SEVAN marine

SEVAN MARINE ASA
INTERIM FINANCIAL REPORT - FOURTH QUARTER
2011

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INTERIM FINANCIAL REPORT FOURTH QUARTER 2011

FOR

SEVAN MARINE ASA

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

INTRODUCTION

During the fourth quarter, the Company successfully completed material aspects of its restructuring (the “Restructuring”) as disclosed in the third quarter interim financial report and amongst others the stock exchange notices of October 18, 2011 and November 30, 2011, which are available on the Company’s website (www.sevanmarine.com).

On November 30, 2011, the Company successfully completed the sale of the FPSO Sevan Piranema (“Piranema”) and the FPSO Sevan Hummingbird (“Hummingbird”) to affiliates of Teekay Corporation (“Teekay”), and applied the associated proceeds to settle the bond loans with security over the Piranema and Hummingbird, respectively. At the same time, the Company settled its outstanding unsecured bond (the “Unsecured Bond”) through (i) the transfer of the Company’s shares in Sevan Drilling ASA to a special purpose vehicle (the “SPV”) owned by the bondholders in the Unsecured Bond, which SPV also assumed all of Sevan Marine’s liabilities under a MUSD 36.1 bridge bond issued in July, 2011; and (ii) a conversion of a part of the Unsecured Bond into new shares in the Company.

The security arrangement pertaining to the Voyageur Bond Loan was also amended such that Norsk Tillitsmann, on behalf of the bondholders in the bond loan with security over inter alia the FPSO Sevan Voyageur (the “Voyageur Bond”), has released all security under the Voyageur Bond in exchange for an irrevocable payment guarantee in the amount of USD 94 million issued by Teekay in favor of the bondholders. The completion of the sale of the FPSO Sevan Voyageur and associated settlement of the Teekay Bridge Loan and Voyageur Bond is currently expected to occur during the second half of 2012, provided that the conditions of such closing are met. For further details about the Restructuring, please refer to the prospectus issued by the Company on December 07, 2011.

On November 30, 2011, Teekay Service Holdings Cooperatief U.A., an affiliate of Teekay Corporation, subscribed and paid for new shares (the “Teekay Placement Shares”) in the Company for gross proceeds of approximately USD 25 million (or approximately NOK 141 million) (the “Teekay Placement”). Further, Sevan Marine registered with the Norwegian Registry of Business Enterprises (the “Registry”) the share capital increases associated with the Teekay Placement, and the conversion (the “Debt Conversion”) of a portion of the Unsecured Bond; and the previously announced share capital reduction by reduction of the par value of the shares of Sevan Marine from NOK 0.20 per share to NOK 0.04 per share (the “Share Capital Reduction”), followed by the registration of a reverse share split in the ratio of 100:1 (the “Reverse Share Split”), resulting in a par value for each Sevan Marine share of NOK 4.00. In conjunction with the Teekay Placement, Teekay launched a mandatory offer (the “Mandatory Offer”) for the remaining shares in Sevan Marine. The Mandatory Offer period expired on December 29, 2011. Following completion of the Teekay Placement and the Mandatory Offer, Teekay holds 21,091,847 of shares in the Company, corresponding to an ownership of 40.09%.

In December 2011 and in accordance with the terms of the Restructuring, Sevan Marine successfully conducted an offering of new shares in the Company for approximately USD 25 million (or approximately NOK 141 million) (the “Offering”). The new shares commenced trading on December 23, 2011. The total number of outstanding shares in the Company following completion of the Teekay Placement and the Offering is 52,606,999.

Approval of the Restructuring has reduced the Company’s debt burden, increased its capital base and led to a substantial dilution of existing shareholders in the Company. The completion of the sale of the FPSO Sevan Voyageur, currently expected to occur in the second half of 2012, is the final step in the Restructuring as announced.

Sevan Marine has retained its core intellectual property rights and engineering core competence, which it intends to leverage by seeking additional license agreements and projects that utilise Sevan Marine’s unique cylindrical hull concept. This will be supported by a strong industrial partner and shareholder in the form of Teekay. The Board believes that the completion of the Restructuring represents a positive outcome for all parties including creditors, customers, staff and shareholders.

By way of the Restructuring, the Company has been able to substantially alleviate its debt burden and obtain sufficient working capital to support its current requirements.

A more robust financial structure coupled with the Company’s FPSO technology and engineering know-how should form the basis for creating stakeholder value going forward. The asset light structure of the Company will rely heavily on the Company’s unique technology and know-how, which is something not specifically reflected in the Company’s financial statements. The core focus of the Company will be on the realization of this value through license agreements, engineering services, engineering studies and new projects based on Sevan Marine’s unique cylindrical hull technology.

IMPACTS OF THE RESTRUCTURING

The Restructuring resulted in the disposal of substantial assets and operations of the Company to Teekay. As of September 30, 2011 these operations were reclassified as discontinued operations in accordance with International Financial Reporting Standards ("IFRS") with the current and historical financial statements being reclassified accordingly.

The Restructuring resulted in impairment and accounting losses that adversely impacted the third quarter results by over USD 280 million. The impairments and accounting losses were of a non-cash nature. In accordance with IFRS, the gains from the debt remissions completed in the fourth quarter are accounted for at the time of the formal release of the obligations by the bondholders. Gains from the debt remission and debt to equity conversion arising out of the Restructuring during the fourth quarter are approximately USD 255 million.

