main non-current assets are classified as *Sevan Capital Assets* in the balance sheet. The table below summarizes the changes to these assets for 2007 and 2008.

Property, plant and equipment			
Unaudited figures in USD million	**Construction in Progress (CIP)**	**FPSO**	**Sevan Capital Assets**
Year ended December 31, 2007:			
Book value January 1,	**472,9**	**0,0**	**472,9**
Assets reclassified from "CIP" to "FPSO"	-265,3	265,3	0,0
Additions	595,6	21,4	617,0
Depreciation charge	0,0	-10,7	-10,7
Book value December 31,	**803,2**	**276,0**	**1 079,2**
At December 31, 2007:			
Cost	803,2	286,7	1 089,9
Accumulated depreciation	0,0	-10,7	-10,7
Book value December 31,	**803,2**	**276,0**	**1 079,2**
	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**

*Additions to 'FPSO' in 2008 mainly consists of improvements made to the gas equipment onboard the *FPSO Sevan Piranema,* and commissioning activities on *FPSO Sevan Hummingbird* and *FPSO Sevan Voyageur.*

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 2007.

Note 4 – Segment information

SEGMENTS												
Quarterly data	**Floating Production***		**Topside and Process Technology**		**Corporate cost***		**Drilling**		**Eliminations**		**Total**	
	Q4 08	Q4 07	Q4 08	Q4 07	Q4 08	Q4 07	Q4 08	Q4 07	Q4 08	Q4 07	Q4 08	Q4 07
External revenues	29,3	6,0	11,3	23,8	3,6	0,1	0,0	0,0	0,0	1,7	44,2	31,6
Internal revenues	0,2	0,8	0,8	17,8	13,6	16,1	0,0	0,0	-14,6	-34,7	0,0	0,0
Total revenue	29,5	6,8	12,2	41,6	17,2	16,2	0,0	0,0	-14,6	-33,0	44,2	31,6
Operating expenses	-89,8	-25,7	-9,8	-38,8	-18,2	-15,0	-8,8	-2,4	13,7	22,9	-112,8	-59,0
Foreign exch. gain/(loss), operation	6,0	-0,4	-0,6	-0,2	1,6	0,0	-0,1	0,2	0,0	0,0	7,0	-0,4
EBITDA	-54,2	-19,3	1,8	2,6	0,6	1,2	-8,8	-2,2	-0,9	-10,1	-61,6	-27,8
Depreciation, amortization and impairmer	-11,7	-3,5	-0,1	-0,1	-0,9	-0,5	-3,7	-0,1	-0,3	0,1	-16,7	-4,1
Operating profit	-65,9	-22,8	1,7	2,5	-0,3	0,7	-12,5	-2,3	-1,3	-10,0	-78,3	-31,9
Income from associates											-0,2	0,4
Financial income/(cost)											-21,1	5,7
Foreign exch. gain/(loss), financing											35,7	-0,4
Net financial items											14,4	5,7
Profit before tax											-63,9	-26,2
Income tax expense											-4,7	8,1
Net profit											-68,5	-18,1
Segment assets	1 303,9	1 656,8	34,9	74,6	1 511,5	1 354,1	561,9	627,2	-1 483,9	-2 200,5	1 928,2	1 512,2
Inv.m. in assoc. (equity method)	0,0	0,0	1,3	1,8	0,0	0,0	0,0	0,0	0,0	0,0	1,3	1,8
Total assets**	1 303,9	1 656,8	36,2	76,4	1 511,5	1 354,1	561,9	627,2	-1 483,9	-2 200,5	1 929,5	1 514,0
Segment liabilities	800,0	978,0	12,8	51,0	602,5	655,6	449,2	256,2	-676,1	-998,4	1 188,5	942,4
Total liabilities**	800,0	978,0	12,8	51,0	602,5	655,6	449,2	256,2	-676,1	-998,4	1 188,5	942,4
Capital expenditure	136,2	161,0	-0,1	-8,9	0,0	8,2	25,6	23,7	4,5	10,0	166,2	194,0
Non-cash exp. other than depr.	57,3	0,0	0,0	0,0	0,4	0,9	0,0	0,0	0,0		57,7	0,9