The net equity as of December 31, 2011 is USD 123.3 million due to the positive impacts of the debt remissions and capital increases carried out during the fourth quarter.

MAIN FIGURES, FOURTH QUARTER 2011

(previous quarter figures in brackets)

Operating revenue from continued operations for the quarter amounted to USD 25.2 million (USD 22.0 million). EBITDAFX was positive USD 7.7 million (negative USD 13.5 million). Operating loss was USD 9.1 million (loss of USD 12.9 million). Net loss from continued operations was USD 12.6 million (loss of USD 94.5 million).

Operating revenue from continued operations was USD 3.2 million higher than the previous quarter. This was the result of higher revenue from studies as well as higher project management and engineering services provided to the Sevan 1000 Goliat FPSO project.

Operating expense from continued operations was USD 18.0 million less than previous quarter. This is mainly due to the reversal of a USD 6.7 million accrual for a cancellation fee arising from a subcontractor to the terminated ONGC drilling contract which was settled with no cash impact in the fourth quarter. In additional USD 2.5 million was accrued in relation to legal disputes with customers and suppliers to both Kanfa Aragon AS and Kanfa AS. Restructuring costs incurred in the fourth quarter 2011 were also lower than in the third quarter.

Depreciation, amortization and impairment of USD 16.6 million from continued operations was USD 14.0 million higher than previous quarter due to further impairments on FPSO Sevan hulls no. 4 and 5 during the quarter offset partially by adjustments in relation to contractor claims from the terminated ONGC drilling contract.

No additional impairments were recorded with respect to the disputed receivable with ONGC. Arbitration proceedings are now underway in India. Sevan will continue to pursue the claim although no guarantees can be given with respect to the amount or timing of potential recoveries.

Financial expense of continued operations was reduced by USD 76.8 million to USD 3.0 million (USD 79.8 million) mainly due to the accounting loss in relation to the write down in the value of Sevan Marine's ownership in Sevan Drilling ASA of USD 79.8 million taken in the third quarter. Financial income of USD 6.7 million was recorded in the fourth quarter arising out of the net working capital adjustment agreed with Teekay in relation to the sale of the FPSO Sevan Piranema and FPSO Sevan Hummingbird. Financial expense also includes assessed accruals of USD 8.4 million in relation to expected claims under certain indemnities given to Teekay in relation to the proposed sale of the FPSO Sevan Voyageur and the sale of the FPSO Sevan Piranema (the latter comprising an assessment of the potential liability for Sevan Marine relating to a fine imposed by the Brazilian Petroleum National Agency for non conformities identified on-board, the basis and amount of which is subject to discussions).

Tax income from continued operations of USD 0.4 million (expense of USD 1.7 million) is mainly the result of non-cash reversals to withholding tax provisions during the fourth quarter. The Company continues to carry net operating losses sufficient to offset income taxes incurred in Norway.

As of December 31, 2011, total assets of the Group excluding discontinued operations amounted to USD 201.2 million (USD 243.4 million), of which USD 92.0 million (USD 110.0 million) was capitalized as "Sevan Capital Assets". The reduction was largely driven by the disposal of Sevan Marine's interest in Sevan Drilling ASA offset by the proceeds of the Teekay Placement and the Offering. Cash and cash equivalents amounted to USD 52.1 million (USD 11.2 million) largely due to the Teekay Placement and the Offering.

BUSINESS SEGMENTS

Floating Production

The assets remaining in the floating production segment post the Restructuring are the FPSO Sevan hulls no. 4 and 5 along with the Goliat project. The FPSO Sevan Piranema, FPSO Sevan Hummingbird and FPSO Sevan Voyageur are accounted for as discontinued operations.

The upgrade work on FPSO Sevan Voyageur is ongoing at the Nymo yard in Arendal, Norway. Teekay is providing Sevan Marine with required funding for completing the upgrade of the FPSO Sevan Voyageur. Sevan Marine will not incur any additional funding needs related to the cost of the FPSO Sevan Voyageur upgrade under the terms of the Teekay Bridge Loan provided fulfilment of the conditions for completion of the sale of the FPSO Sevan Voyageur are met. Sevan Marine provided services to the FPSO Sevan Voyageur project in the amount of approximately USD 3.8 million in the fourth quarter of 2011.

The activities relating to project management and engineering of the Sevan 1000 Goliat FPSO continued during the quarter. The EBITDAFX of these activities during the quarter was USD 12.8 million of which USD 12.0 million was the license fee received. The license fee is securitized and payable to Investec Bank plc ("Investec") under the USD 83 million facility agreement (the "Investec Facility"). The license fee and Investec Facility both expire in the third quarter 2012.

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. Potential contracts including licensing arrangements with respect to the units are also being actively considered and pursued. These hulls represent a substantial portion of the Company's physical assets. The value of the hulls has seen increased impairments of USD 18.0 million to reflect an increased risk related to the expiry of Chinese customs and VAT exemptions expiring in the fourth quarter 2012. Should such risks be mitigated in the future, the book value of the hulls may be increased correspondingly.

Sevan Marine continues to work on several studies involving potential FPSO projects, license agreements and engineering support contracts. Revenue from such projects amounted to USD 4.4 million during the fourth quarter of 2011.

Topside and Process Technology

This consists of the activities of the KANFA group. The KANFA group is currently working on projects both inside and outside the Sevan Marine Group. Revenue for the KANFA group for the fourth quarter 2011 was USD 4.3 million and EBITDAFX was negative USD -2.5 million.

Kanfa AS and Kanfa Aragon AS are in discussions with certain customers and suppliers regarding contractual issues. While no liability is admitted, accruals of USD 2.5 million have been recorded for accounting purposes.

ORGANIZATION

The Teekay Transaction led to the transfer of certain employees to Teekay, in particular those involved in the day-to-day operation of the FPSOs. The headcount of Sevan Marine, including the operations of the Kanfa Group, as of December 31, 2011 was 166. The Company is continuing to align its organization to put a greater emphasis on its core engineering and cylindrical hull expertise while reducing overhead expenses.

Effective January 01, 2012, Mr Kjetil Vangsnes has assumed the role of permanent CFO replacing Mr Reese McNeel of AlixPartners UK LLP. In addition, Vice President of Floating Production, Mr Erling Andreas Ronglan stepped down from his position effective January 01, 2012. With the disposal of the FPSO's, his position will not be refilled.

The new Board was appointed on November 30, 2011. This Board comprises of Mrs Siri Hatlen (Chairperson), Mr Arne Smedal (Vice Chairperson), Mrs Mari Thjømøe, Mr Peter Lytzen, Mr Lars Ola Tan Almaas, Mrs Jorunn Haugen and Mr Jørgen Skotnes. The new Board assumed its duties from December 01, 2011.

FINANCING ACTIVITIES

During the third quarter, the Company entered into a USD 108 million fixed term loan facility, including USD 103 million of available funding and USD 5 million of fixed interest, for completion of the FPSO Sevan Voyageur (the "Teekay Bridge Loan"). The loan carries a fixed interest amount of USD 5.0 million for the time period from signing of the Agreement to the earlier of the FPSO Sevan Voyageur sale or September 01, 2012. After September 01, 2012 the loan carries a fixed interest rate of 10% per annum. The loan is payable upon completion of the sale of the FPSO Sevan Voyageur and is to be repaid by way of setting off of the USD 108 million against the purchase price applicable to the sale of the FPSO Sevan Voyageur.

The Teekay Bridge Loan may be terminated should it become clear that the FPSO Sevan Voyageur will not be completed by December 31, 2012. To date the Company has drawn USD 50 million under the Facility. The loan is secured by the hulls FPSO Sevan 300 no. 4 and 5. Further security in the form of a Norwegian law floating charge over the accessories of the Company including patents and intellectual property rights is also contemplated.

In accordance with the Restructuring and described above, Sevan Marine raised approximately USD 50 million of capital during the fourth quarter through the Teekay Placement and the Offering. The capital is intended to secure Sevan Marine's liquidity and provide capital for future growth. As of February 21, 2012, Sevan Marine has approximately USD 49.4 million of cash and cash equivalents available.

COVENANT STATUS

Following completion of the Restructuring, Sevan Marine has been released from all obligations under the FPSO Sevan Hummingbird, FPSO Sevan Piranema, the Unsecured and the Bridge Loan bonds. Norsk Tillitsmann, on behalf of the bondholders in the Sevan Voyageur Bond, has released all security under the Sevan Voyageur Bond in exchange for an irrevocable payment guarantee from Teekay.

A waiver of default and termination rights has also been received with respect to the USD 83 million securitization facility led by Investec Bank plc, which subject to certain conditions, will apply through the full repayment of the facility in the third quarter of 2012.

The Company is in breach of minimum liquidity, equity ratio and minimum funding requirements in relation to the USD 230 million bank facility syndicate led by ING Bank N.V. ("ING") for FPSO Sevan Voyageur. As contemplated in the proposed Restructuring, this facility is intended to be assumed by Teekay.

As part of the security arrangements pertaining to FPSO Sevan Voyageur, E.ON Ruhrgas E&P Limited (for and on behalf of itself and the Huntington Co-Venturers) and E.ON Ruhrgas E&P GmbH (jointly "E.ON") have also been granted certain step-in rights in relevant contracts with selected third party 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. E.ON has reserved its rights, but as of the date of this report given no indication that it intends to exercise the purchase options.

E.ON, the Company, the USD 230 million bank facility syndicate led by ING and Teekay are in constructive dialogue regarding amendments to the FPSO Sevan Voyageur charter agreements and the USD 230 million bank facility. In exchange for certain guarantees and undertakings provided by Teekay, the USD 230 million bank facility syndicate and E.ON will agree to defer their step-in rights and amend existing financial covenants. Teekay will assume all obligations under the charter agreements and the USD 230 million ING led facility upon completion of the sale of the FPSO Sevan Voyageur, which is expected to occur during the second half of 2012.
E.ON, together with the USD 230 million bank facility syndicate led

by ING, entered into standstill agreements where under they agreed, subject to certain terms and conditions, not to exercise any acceleration rights or other remedies available to them under the relevant agreements for the period up until February 17, 2012 or until the aforementioned amendments are executed. This standstill period has now expired. The Company expects a further standstill to be executed in the coming days and execution of the amendments to the E.ON agreements and USD 230 million bank facility to be completed in the coming weeks.