* Since third quarter of 2008, any holding company in direct relation to an asset-owning FPSO- or Drilling-entity has been reclassified from the Corporate segment to the respective FPSO- or Drilling-segment. Comparative figures have been reclassified accordingly.
** For assets and liabilities intra-segment balances are 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**	
	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07
External revenues	64,5	15,7	40,9	64,0	15,0	0,8	0,0	0,0	0,0	1,6	120,5	82,1
Internal revenues	0,6	0,8	14,2	53,7	37,7	16,0	0,0	0,0	-52,5	-70,5	0,0	0,0
Total revenue	65,1	16,5	55,1	117,7	52,7	16,8	0,0	0,0	-52,5	-68,9	120,5	82,1
Operating expenses	-144,5	-79,4	-42,5	-110,3	-64,8	-30,5	-20,0	-5,4	48,2	55,4	-223,7	-170,2
Foreign exch. gain/(loss), operation	3,0	-3,0	0,0	-0,5	1,0	-1,4	0,7	-0,4	0,0	0,0	4,7	-5,4
EBITDA	-76,4	-65,9	12,5	6,9	-11,1	-15,1	-19,3	-5,8	-4,2	-13,5	-98,5	-93,4
Depreciation, amortization and impairmer	-24,0	-11,0	-0,3	-0,2	-2,8	-1,6	-4,1	-0,5	-0,3	0,1	-31,6	-13,2
Operating profit	-100,4	-76,9	12,2	6,7	-14,0	-16,7	-23,4	-6,3	-4,6	-13,4	-130,1	-106,6
Income from associates											0,8	1,0
Financial income/(cost)											-38,8	-26,6
Foreign exch. gain/(loss), financing											54,9	-18,4
Net financial items											17,0	-44,0
Profit before tax											-113,1	-150,5
Income tax expense											12,1	35,6
Net profit											-101,1	-115,0
Segment assets	1 303,9	1 656,8	34,9	74,6	1 511,5	1 354,1	561,9	627,2	-1 483,9	-2 200,5	1 928,2	1 512,2
Inv.m. in assoc. (equity method)	0,0	0,0	1,3	1,8	0,0	0,0	0,0	0,0	0,0	0,0	1,3	1,8
Total assets**	1 303,9	1 656,8	36,2	76,4	1 511,5	1 354,1	561,9	627,2	-1 483,9	-2 200,5	1 929,5	1 514,0
Segment liabilities	800,0	978,0	12,8	51,0	602,5	655,6	449,2	256,2	-676,1	-998,4	1 188,5	942,4
Total liabilities**	800,0	978,0	12,8	51,0	602,5	655,6	449,2	256,2	-676,1	-998,4	1 188,5	942,4
Capital expenditure	347,8	464,7	1,5	-5,8	3,2	10,1	246,8	144,5	49,7	5,6	649,0	619,1
Non-cash exp. other than depr.	58,5	0,1	0,1	0,6	2,7	2,2	0,0	0,0	0,0	0,0	61,3	2,9

* Since third quarter of 2008, any holding company in direct relation to an asset-owning FPSO- or Drilling-entity has been reclassified from the Corporate segment to the respective FPSO- or Drilling-segment. Comparative figures have been reclassified accordingly.
** For assets and liabilities intra-segment balances are eliminated within the segment, whilst inter-segment balances are eliminated in the elimination section.

Note 5 – Shareholder structure

The 10 largest shareholders as at February 20, 2009		
Shareholder	**No. of shares**	**% share**
GOLDMAN SACHS & CO -	31 028 379	15,82 %
BEAR STEARNS SECURIT	16 034 272	8,18 %
GOLDMAN SACHS INT. -	8 534 305	4,35 %
BANK OF NEW YORK, BR	4 954 465	2,53 %
CLEARSTREAM BANKING	4 602 021	2,35 %
SMEDAL ARNE	3 698 703	1,89 %
MORGAN STANLEY & CO.	3 682 464	1,88 %
PENSJONSKASSEN STATO	3 014 066	1,54 %
SUPERNOVA AS	2 893 444	1,48 %
HALLINGEN AS	2 821 296	1,44 %
Total, 10 largest shareholders	**81 263 415**	**41,43 %**
No. of outstanding shares	196 128 448	
Foreign ownership	53,84 %	