RESTRUCTURING PROCESS

The completion of the sale of the FPSO Sevan Voyageur is expected to occur during the second half of 2012 and is the only remaining element of the agreed Restructuring.

The Teekay Bridge Loan calls for completion of the sale of the FPSO Sevan Voyageur by December 31, 2012. The Company may require extensions to this deadline should completion not occur prior to this date. No guarantees can be given at this time that such extension would be granted.

GOING CONCERN AND OUTLOOK

The Board confirms that the fourth quarter 2011 financial statements have been prepared based on a going concern assumption. This assumption is based on a successful execution of the amendments to the FPSO Sevan Voyageur charter agreements and USD 230 million bank facility led by ING, as well as completion of the sale of the FPSO Sevan Voyageur during the second half of 2012. It is also based on an assumption that the Company is able to successfully attract new business. Should the completion of the sale of the FPSO Sevan Voyageur be delayed and Sevan find it is unable to attract sufficient capital to cover its cost, then the Company may be required to revisit the going concern assumption.

The Board believes that the financial restructuring and transactions with Teekay represent the best possible outcome for all stakeholders involved including creditors, suppliers, customers and shareholders while providing the Company with a stable platform for future growth.

Arendal, February 21, 2012

The Board of Directors
Sevan Marine ASA

INTERIM FINANCIAL STATEMENTS

FOURTH QUARTER OF 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

Unaudited figures in USD million	Note	Q4 11*	Q3 11*	2011*	Q4 10*	2010*
Operating revenue	3	25.2	22.0	100.0	19.6	71.8
Operating expense		-17.5	-35.5	-94.2	-17.5	-64.2
EBITDAFX		**7.7**	**-13.5**	**5.7**	**2.1**	**7.7**
Foreign exchange gain/(loss) relating to operation		-0.2	3.2	0.4	0.0	-0.9
EBITDA		**7.5**	**-10.3**	**6.1**	**2.1**	**6.8**
Depreciation, amortization and impairment	2	-16.6	-2.6	-79.1	-1.2	-9.4
Operating profit/(loss)		**-9.1**	**-12.9**	**-72.9**	**0.9**	**-2.6**
Income from associated companies		0.0	0.0	1.9	-0.1	0.0
Financial income/(expense)		-3.0	-79.8	-295.9	-24.2	-34.7
Foreign exchange gain/(loss) relating to financing		-1.0	-0.2	-1.1	0.0	0.1
Net financial items		**-4.0**	**-79.9**	**-295.0**	**-24.2**	**-34.5**
Profit/(loss) before tax		**-13.1**	**-92.9**	**-367.9**	**-23.3**	**-37.1**
Tax income/(expense)		0.4	-1.7	-38.6	-15.7	6.0
Net profit/(loss) continued operations		**-12.6**	**-94.5**	**-406.5**	**-39.0**	**-31.1**
Net profit/(loss) discontinued operations	**6**	**259.4**	**-201.2**	**-334.8**	**-29.6**	**-125.7**

* *In accordance with IFRS 5, comparable income statement amounts are reclassified as if the drilling segment and material part of the floating production segment was regarded as a discontinued operations also for previous periods*

STATEMENT OF COMPREHENSIVE INCOME

Unaudited figures in USD million	Q4 11*	Q3 11*	2011*	Q4 10*	2010*
Net profit/(loss)	246.8	-295.7	-741.3	-68.6	-156.8
Foreign currency translation	-4.5	-3.5	-5.5	0.2	0.8
Total comprehensive income	**242.3**	**-299.2**	**-746.8**	**-68.4**	**-156.0**

CONDENSED CONSOLIDATED BALANCE SHEET

Unaudited figures in USD million	Note	31.12.11	30.09.11	31.12.10
Sevan Capital Assets	2	92.0	110.0	2,145.6
Other fixed assets		0.9	1.2	38.7
Intangible assets		11.5	13.1	13.6
Investments in associates		0.0	0.0	1.1
Deferred income tax assets		0.0	0.0	124.1
Other non-current assets		0.3	0.4	76.1
Total non-current assets		**104.7**	**124.6**	**2,399.3**
Inventories		0.0	0.0	14.5
Trade and other receivables	3	44.4	44.0	57.5
Financial assets available for sale		0.0	63.5	0.0
Cash and cash equivalents		52.1	11.2	116.1
Total current assets		**96.5**	**118.7**	**188.1**
Assets of disposal Group*	7	380.5	718.9	0.0
Total assets		**581.7**	**962.3**	**2,587.4**
Share capital	5	34.6	16.6	16.6
Other equity		87.9	-190.4	791.5
Total shareholders' equity		**122.5**	**-173.8**	**808.1**
Minority interest		0.8	0.8	0.7
Total equity		**123.3**	**-173.0**	**808.8**
Interest-bearing debt		0.0	0.0	1,245.6
Retirement benefit obligations		1.9	1.9	1.9
Other non-current liabilities/provisions		0.5	0.7	1.8
Total non-current liabilities		**2.4**	**2.6**	**1,249.4**
Interest-bearing debt		30.4	41.1	188.0
Current liabilities	3	47.5	58.1	341.2
Total current liabilities		**77.9**	**99.3**	**529.2**
Total liabilities		**80.3**	**101.9**	**1,778.6**
Liabilities of disposal Group*	7	378.1	1,033.4	0.0
Total equity and liabilities		**581.7**	**962.3**	**2,587.4**

* *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 material part of the floating production segment are therefore presented separately in the preliminary balance sheet as per December 31, 2011, as 'assets of disposal group' and 'liabilities of disposal group', respectively.*

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Unaudited figures in USD million	31.12.11	31.12.10
Cash flows from operation activities		
Cash from operations	-18.6	49.9
Interest paid	-6.5	-72.1
Taxes paid	-0.1	-4.3
Net cash generated from continued operating activities	**-25.2**	**-26.4**
Net cash generated from discontinued operating activities	71.4	0.0
Net cash generated from operating activities	**46.2**	**-26.4**
Cash flows from investment activities		
Purchases of property. plant and equipment (PPE)	-0.1	-175.6
Purchase of minority interest	0.0	-39.0
Purchases of intangible assets	-0.5	-0.7
Net cash flow from continued investment activities	**-0.6**	**-215.3**
Net cash flow from discontinued investment activities	-325.8	0.0
Net cash flow from investment activities	**-326.4**	**-215.3**
Cash flows from financing activities		
Net proceeds from issuance of ordinary shares	46.9	0.0
Net proceeds from interest-bearing debt	4.8	606.6
Repayment of interest bearing debt	-41.5	-414.6
Sale KANFA-TEC AS	6.4	0.0
Restructuring fees	-16.8	0.0
Purchase/sale of own bond loan	0.0	2.9
Net cash flow from continued financing activities	**-0.2**	**194.9**
Net cash flow from discontinued financing activities	247.4	0.0
Net cash flow from financing activities	**247.2**	**194.9**
Net cash flow for the period	**-33.0**	**-46.9**
Cash balance at beginning of period	116.1	163.0
Cash balance at end of period	**83.1**	**116.1**

The cash balance at the end of December 31, 2011 includes cash balances in the discontinued FPSO's, amounting to USD 31.0 million.

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
Reduction of share capital	-14.4	-954.1	968.5		0.0
Debt conversion	3.6	2.5			6.1
Proceeds from shares issued	28.7	19.4			48.1
Share issue cost		-1.2			-1.2
Tax effect of share issue cost		0.3			0.3
Value of share options			1.9		1.9
Total comprehensive income for the period			-746.9	0.1	-746.8
Equity as of December 31, 2011	**34.6**	**21.0**	**66.9**	**0.8**	**123.3**
Equity as of December 31, 2009	**16.6**	**954.1**	**3.8**	**38.0**	**1,012.5**
Value of share options			2.2		2.2
Purchase of minority interest			-1.3	-37.7	-39.0
Repayment of Convertible bond			-10.9		-10.9
Total comprehensive income for the period			-156.4	0.4	-156.0
Equity as of December 31, 2010	**16.6**	**954.1**	**-162.7**	**0.7**	**808.8**

KEY FIGURES

Unaudited figures in USD million	Note	Q4 11	Q3 11	2011	Q4 10	2010
Basic earnings per share (USD)						
From continuing operations	A	-0.04	-0.18	-0.84	-0.07	-0.06
From discontinued operations		0.73	-0.38	-0.69	-0.06	-0.24
Diluted earnings per share (USD)						
From continuing operations	B	-0.04	-0.18	-0.84	-0.07	-0.06
From discontinued operations		0.73	-0.38	-0.69	-0.06	-0.24
Equity ratio	C	21.2 %	-18.0 %	21.2 %	31.0 %	31.0 %
No. of outstanding shares (million)		52.6	526.1	526.1	526.1	526.1
No. of shares fully diluted (million)		52.6	526.1	526.1	526.1	526.1
Average no. of outstanding shares (million)		356.1	526.1	483.2	526.1	526.1
Average no. of shares fully diluted (million)		356.1	526.1	483.2	526.1	526.1
Share price (NOK)		8.33	0.48	8.33	6.50	6.50
Market capitalization (NOK, million)	D	438	253	438	3,420	3,420
Number of employees		166	276	166	506	506

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 (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 December 31, 2011.

Property, Plant and Equipment

Unaudited figures in USD million	Construction in Progress (CIP)	Sevan Capital Assets	Drilling Rigs	FPSO Discontinued operations	Total Capital Assets
Year ended December 31, 2010:					
Book value January 1,	**140.4**	**140.4**	**753.8**	**1,010.2**	**1,904.4**
Additions	26.8	26.8	278.0	29.6	334.4
Depreciation charge	0.0	0.0	-34.0	-51.3	-85.3
Write-down	0.0	0.0	-7.8	0.0	-7.8
Book value December 31,	**167.2**	**167.2**	**990.0**	**988.4**	**2,145.6**
At December 31, 2010:					
Cost	171.8	171.8	1,033.4	1,124.0	2,329.2
Accumulated depreciation and write-down	-4.6	-4.6	-43.4	-135.6	-183.6
Book value December 31,	**167.2**	**167.2**	**990.0**	**988.4**	**2,145.6**

	Construction in Progress (CIP)	Sevan Capital Assets	Drilling Rigs	FPSO Discontinued operations	Total Capital Assets
Period ended December 31, 2011:					
Book value January 1,	**167.2**	**167.2**	**990.0**	**988.4**	**2,145.6**
Additions	1.2	1.2	18.0	123.1	142.3
Depreciation charge	0.0	0.0	-12.3	-36.3	-48.6
Write-down	-76.4	-76.4	0.0	-383.9	-460.3
Disposal of Drilling	0.0	0.0	-995.7	0.0	-995.7
Disposal of FPSO	0.0	0.0	0.0	-344.0	-344.0
Book value December 31,	**92.0**	**92.0**	**0.0**	**347.3**	**439.3**
At December 31, 2011:					
Cost	173.0	173.0	0.0	1,247.0	1,420.0
Accumulated depreciation	0.0	0.0	0.0	-171.9	-171.9
Accumulated write-down	-81.0	-81.0	0.0	-383.9	-464.9
Accumulated disposal	0.0	0.0	0.0	-344.0	-344.0
Book value December 31,	**92.0**	**92.0**	**0.0**	**347.3**	**439.3**

The impairments in Q4-2011 of USD 18 million relates to an updated replacement cost assessment of hulls #4 and #5. The replacement cost assessments are derived from a fair value less costs to sell approach.

NOTE 3 RELATED PARTY TRANSACTIONS

Following the de-consolidation of the drilling segment from the Company's consolidated financial statements during Q2-2011, and the sale of FPSO Sevan Piranema and FPSO Sevan Hummingbird during Q4-2011; the Group has the following transactions and balances relating to related party transactions:

Related party transactions

Unaudited figures in USD million	Q4 2011
Sale to related party	
Sale to the Sevan Drilling	0.3
Sale to Teekay	0.3
Financial income from the Sevan Drilling	0.7
Receivable from related party	
Receivable from Teekay	0.3
Payable to related party	
Payable to Teekay	0.4

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

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

During the period the Company employed the services of AlixPartners UK LLP for the provisioning of an interim Chief Financial Officer (CFO) and a Chief Restructuring Officer (CRO) in addition to restructuring advice on the basis of market rates.

NOTE 4 SEGMENT INFORMATION

Quarterly data	Floating Production		Topside and Process Technology		Corporate		Drilling (discontinued operation)		Adjustments and eliminations		Total	
	Q4 11	**Q4 10**	**Q4 11**	**Q4 10**	**Q4 11**	**Q4 10**	**Q4 11**	**Q4 10**	**Q4 11**	**Q4 10**	**Q4 11**	**Q4 10**
External revenue	16.1	16.0	4.3	1.9	4.8	1.7	0.0	0.0	0.0	0.0	25.2	19.6
Internal revenue	0.0	0.0	0.6	0.1	5.1	7.5	0.0	0.0	-5.6	-7.6	0.0	0.0
Total revenue	**16.1**	**16.0**	**4.9**	**2.0**	**9.9**	**9.2**	**0.0**	**0.0**	**-5.6**	**-7.6**	**25.2**	**19.6**
Operating expense	-3.8	-3.4	-7.3	-1.6	-10.7	-15.6	0.0	0.0	4.4	3.1	-17.5	-17.5
EBITDAFX	**12.3**	**12.6**	**-2.5**	**0.4**	**-0.8**	**-6.4**	**0.0**	**0.0**	**-1.3**	**-4.5**	**7.7**	**2.1**
Foreign exch. gain/(loss), operation	0.1	0.0	-0.1	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	-0.2	0.0
EBITDA	**12.4**	**12.5**	**-2.6**	**0.4**	**-1.0**	**-6.4**	**0.0**	**0.0**	**-1.3**	**-4.5**	**7.5**	**2.1**
Depreciation, amortization and impairment	-18.0	0.0	0.0	0.0	1.4	-0.5	0.0	0.0	0.0	-0.7	-16.6	-1.2
Operating profit/(loss)	**-5.6**	**12.5**	**-2.7**	**0.3**	**0.4**	**-6.9**	**0.0**	**0.0**	**-1.3**	**-5.1**	**-9.1**	**0.9**
Income from associates											0.0	-0.1
Financial income/(expense)											-3.0	-24.2
Foreign exch. gain/(loss), financing											-1.0	0.0
Net financial items											**-4.0**	**-24.2**
Profit/(loss) before tax											-13.1	-23.3
Tax income/(expense)											0.4	-15.7
Net profit/(loss) continued operation											**-12.6**	**-39.0**
Net profit/(loss) discontined operation											**259.4**	**-29.6**
Segment assets continued operation	285.5	1,638.4	36.3	28.0	304.3	2,281.5	0.0	1,112.2	-424.7	-2,473.8	201.3	2,586.3
Segment assets discontinued operation	444.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-63.6	0.0	380.5	0.0
Inv.m. in assoc. (equity method)	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1
Total assets*	**729.6**	**1,638.4**	**36.3**	**29.1**	**304.3**	**2,281.5**	**0.0**	**1,112.2**	**-488.3**	**-2 473.8**	**581.7**	**2,587.4**
Segment liabilities continued operation	118.3	865.5	10.5	5.7	125.2	869.2	0.0	1,049.9	-173.6	-1,011.7	80.3	1,778.6
Segment liabilities discontinued operation	286.7	0.0	0.0	0.0	136.2	0.0	0.0	0.0	-44.8	0.0	378.1	0.0
Total liabilities*	**405.0**	**865.5**	**10.5**	**5.7**	**261.4**	**869.2**	**0.0**	**1,049.9**	**-218.4**	**-1,011.7**	**458.4**	**1,778.6**
Capital expenditure	24.1	18.7	0.0	0.0	0.0	0.2	0.0	76.4	0.0	-1.1	24.1	94.2
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 section.*

	Segments											
YTD Data	Floating Production		Topside and Process Technology		Corporate		Drilling (discontinued operation)		Adjustments and eliminations		Total	
	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10	31.12.11	31.12.10
External revenue	62.2	58.6	13.1	5.9	23.6	7.2	0.0	0.0	0.0	0.0	98.9	71.8
Internal revenue	0.0	0.0	1.8	1.8	21.6	24.3	0.0	0.0	-22.2	-26.0	1.1	0.0
Total revenue	**62.2**	**58.6**	**14.9**	**7.7**	**45.1**	**31.4**	**0.0**	**0.0**	**-22.2**	**-25.9**	**100.0**	**71.8**
Operating expense	-15.5	-11.3	-17.4	-8.4	-76.0	-55.3	0.0	0.0	14.6	10.9	-94.2	-64.2
EBITDAFX	**46.7**	**47.3**	**-2.5**	**-0.8**	**-30.9**	**-23.9**	**0.0**	**0.0**	**-7.6**	**-15.0**	**5.7**	**7.7**
Foreign exch. gain/(loss), operation	0.1	-0.5	0.2	0.0	0.0	-0.4	0.0	0.0	0.0	0.0	0.4	-0.9
EBITDA	**46.8**	**46.8**	**-2.3**	**-0.8**	**-30.8**	**-24.3**	**0.0**	**0.0**	**-7.6**	**-15.0**	**6.1**	**6.8**
Depreciation, amortization and impairment	-78.7	-4.6	-0.1	-0.2	-0.2	-2.6	0.0	0.0	0.0	-2.0	-79.1	-9.4
Operating profit/(loss)	**-31.9**	**42.2**	**-2.4**	**-1.0**	**-31.0**	**-26.9**	**0.0**	**0.0**	**-7.6**	**-17.0**	**-72.9**	**-2.6**
Income from associates											1.9	0.0
Financial income/(expense)											-295.9	-34.7
Foreign exch. gain/(loss), financing											-1.1	0.1
Net financial items											**-295.0**	**-34.5**
Profit/(loss) before tax											-367.9	-37.1
Tax income/(expense)											-38.6	6.0
Net profit/(loss) continued operation											**-406.5**	**-31.1**
Net profit/(loss) discontined operation											**-334.8**	**-125.7**
Segment assets continued operation	285.5	1,638.4	36.3	28.0	304.3	2,281.5	0.0	1,112.2	-424.7	-2,473.8	201.3	2,586.3
Segment assets discontinued operation	444.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-63.6	0.0	380.5	0.0
Inv.m. in assoc. (equity method)	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1
Total assets*	**729.6**	**1,638.4**	**36.3**	**29.1**	**304.3**	**2,281.5**	**0.0**	**1,112.2**	**-488.3**	**-2,473.8**	**581.7**	**2,587.4**
Segment liabilities continued operation	118.3	865.5	10.5	5.7	125.2	869.2	0.0	1,049.9	-173.6	-1,011.7	80.3	1,778.6
Segment liabilities discontinued operation	286.7	0.0	0.0	0.0	136.2	0.0	0.0	0.0	-44.8	0.0	378.1	0.0
Total liabilities*	**405.0**	**865.5**	**10.5**	**5.7**	**261.4**	**869.2**	**0.0**	**1,049.9**	**-218.4**	**-1,011.7**	**458.4**	**1,778.6**
Capital expenditure	125.0	57.1	0.0	0.0	0.6	1.4	0.0	278.3	0.0	-1.6	125.6	335.2
Non-cash exp. other than depr.	0.0	0.0	0.0	0.0	1.9	2.2	0.0	0.0	0.0	0.0	1.9	2.2

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

NOTE 5 SHAREHOLDER STRUCTURE

The 10 largest shareholder accounts as at February 21, 2012

Shareholder accounts	No. of shares	%-share
TEEKAY SERVICE HOLDINGS COÖPER. UA	21,091,847	40.09
GOLDMAN SACHS INT.	2,789,483	5.30
EUROCLEAR BANK S.A.	1,523,131	2.90
SKAGEN VEKST	992,928	1.89
BNYM AS EMEA ASIA 25	952,709	1.81
BNY GCM CLIENT ACCS	931,501	1.77
MP PENSJON PK	837,584	1.59
FINANCIAL FUNDS AS	500,000	0.95
TVETERAAS EIENDOMSSELSKAP A/S	462,682	0.88
JP MORGAN CHASE BANK	451,978	0.86
Total no. of shares	52,606,999	
Foreign ownership	31,565,533	60.00

NOTE 6 DISCONTINUED OPERATION – SPECIFICATION PROFIT AND LOSS

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% and following the execution of the Restructuring of the company on November 30, 2011, the company's holding in Sevan Drilling was further reduced to 0%.

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	Q4 11	Q3 11	2011	Q4 10	2010
Operating income	0.0	0.0	43.4	21.0	40.6
Operating expense	0.0	0.0	-24.3	-16.9	-39.7
EBITDAFX	**0.0**	**0.0**	**19.1**	**4.1**	**1.0**
Foreign exchange gain/(loss) relating to operation	0.0	0.0	-3.2	0.9	-0.4
EBITDA	**0.0**	**0.0**	**15.8**	**5.0**	**0.6**
Depreciation. amortization and impairment	0.0	0.0	-12.3	-16.2	-42.7
Operating profit/(loss)	**0.0**	**0.0**	**3.5**	**-11.3**	**-42.1**
Income from associated companies	0.0	0.0	0.0	0.0	0.0
Financial income/(expense)	0.0	0.0	-16.7	-10.4	-36.0
Foreign exchange gain/(loss) relating to financing	0.0	0.0	-6.3	0.6	1.7
Net financial items	**0.0**	**0.0**	**-23.0**	**-9.8**	**-34.3**
Profit/(loss) before tax	**0.0**	**0.0**	**-19.5**	**-21.1**	**-76.4**
Tax income/(expense)	0.0	0.0	0.1	5.3	4.5
Net profit/(loss) discontinued operations	**0.0**	**0.0**	**-19.4**	**-15.8**	**-71.9**

On September 30, 2011, the Board agreed on terms in principle regarding the sale of FPSO Sevan Piranema, FPSO Sevan Hummingbird and FPSO Sevan Voyageur to Teekay Corporation Inc. As a consequence, a material part of the Group's floating production segment is considered discontinued operations.

On November 30, 2011, the Company sold FPSO Sevan Piranema and FPSO Sevan Hummingbird to affiliates of Teekay Corporation. The completion of the sale of FPSO Sevan Voyageur is expected to occur in the second half of 2012.

The net profit/(loss) from the material part of floating production segment for respective reporting periods was as follows:

The results of the discontinued FPSO's for the year are presented below:

Unaudited figures in USD million	**Q4 11**	**Q3 11**	**2011**	**Q4 10**	**2010**
Operating income	22.0	36.7	126.9	34.0	143.5
Operating expense	-14.2	-45.5	-97.2	-8.5	-79.3
EBITDAFX	**7.8**	**-8.8**	**29.7**	**25.5**	**64.2**
Foreign exchange gain/(loss) relating to operation	0.4	1.6	0.9	-0.1	-0.2
EBITDA	**8.2**	**-7.2**	**30.6**	**25.4**	**64.0**
Depreciation. amortization and impairment	-1.1	-174.7	-450.6	-13.3	-53.0
Operating profit/(loss)	**7.1**	**-181.9**	**-420.0**	**12.1**	**10.9**
Income from associated companies	0.0	0.0	0.0	0.0	0.0
Financial income/(expense)	253.2	-35.0	170.9	-25.6	-64.1
Foreign exchange gain/(loss) relating to financing	-0.5	30.8	0.0	0.7	-1.9
Net financial items	**252.7**	**-4.3**	**170.9**	**-24.9**	**-65.9**
Profit/(loss) before tax	**259.7**	**-186.1**	**-249.0**	**-12.7**	**-55.0**
Tax income/(expense)	-0.3	-15.1	-66.3	-1.2	1.2
Net profit/(loss) discontinued operations	**259.4**	**-201.2**	**-315.3**	**-13.9**	**-53.8**

NOTE 7 DISCONTINUED OPERATION – SPECIFICATION BALANCE SHEET

Discontinued operation. The major classes of assets and liabilities of FPSO's classified as held for sale at December 31, 2011, are as follows:

Unaudited figures in USD million	31.12.11
Assets	
Sevan Capital Assets	347.3
Other fixed assets	0.0
Intangible assets	0.0
Investments in associates	0.0
Deferred income tax assets	0.0
Other non-current assets	0.0
Total non-current assets	**347.3**
Inventories	0.0
Trade and other receivables	2.2
Available for sale financial instruments	0.0
Cash and cash equivalents	31.0
Total current assets	**33.2**
Total assets classified as held for sale	**380.5**
Liabilities	
Interest-bearing debt	0.0
Retirement benefit obligations	0.0
Other non-current liabilities/provisions	6.5
Total non-current liabilities	**6.5**
Interest-bearing debt	356.2
Current liabilities	15.4
Total current liabilities	**371.6**
Total liabilities directly associated with assets classified as held for sale	**378.1**

NOTE 8 EVENTS AFTER BALANCE SHEET DATE

The following events have occurred after the balance sheet date:

- E.ON together with the USD 230 million bank facility syndicate led by ING entered into standstill agreements where under they agreed, subject to certain terms and conditions, not to exercise any acceleration rights or other remedies available to them under the relevant agreements for the period up until February 17, 2012 or until the aforementioned amendments are executed. This standstill period has now expired. The Company expects a further standstill to be executed in the coming days and execution of the amendments to the E.ON agreements and USD 230 million bank facility to be completed in the coming weeks.

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